



## **Facilitating opportunities**

Kungsleden is its people. Not the concrete, bricks or glass... Obviously, our fixed assets have value, but it's still our people that manage, enhance and regenerate that value. And everything is based on a close collaboration with our customers, who ultimately, are the people that can evaluate what we do and how well we deliver on our promises.

So what do we mean by Kungsleden – facilitating opportunities? For us, it means the way we stand out in the property sector. What our customers emphasise is all about our entrepreneurship. That we're there, innovative, focused on solutions and easy to deal with.

Our business concept lets us see value in a property regardless of its location and type. With properties in some 130 Swedish municipalities and our offices nationwide, we're there geographically and in our actions. This means that we're also alert to local needs. Being driven by a strong entrepreneurial spirit, with decisions being taken at the edges of our organisation, promotes Kungsleden's innovation and drive.

Lokalamojligheter.se, or 'property opportunities', is an example of how we open new channels for dialogue with our customers. Simply put, as the property company that facilitates opportunities, we see possibilities in properties, premises and places that others don't.



## CHIEF EXECUTIVE'S STATEMENT

The Swedish economy has performed well in absolute and relative terms against Europe and the rest of the world. This is a factor, which not least, is benefiting the Swedish property sector. Expectations of reduced unemployment and continued growth mean that demand for office and other commercial premises is expected to rise.

Profit for the period was predominantly stable, adjusted for the Hemsö deal with AP3 (the Swedish Third Pension Insurance Fund), which affected the previous year's comparative figures. Indexation has affected our results, as have increased vacancies in six commercial properties. Measures are ongoing, and because most of these premises are in attractive locations, there is good potential to increase occupancy. Meanwhile, we have divested fully let properties, affecting average vacancy levels somewhat. Rental revenues reduced by 2 per cent in like-for-like terms. We have a positive view of the lettings market, and in our work in the year, have arranged new lettings equivalent to an annual rental value of SEK 53 m.

The past few months has seen surging interest in property investments, with the fact that properties with tenants on long agreements are an attractive investment being part of the background. Bad debt in the Swedish

property sector has been low, while properties are an inflation-proof investment. This is contributing to a strong transaction market, with for example, pension assets active in several major property deals through the autumn. Kungsleden made property acquisitions totalling SEK 839 (169) m in the period.

There is also substantial interest in public properties. A significant share of the asset reallocation we have witnessed has been to public properties. We have also noted several new start-up companies that focus on public properties, which in the longer term, will probably be a value driver.

Our retirement homes business in Germany remains stable, as is the operation of our 50:50 joint venture with AP3, Hemsö. Our modular business,

Nordic Modular, is noting increased interest with plentiful enquiries to its lettings business and some increase in its modular production order book.

Credit market conditions are continuing to ease gradually. We conducted another bond issue after the end of the period, this time of SEK 600 m. Bond loans are a natural component of our funding, and we intend to be a recurrent issuer on the market.

Establishing Hemsö as an independent company remains on track, and as of 1 October, this company completed the acquisition of a portfolio from Vasallen for SEK 1,150 m with a rental value of approximately SEK 125 m.

In the year, Kungsleden has primarily focused on transactions limiting the downside in its property portfolio, which meant fewer positive realised value changes than expected. Because there is reason to believe that property prices will gradually rise, Kungsleden has chosen not to sell so many properties at present to generate profits against acquisition cost. For this reason, Kungsleden is restating its estimate of profit for calculating dividends for 2010 to SEK 500 m, SEK 100 m lower than the previous estimate of SEK 600 m.

Thomas Erséus  
Chief Executive

## 1 January – 30 September 2010

- Net sales fell by 15 per cent to SEK 1,705 (2,015) m, and gross profit fell by 17 per cent to SEK 1,160 (1,398) m due to the previous year's transaction with AP3 (the Swedish Third Pension Insurance Fund) and increased costs relating to the severe winter.
- Profit before tax was SEK 405 (309) m. Profit after tax was SEK 317 (339) m, equivalent to SEK 2.30 (2.50) per share.
- As of 30 September 2010, the property portfolio comprised 559 (585) properties with a book value of SEK 21,800 (21,861) m.
- 12 (3) properties were acquired for SEK 839 (169) m. 41 (262) properties were also divested for SEK 1,028 (7,538) m, generating a profit of SEK 12 (~126) m. These divestments affected profit for calculating dividends by SEK 14 (878) m.
- Profit for calculating dividends for the interim period was SEK 379 (1,016) m, equivalent to SEK 2.80 (7.40) per share.
- The new estimate of profit for calculating dividends for the full year 2010 is SEK 500 (600) m, equivalent to SEK 3.70 (4.40) per share. This reduction is due to the severe winter and fewer divestments than in the previous estimate.

### THIRD QUARTER (JULY – SEPTEMBER)

- Net sales fell by 2 per cent to SEK 563 (576) m as a result of net property divestments.
- Profit before tax was SEK 237 (145) m. Net profit after tax was SEK 180 (103) m, or SEK 1.30 (0.80) per share.

# 1 January – 30 September 2010

## THIS IS KUNGSLEDEN

Kungsleden is a property company that is always open to new business opportunities—regardless of the type of property or its location. With properties in some 130 municipalities and offices nationwide, Kungsleden is responsive to its tenants' local needs. Kungsleden tenants are both small

enterprises and large corporations, while school students and pensioners occupy and live in Kungsleden properties.

Kungsleden's business model focuses on continually enhancing its property portfolio with the objective of improving portfolio risk-adjusted

returns. Its ambition is that cash flow from operations will always remain high and stable. Thanks to its committed and skilled professionals, Kungsleden enables valuable solutions for customers, which help create high and stable returns for the long term.

## KUNGSLEDEN'S STRATEGY

Enhance a skilled and businesslike organisation

Pursue customer satisfaction through the active management and improvement of the property portfolio

Assure high long-term returns proceeding from the existing portfolio, and through acquisitions and divestments

## KUNGSLEDEN'S RESULTS FOR JANUARY – SEPTEMBER

Profit after tax for the period was SEK 317 (339) m. The lower figure is mainly due to a smaller portfolio after divestments over the past year.

Net sales in the interim period were SEK 1,705 (2,015) m, divided between rental revenues of SEK 1,577 (1,841) m and sales revenues from modular buildings of SEK 128 (174) m. The background to this reduction is the part-sale of Public Properties, which were still wholly owned during the first four months of 2009, negative rent indexation in 2010 as well

as isolated vacancies arising, mainly in the commercial portfolio.

Gross profit fell by 17 per cent to SEK 1,160 (1,398) m. If we include the public properties part-sold to the AP Fund in 2009, rental revenues would have decreased by 2 per cent and operating net would have decreased by 5 per cent year on year. This reduction is mainly attributable to indexation and higher costs for heating and snow clearance. Accordingly, property yield for the period fell to 7.0 per cent (7.3).

Property trading generated a SEK 12 (–126) m profit. The divestments meant

that value changes of SEK 2 (1,171) m for the whole holding period have now been realised.

Sales and administration costs decreased to SEK 191 (210) m. This reduction is partly a consequence of only half of Hemsö's administration costs now being charged to Kungsleden.

The net financial position changed positively by SEK 95 m, and was SEK –555 (–650) m, primarily explained by lower loan volumes in 2010 compared to the corresponding period of 2009.

Value changes on properties and financial instruments in the period

## Profit for calculating dividends

SEK m	2010 Jan–Sept	2009 Jan–Sept
Gross profit	1,160	1,398
Sales and administration costs	–191	–210
Net financial position	–555	–650
<b>Sub-total</b>	<b>414</b>	<b>538</b>
Realised items		
Trading net on divestment	12	–126
Realised value changes, property	2	1,171
Realised value changes, financial instruments	–4	–167
<b>Sub-total</b>	<b>10</b>	<b>878</b>
Tax payable	–45	–400
<b>Profit for calculating dividends</b>	<b>379</b>	<b>1,016</b>



amounted to SEK 106 (–214) m and SEK –127 (111) m respectively, totalling SEK –20 (–103) m. The positive value change on properties is a net of new value appraisals and investments completed, corresponding to 0.5 per cent of book value. The value change is primarily attributable to Public Properties. Valuations of financial instruments were negatively affected as a result of falling long yields.

Tax on net profit was SEK –88 (30) m, of which SEK 45 m is a positive effect of property divestments. The properties divested via companies have a larger reported reserve for deferred tax than the deductions that occurred in the corporate divestment.

Profit for calculating dividends for the interim period was a total of SEK 379 (1,016) m.

### THE PROPERTY PORTFOLIO

As of 30 September 2010, the portfolio comprised 559 (585) properties, of which Kungsliden had 50 per cent ownership of 251, with area for Kungsliden's part of 2,629,000 (2,684,000) sq.m. and book value of SEK 21,800 (21,861) m.

Kungsliden values its properties from an internal valuation model, which is an integrated component of its business process, where every property has a business plan. A combination of the reconciliation of location pricing and present value calculations of cash flows

with a five-year forecast period, plus subsequent residual values, form the basis of valuations. Factors considered include rent levels, vacancies, operation and maintenance costs, property age, status and usage. The transactions Kungsliden has conducted in the period corroborate the company's valuations. Previously, activity levels on the Swedish property market have been low. An increase in the number of transactions over the past year offers further guidance in valuation work.

Of book value, 43 (46) per cent relates to Commercial Properties, 43 (39) per cent to Public Properties in Sweden, 7 (8) per cent to retirement homes in Germany and 7 (7) per cent to Nordic Modular.

Of property book values, 37 per cent were located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region. The properties were located in 130 municipalities, of which 54 per cent of book value was located in municipalities with populations of less than 100,000.

The property portfolio in Germany amounts to SEK 1,540 (1,739) m of total book value. This value has decreased somewhat in 2010 as a consequence of progress of exchange rates of the euro. Property management in Germany differs from Sweden, with for example, tenants basically bearing all ongoing costs apart from tax and insurance, subject to what are

termed triple net agreements. Accordingly, the operating surplus margin in the German operations is higher than in the Swedish.

Investments in existing properties amounted to SEK 209 (269) m. Investments are mainly conversions and extensions on existing properties in consultation with the tenant so the customer's operations can be conducted in a better, more efficient way. Investments increase property values through higher rent levels, and often, longer contract terms.

### PROPERTY TRADING

After a few weak years, the property market is showing clear signs of recovery in terms of the number of transactions completed.

12 properties were acquired in the period with area of 90,000 sq.m. for a value of SEK 839 m. Of these acquisitions, 5 were of the Industrial/warehouse type, 4 were Schools and 3 are of the type designated 'Other Public.' The acquisitions were conducted at an estimated property yield of 7.5 per cent. The largest transaction was Hemsö's acquisition of 4 properties from Vasallen, which for Kungsliden's part was SEK 582 m.

41 properties with area of 147,000 sq.m. were sold for SEK 1,028 m. The book value of the sold properties was SEK 1,016 m and acquisition cost was SEK 1,014 m. The sales were conducted at a property yield of 6.5 per cent. Most

### Property portfolio changes

SEK m	2010 July–Sept	2010 Jan–Sept
Properties at the beginning of the period	21,866	21,861
Acquisitions	40	839
Investments	64	209
Divestments	–124	–1,016
Exchange rate fluctuations	–56	–199
Value changes	10	106
<b>Properties at the end of the period</b>	<b>21,800</b>	<b>21,800</b>

### Property trading



### Earnings capacity

	30 Sept 2010 <sup>1</sup>	31 Dec 2009 <sup>1</sup>
No. of properties	559	585
Leasable area, 000 sq. m.	2,629	2,684
Book value of properties, SEK m	21,800	21,861
Rental value, SEK m	2,369	2,399
Rental revenues, SEK m	2,163	2,237
Operating net, SEK m	1,445	1,527
Economic occupancy, %	91.3	93.2
Property yield, %	6.6	7.0
Operating surplus margin, %	66.8	68.2

<sup>1</sup> 251 (244) of the public properties in Sweden are 50 per cent owned by Kungsliden. They are all included in the number of properties line, and 50 per cent on other lines, corresponding to their effect on the results of Kungsliden's operations and financial position.



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of these properties were sold to Corem Property Group on 31 March.

## **EARNINGS CAPACITY**

The normally high transaction rate in Kungsleden's operations means that the Income Statement does not offer the most accurate view of the group's future earnings capacity. Earnings capacity shows the outcome as if the holding as of 30 September 2010 had been held for the past 12 months.

Transactions in the period and progress of the existing holding resulted in a reduction in economic occupancy from 93.2 per cent to 91.3 per cent and a 5 per cent reduction of the operating net from SEK 1,527 m to SEK 1,445 m. This reduction relates primarily to increased vacancies in 6 properties and modular buildings, negative rent indexation and the severe winter. At the end of the period, the average property yield was 6.6 per cent (7.0) in earnings capacity.

## **MODULAR BUILDINGS**

Nordic Modular is a division of Kungsleden, alongside Commercial Properties and Public Properties. Flexible and cost-efficient modular buildings are a strong complement to Kungsleden's offering, mainly to the public sector.

As of 30 September, modular buildings had total area of 233,000 (226,000) sq.m. and book value of SEK 1,562 (1,467) m.

In the interim period, rental revenues from modular buildings were SEK 181 (188) m with gross profit of SEK 150 (173) m.

The direct costs of modular lettings are significantly lower than those on static foundations. However, over time, the value impairment due to use is greater on modules in letting operations. Normally, the estimated lifespan is 15–20 years if the modules are relo-

cated, and if not relocated, they can, in principle, have the same lifespan as conventional buildings. After standard depreciation, property yield at the end of the period was 5.7 per cent.

Sales of modules including changes in stock were SEK 128 (174) m with gross profit of SEK 18 (39) m. Production capacity was modified to lower demand in 2009. Interest and the number of enquiries regarding modules has increased in recent months.

## **CUSTOMERS**

Kungsleden's success is based on satisfied customers and the company's ability to do good deals. Kungsleden's customers are a cross-section of the Swedish business community and public services. Its tenants are both small enterprises and large corporations, while school students and pensioners occupy and live in

## **KUNGSLEDEN – BUILDING FOR A BUILDING SUPPLIER**

Bygghuset is an aggressive discount player on the Nordic building supplies market and is one of Kungsleden's biggest tenants. Kungsleden has been partnering with Bygghuset for several years to enable its expansion in Sweden. Bygghuset is now a tenant at 20 sites, and in September, Kungsleden started another collaboration on a new production for Bygghuset to move into in the spring.



Kungsleden properties. Just over 40 per cent of the total property holding is let to tenants whose operations are publicly financed.

The commercial holding is divided into the Industrial/warehouse, Office and Retail types. Manufactured goods, transportation and retail are some other sectors where Kungsleden is active. Its largest tenant is ABB Fastighets AB, which represents 6 per cent of total rental revenues.

#### Customers – key facts:

- New lettings: new agreements with total annual rental value of SEK 53 m.
- Remaining contract term: average 6.7 years. 7.7 years for Public Properties and 5.7 years for Commercial Properties respectively.
- Economic occupancy: 91.3 (93.2) per cent.

#### CUSTOMER SATISFACTION

The conducted brand research indicates that 98 per cent of Kungsleden's customers recognise the company. 70 per cent of customers have a fairly or very positive image of Kungsleden. In this research, the company ranked well for its commitment, responsiveness, service and uncomplicated manner.

When measuring Kungsleden's commitment, 53 per cent of customers stated that Kungsleden is generally respected and has a high level of credibility on the market. As many customers responded that Kungsleden is a company that customers have a close and personal relationship with. As many as 47 per cent are active ambassadors that are pleased to recommend Kungsleden to other people. These figures are very high scores in terms of brand ratings and are indicative of our people's

close and strong customer relations in their day-to-day work.

#### FUNDING

Kungsleden's loan portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements normally have five to seven-year maturities, which has been customary in the Swedish market for property credits. In current market conditions, agreements are somewhat shorter, because at present, the terms of longer agreements are less favourable. Short interest fixings confer flexibility and the possibility of managing interest risk at an overall group level. The desired risk level in the interest fixing structure is achieved using instruments called interest swaps or interest caps. Currency forwards are only used to hedge foreign investments.

#### Maturity structure, interest fixing

As of 30 September 2010	Loan, SEK m	Interest derivatives, SEK m <sup>1</sup>	Average interest, %	Average fixed interest period, years
2010	13,888			
2011				
2012		400	4.4 <sup>2</sup>	
2013		3,800	4.1 <sup>2</sup>	
2014		2,100	4.2 <sup>2</sup>	
2015		3,600	4.2 <sup>2</sup>	
2016		1,000	4.3 <sup>2</sup>	
2017		300	4.5 <sup>2</sup>	
2018		3,550	4.3 <sup>2</sup>	
<b>Total, derivatives</b>		<b>14,750</b>		<b>5.2</b>
<b>Total, loans</b>	<b>13,888</b>		<b>5.2<sup>3</sup></b>	

Market valuation of loans and derivatives	1,275
<b>Total</b>	<b>15,163</b>

1 Kungsleden's interest derivatives involve the company receiving variable interest and paying fixed interest on longer maturities. The variable interest received in the derivatives matches the variable interest paid in the underlying bank loans, thus creating traditional fixed interest.

2 Average interest on derivatives excludes credit margin.

3 The group's average interest of 5.2 per cent is because Kungsleden fixed interest rates in market conditions where interest was higher than at present. The average interest rate on the table illustrates interest cost on loans and derivatives in relation to the relevant loan volumes as of the reporting date. Because the derivative portfolio (SEK 14.8 bn) exceeds the loan portfolio (SEK 13.9 bn) by about SEK 0.9 bn, Kungsleden is paying interest on derivatives without underlying loans. This increased average interest by 0.2 per cent.

#### Credit maturity structure (inclusive un-utilised credit facilities)

As of 30 September 2010	Utilised credits	Un-utilised credits	Total credits
2010	580	310	890
2011	1,503	344	1,846
2012	8,607	3,300	11,907
2013	2,166		2,166
2015	399		399
2018	633		633
<b>Total</b>	<b>13,888</b>	<b>3,954</b>	<b>17,841</b>
<b>Average conversion term, years</b>	<b>2.2</b>		<b>2.0</b>

#### Sensitivity analysis, interest rate changes

As of 30 September 2010, SEK m	Effect on net financial position (12 mth.)
Average interest of the loan portfolio changes, +/- 1% point	-/+ 138
Short market rate (<6 mth.) changes, +/- 1% point	+/- 3

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At the end of the period, the loan portfolio totalled a nominal SEK 13,888 (14,425) m, and SEK 15,163 (15,575) m with a market valuation of loans and financial instruments. Un-utilised credit facilities were SEK 3,954 (2,960) m.

In the period, Kungsleden re-purchased all rights for its banks to cancel interest swaps and thus extend its average fixed interest term, which as of 30 September was 5.2 years, against 2.6 years as of 1 January. The re-purchases meant that Kungsleden's average interest increased by 9 basis points. The average interest rate on the loan portfolio was 5.2 per cent (5.0) as of 30 September, which is somewhat higher than at the beginning of the year. This is due partly to the aforementioned re-purchases, and partly because the gap between the size of the loan and derivative portfolios has increased because of amortisation. At present, bank margins are higher than 2–3 years ago, which means that newly arranged loans and re-financing also increase the company's average interest rate.

Kungsleden's derivative portfolio was SEK 14.8 (14.5) bn, which is somewhat more than loan principals. With its current derivative portfolio, interest costs are not significantly affected by changed market interest rates.

The short interest rate, 90-day Stibor, rose somewhat in the period, and at the end of the third quarter, was quoted at 1.28 per cent. As of 30 September, five-year yields were 2.45 per cent, somewhat lower than the 2.88 per cent quoted at the beginning of the year. Ten-year yields have also fallen since the previous year-end and were at 2.86 per cent (3.60) on 30 September. This interest rate downturn has had a negative effect on the value of financial instruments, causing an unrealised value change of SEK –127 m in the Income Statement.

Through joint venture Hemsö Fastigheter AB, Kungsleden completed on the acquisition of 4 properties after the end of the period, financed with a new SEK 433 m loan that runs until 2014.

Work on modifying the company's maturity structure and extending its

credit portfolio continues. This is partly through ongoing discussions with Kungsleden's existing lenders regarding advance extensions, and partly by Kungsleden continuing to consider alternative funding sources. The company took its first step in this process in May when it issued an unsecured bond in Norway. This bond, with a nominal amount of SEK 399 m, matures in 2015. The AGM in May also granted the Board of Directors authorisation to take decisions to issue convertibles. After the end of the period, Kungsleden also issued a SEK 600 m unsecured bond in Sweden. This bond matures in 2015 and has an annual yield of 3.50 per cent above Stibor.

In the remainder of 2010, loans and overdraft facilities of SEK 890 m expire, of which SEK 310 m are overdraft facilities. Of loans of SEK 580 m, SEK 400 m will be signed shortly, of which approximately one-half will be extended until 2014, and the remainder will be extended by one year.

Work on loan maturities in 2011/2012 has begun. Kungsleden is confident it will be able to re-finance these loans on reasonable terms.

## **TAX POSITION**

As previously reported, Kungsleden has received rulings from the Stockholm Administrative Court relating to transactions conducted in a similar manner to those covered by what is termed the 'Cyprus ruling', which the Swedish Supreme Administrative Court referred back to the Council for Advance Tax Rulings for consideration. The Administrative Court's rulings imply further tax claims on Kungsleden of some SEK 200 m including tax surcharge. Kungsleden has appealed against the rulings at the Stockholm Administrative Court of Appeal.

In 2010, the Swedish Tax Agency contended that the Administrative Court should consider whether the Swedish Tax Evasion Act is applicable to three transactions Kungsleden conducted. The Swedish Tax Agency contends that the Court should consider increasing assessed income corresponding to a tax claim of some SEK 920 m.

In total, the tax claims amount to SEK 1,120 m, and Kungsleden provisioned SEK 325 m for one of the transactions in 2009. It should be noted that regulatory decisions corresponding to only SEK 200 m that relate to rulings based on what is known as the 'Cyprus ruling' have been made.

If the Swedish Tax Agency's claims prevail, Kungsleden judges that the majority of the re-assessment can be offset against tax loss carry-forwards. Thus, given a potential negative outcome of proceedings, the liquidity effect would not exceed SEK 300 m, an unchanged assessment from previous reports this year. Against the background of Kungsleden having tax loss carry-forwards that have not been capitalised in its accounting, the company's judgment is that a negative outcome of proceedings would have a limited impact on consolidated equity. Kungsleden considers that the Swedish Tax Agency's claims are erroneous and the company's judgment regarding these transactions has not changed, so there is no further provisioning.

Kungsleden's firm opinion is that it has complied fully with the laws and practice in place when submitting each tax return. The company continuously verifies its own judgments on tax issues with external experts. However, this does not rule out the risk that fiscal courts could assess completed transactions in a different manner to the company. Moreover, it can be assumed that in certain cases, the Swedish Tax Agency will initiate proceedings against different companies in the group to increase their assessed income.

Kungsleden's assessments and computations will be reconsidered at the end of each reporting period. Accordingly, final outcomes may be either higher or lower than its current assessment.

## **EQUITY**

Equity was SEK 6,818 (7,079) m at the end of the period or SEK 50 (52) per share, equivalent to an equity ratio of 28 (29) per cent.



### THIRD QUARTER (JULY – SEPTEMBER)

Net sales were SEK 563 (576) m, divided between rental revenues of SEK 515 (540) m and sales revenues from modular buildings of SEK 48 (36) m. Profit before tax was SEK 237 (145) m and net profit was SEK 180 (103) m. Profit before tax excluding value changes was up SEK 10 m quarter on quarter, mainly due to the seasonality of operating costs.

During the third quarter, 2 properties with area of 7,000 sq.m. were acquired for a value of SEK 40 m. 2 properties were sold with an area of 16,000 sq.m. Total sales revenues were SEK 123 m, implying a trading net of SEK –2 m and additional value changes in the holding period of SEK 15 m.

### ORGANISATION AND HUMAN RESOURCES

The average number of employees was 270 (332) in the interim period. The decreasing average number of employees is an effect of 56 staff working in the Public division becoming employees of Hemsö Fastighets AB from the mid-point of the year, and downscaling of modular production. 153 (189) people work for Nordic Modular, 125 (162) of them on producing modules.

### PARENT COMPANY

The parent company had a net loss of SEK –543 (–154) m in the period. The deficit is primarily a result of negative value changes on the company's interest derivatives and group contributions received stated in previous years'

tax returns being reversed after new returns were filed with the Swedish Tax Agency. Sales were SEK 0 (0) m. Its full-year profit is expected to be positive because significant dividends from subsidiaries are included late in the year. Assets at the end of the period, mainly consisting of shares in subsidiaries, were SEK 6,882 (6,659) m. Funding was mainly through equity, which was SEK 4,976 (6,031) m as of the end of the period, implying an equity ratio of 43 (47) per cent.

### THE SHARE AND SHAREHOLDERS

The closing price on 30 September 2010 was SEK 57.25. Accordingly, compared to the year-end 2009 closing price of SEK 49.20, the share rose by



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16 per cent. The OMX Stockholm Real Estate\_PI rose by 29 per cent in the same period. As of 30 September, Kungsleden had 24,727 shareholders, an increase of 1 per cent on the previous year-end.

At the end of the period, there were 136,502,064 shares, the same as on 1 January.

## RISKS AND UNCERTAINTY FACTORS

Kungsleden's operations, results of operations and financial position are affected by a number of risk factors, which in some cases, particularly in terms of property valuations, are based on judgments.

The risks affecting profits and cash flow relate mainly to changes in rent levels, occupancy, the general progress of costs, interest levels and property market liquidity.

The Balance Sheet predominantly consists of properties and funding. The aggregate risk in property values depends on geographical diversity, property type, property size, contract term, tenant structure, technical standard, etc. Property values are assessed individually and progressively through the year based on a series of judgments and estimates of future cash flows and required rates of return in a transaction. The methodology of internal valuations is reviewed on pages 26–27 and 75 of the Annual Report for 2009.

Financial risks are primarily liquidity risk, re-financing risk and interest risk and are managed on the basis of Kungsleden's finance policy. More information on managing financial risks is stated in 'Funding' on pages 5–6, and on pages 38–41 of the Annual Report for 2009.

Reporting of taxation conforms to accounting standards, but it is notable that over time tax paid usually differs from that reported. Additionally, tax rules are complex and difficult to interpret. The application of rules can also change over time, see also the review of the tax position on page 6.

A more detailed review of Kungsleden's risks and uncertainty factors is provided on pages 34–37 and 69–70 of the Annual Report for 2009.

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

## ACCOUNTING PRINCIPLES

Kungsleden observes IFRS (International Financial Reporting Standards) as endorsed by the EU and their IFRIC interpretations. This Interim Report has been prepared pursuant to IAS 34 Interim Financial Reporting. Applicable stipulations of the Swedish Annual Accounts Act and the Swedish Securi-

ties Markets Act have also been applied.

For 2009, a revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements meant changes including the following: the definition of an operation is amended, transaction expenses in business combinations should be expensed, conditional purchase prices should be measured at fair value at acquisition date and the effects of revaluing liabilities related to conditional purchase prices should be reported as a revenue or expense in net profit/loss. Other news is that there are two alternative ways to report minorities and goodwill, either at fair value, i.e. goodwill is included in the minority, or the minority consists of a share of net assets. The choice between the two methods is individual for each business combination.

IFRIC 15 Agreements for the Construction of Real Estate may affect the timing of when a property under construction that is sold is reported in the Income Statement.

The adoption of these new principles did not materially affect the accounts.

The accounting principles and methods of calculation are otherwise unchanged compared to the Annual Accounts for the financial year 2009. The following amendments and new application interpretations of account-

## Shareholders

As of 30 September 2010	No. of shares	% of vote and capital
Nordea Funds	4,541,428	3.3
Länsförsäkringar Funds	3,855,480	2.8
SHB Funds	3,160,269	2.3
Florén Olle and companies	3,114,800	2.3
Norwegian Government	2,546,331	1.9
Danske Invest Funds (Sweden)	1,931,929	1.4
Fourth AP Fund/AP4	1,912,988	1.4
Swedbank Robur Funds	1,810,351	1.3
Second AP Fund/AP2	1,718,739	1.3
Avanza Pension Assurance	1,522,054	1.1
<b>Total, ten largest shareholders</b>	<b>26,114,369</b>	<b>19.1</b>
Board and management	402,890	0.3
Foreign shareholders, other	33,509,252	24.6
Other shareholders	76,475,553	56.0
<b>Total</b>	<b>136,502,064</b>	<b>100.0</b>

Source: SIS Ägarservice

ing principles with future application are not judged to have any material effect on the group's reporting: IFRS 1 First-time Adoption of IFRS, IFRS 2 Share-based Payment, IAS 24 Related Party Disclosures, IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 12 Service Concession Arrangements, IFRIC 14 IAS 19 – The Limit on a Defined-benefit Asset, Minimum Funding Requirements and their Interaction, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRIC 17 Distributions of Non-cash Assets to Owners, IFRIC 18 Transfers of Assets from Customers, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

#### ESTIMATE 2010

The estimate of profit for calculating dividends for the full year 2010 is being reduced from SEK 600 m to SEK 500 m. This is due to the severe winter and fewer divestments and lower realised

value changes than assumed in the previous estimate. In addition, the loss of operating earnings from properties sold early in the year will not be compensated by operating earnings from recently completed acquisitions until the end of 2010. The updated estimate corresponds to SEK 3.70 (4.40) per share.

The method for measuring profit for calculating dividends is unchanged and corresponds to profit before tax excluding unrealised value changes but including realised value changes and payable taxes.

#### DIVIDEND POLICY

The Board's ambition is to maintain stable dividends and a high pay-out ratio. This policy means that dividends shall amount to 50 per cent of profit for calculating dividends. When judging the amount of dividends, consideration shall be given to the company's investment need, capital structure and financial position otherwise.

#### SUBSEQUENT EVENTS

After the end of the interim period, one retail property in Hudiksvall, on the east coast of Sweden, was acquired for SEK 80 m.

#### FORTHCOMING REPORTS AND AGM

- *Financial Statement 2010*, 17 February 2011.
- *The Annual General Meeting* will be held in Stockholm, 13 April 2011.
- *Interim Report*, January – March, 28 April 2011.

#### FOR MORE INFORMATION, PLEASE CONTACT:

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tel: +46 (0)8 503 052 04,  
mobile: +46 (0)70 378 20 24.

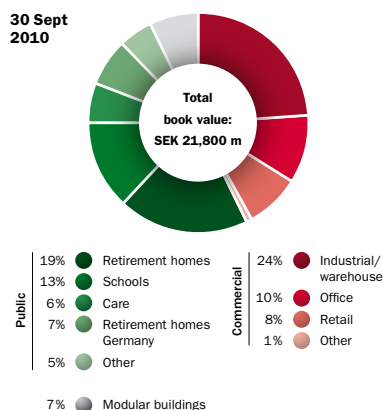
Johan Risberg, Deputy Chief Executive/  
CFO, tel: +46 (0)8 503 052 06,  
mobile: +46 (0)70 690 65 65.



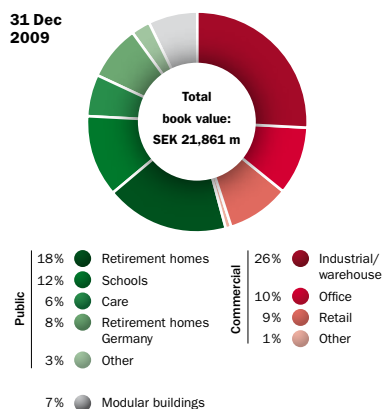
# 1 January – 30 September 2010

## Property portfolio by type

30 Sept  
2010

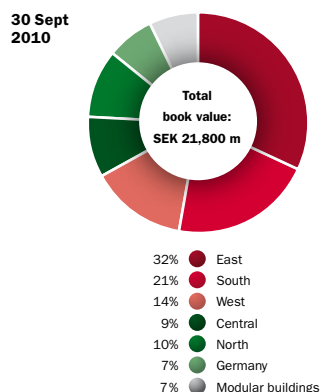


31 Dec  
2009

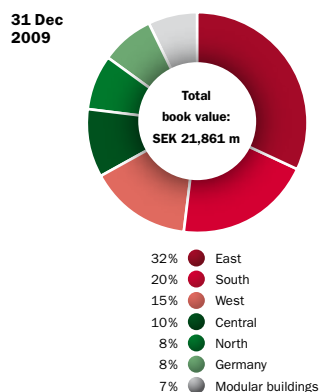


## Property portfolio by market area

30 Sept  
2010

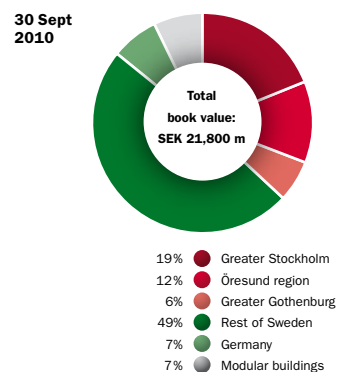


31 Dec  
2009

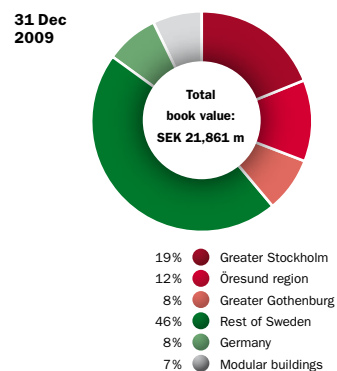


## Property portfolio by city region

30 Sept  
2010



31 Dec  
2009



## Earnings capacity<sup>1</sup> by type

	Commercial properties				Public properties					Nordic Modular	Total <sup>2</sup>
	Industrial/warehouse	Office	Retail	Other	Retirement homes <sup>2</sup>	Schools <sup>2</sup>	Care <sup>2</sup>	Retirement homes Germany	Other <sup>2</sup>	Modular buildings	
No. of properties	109	73	52	15	112	90	74	19	15	0	559
Leasable area, 000 sq.m.	929	274	270	24	268	304	132	97	98	233	2,629
Book value, SEK m	5,251	2,163	1,702	269	4,040	2,923	1,249	1,540	1,101	1,562	21,800
Rental value, SEK m	566	277	188	23	330	303	141	119	111	311	2,369
Rental revenues, SEK m	511	237	168	23	330	290	134	119	109	242	2,163
Operating net, SEK m	401	125	123	17	231	189	80	111	79	89 <sup>3</sup>	1,445
Economic occupancy, %	91.2	86.3	89.3	97.9	98.7	95.1	94.5	100.0	98.5	77.9	91.3
Property yield, %	7.6	5.8	7.2	6.4	5.7	6.4	6.4	7.2	7.2	5.7 <sup>3</sup>	6.6
Operating surplus margin, %	78.6	52.8	73.3	75.2	69.9	65.0	59.7	93.5	73.0	36.7 <sup>3</sup>	66.8

## Earnings capacity<sup>1</sup> by market area

	East	South	West	Central	North	Germany	Nordic Modular	Total <sup>2</sup>
No. of properties	186	120	109	45	80	19	0	559
Leasable area, 000 sq.m.	721	557	364	333	324	97	233	2,629
Book value, SEK m	7,071	4,507	2,984	2,061	2,075	1,540	1,562	21,800
Rental value, SEK m	688	452	316	221	262	119	311	2,369
Rental revenues, SEK m	643	427	286	212	234	119	242	2,163
Operating net, SEK m	447	310	181	171	136	111	89 <sup>3</sup>	1,445
Economic occupancy, %	92.7	95.3	91.5	95.7	89.2	100.0	77.9	91.3
Property yield, %	6.3	6.9	6.1	8.3	6.5	7.2	5.7 <sup>3</sup>	6.6
Operating surplus margin, %	69.5	72.7	63.5	80.8	58.1	93.5	36.7 <sup>3</sup>	66.8

1 Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 30 September 2010 had been owned for the previous 12 months.

2 Kungsleden owns 50 per cent of 251 of the Public properties in Sweden. They are all included in the number of properties line and at 50 per cent on other lines, corresponding to these properties' effect on Kungsleden's results of operations and financial position.

3 Operating surplus has been reduced by standard depreciation/value changes of SEK 130 m.



# Financial Reporting 1 Jan – 30 Sept 2010

## Income Statement

SEK m	Reporting period		Interim period		12 months	
	2010 July–Sept	2009 July–Sept	2010 Jan–Sept	2009 Jan–Sept	2009/2010 Oct–Sept	2009 Jan–Dec
Rental revenues	515.1	539.8	1,577.4	1,840.7	2,130.9	2,394.2
Sales revenues, modular buildings	47.7	36.1	127.7	173.8	162.1	208.2
<b>Net sales</b>	<b>562.8</b>	<b>575.9</b>	<b>1,705.1</b>	<b>2,014.5</b>	<b>2,293.0</b>	<b>2,602.4</b>
Property costs	–113.4	–107.4	–435.4	–481.7	–578.1	–624.4
Production costs, modular buildings	–41.7	–24.2	–109.8	–134.4	–136.1	–160.7
<b>Gross profit</b>	<b>407.7</b>	<b>444.3</b>	<b>1,159.9</b>	<b>1,398.4</b>	<b>1,578.8</b>	<b>1,817.3</b>
<b>Property trading</b>						
Sales revenues, net	122.5	21.1	1,028.2	7,538.0	1,298.5	7,808.3
Book value						
Acquisition cost	–109.5	–24.4	–1,013.9	–6,492.8	–1,276.2	–6,755.1
Realised value changes	–15.0	6.1	–2.4	–1,170.8	–20.1	–1,188.5
	<b>–124.5</b>	<b>–18.3</b>	<b>–1,016.3</b>	<b>–7,663.6</b>	<b>–1,296.3</b>	<b>–7,943.6</b>
<b>Trading net</b>	<b>–2.0</b>	<b>2.8</b>	<b>11.9</b>	<b>–125.6</b>	<b>2.2</b>	<b>–135.3</b>
<b>Sales and administration costs</b>	<b>–54.6</b>	<b>–57.7</b>	<b>–191.3</b>	<b>–210.1</b>	<b>–267.6</b>	<b>–286.4</b>
<b>Net financial position</b>						
Financial revenues	4.8	3.3	14.9	14.5	38.4	38.0
Financial costs	–203.8	–184.8	–559.1	–664.7	–764.7	–870.3
Other financial costs	7.5	5.7	–10.9	–0.1	–25.1	–14.3
	<b>–191.5</b>	<b>–175.8</b>	<b>–555.1</b>	<b>–650.3</b>	<b>–751.4</b>	<b>–846.6</b>
<b>Unrealised value changes</b>						
Investment properties	10.5	–64.1	106.2	–214.4	9.0	–311.6
Financial instruments	67.3	–4.6	–126.6	111.3	–124.7	113.2
	<b>77.8</b>	<b>–68.7</b>	<b>–20.4</b>	<b>–103.1</b>	<b>–115.7</b>	<b>–198.4</b>
<b>Profit/loss before tax</b>	<b>237.4</b>	<b>144.9</b>	<b>405.0</b>	<b>309.3</b>	<b>446.3</b>	<b>350.6</b>
<b>Tax</b>	<b>–57.4</b>	<b>–42.4</b>	<b>–87.7</b>	<b>29.8</b>	<b>–218.6</b>	<b>–101.1</b>
<b>Profit/loss after tax<sup>1</sup></b>	<b>180.0</b>	<b>102.5</b>	<b>317.3</b>	<b>339.1</b>	<b>227.7</b>	<b>249.5</b>
<b>Earnings per share<sup>2</sup></b>	<b>1.30</b>	<b>0.80</b>	<b>2.30</b>	<b>2.50</b>	<b>1.70</b>	<b>1.80</b>

1 All the profit/loss after tax for the period is attributable to the parent company's shareholders.

2 Before and after dilution effect. The outstanding number of shares and average number of shares is 136,502,064 for all periods.

## Statement of Comprehensive Income

SEK m	Reporting period		Interim period		12 months	
	2010 July–Sept	2009 July–Sept	2010 Jan–Sept	2009 Jan–Sept	2009/2010 Oct–Sept	2009 Jan–Dec
Net profit/loss from Income Statement	180.0	102.5	317.3	339.1	227.7	249.5
Other comprehensive income						
Change in fair value of currency forwards (after tax)	11.4	–0.2	29.3	9.3	29.5	5.3
Translation differences for the period when translating foreign operations	–29.6	–52.4	–95.5	–65.9	–43.1	–35.6
<b>Comprehensive income for the period<sup>1</sup></b>	<b>161.8</b>	<b>49.9</b>	<b>251.1</b>	<b>282.5</b>	<b>214.1</b>	<b>219.2</b>

1 All the comprehensive income for the period is attributable to the parent company's shareholders.

## Statement of Financial Position

SEK m	30 Sept 2010	31 Dec 2009
<b>ASSETS</b>		
Goodwill	201.4	193.2
Properties	21,799.6	21,860.5
Receivables, etc.	1,701.1	1,465.6
Cash and cash equivalents	636.2	689.1
<b>TOTAL ASSETS</b>	<b>24,338.3</b>	<b>24,208.4</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	6,818.4	7,079.2
Interest-bearing liabilities	13,897.8	14,437.3
Non interest-bearing liabilities	3,622.1	2,691.9
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,338.3</b>	<b>24,208.4</b>

# Financial Reporting 1 Jan – 30 Sept 2010

## Statement of Changes in Equity

SEK m	30 Sept 2010	31 Dec 2009
<b>At beginning of period</b>	<b>7,079.2</b>	<b>7,064.8</b>
Dividend	-511.9	-204.8
Total recognised gains and losses for the period	251.1	219.2
<b>At end of period</b>	<b>6,818.4</b>	<b>7,079.2</b>

## Statement of Cash Flows

SEK m	Reporting period		Interim period		12 months	
	2010 July–Sept	2009 July–Sept	2010 Jan–Sept	2009 Jan–Sept	2009/2010 Oct–Sept	2009 Jan–Dec
<b>Operating activities</b>						
Profit before tax	237.4	144.9	405.0	309.3	446.3	350.6
Trading net/capital gains, divested properties	2.0	-2.8	-11.9	125.6	-2.2	135.3
Unrealised value changes	-77.8	68.7	20.4	103.1	115.7	198.4
Adjustment for items not included in cash flow from operating activities	-32.3	0.7	-18.0	2.0	-17.2	2.8
Tax paid	-15.0	-29.0	-45.0	-64.0	-53.7	-72.7
<b>Cash flow from operating activities</b>	<b>114.3</b>	<b>182.5</b>	<b>350.5</b>	<b>476.0</b>	<b>488.9</b>	<b>614.4</b>
Change in working capital	207.2	-126.6	455.0	-320.0	-396.2	-1,171.2
<b>Cash flow from operating activities after change in working capital</b>	<b>321.5</b>	<b>55.9</b>	<b>805.5</b>	<b>156.0</b>	<b>92.7</b>	<b>-556.8</b>
<b>Cash flow from investment activity</b>	<b>-60.5</b>	<b>112.1</b>	<b>103.8</b>	<b>2,462.3</b>	<b>-174.4</b>	<b>2,184.1</b>
<b>Cash flow from financing activity</b>	<b>-255.1</b>	<b>-253.4</b>	<b>-956.4</b>	<b>-2,600.2</b>	<b>69.7</b>	<b>-1,574.1</b>
<b>Cash flow for the period</b>	<b>5.9</b>	<b>-85.4</b>	<b>-47.1</b>	<b>18.1</b>	<b>-12.0</b>	<b>53.2</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>631.4</b>	<b>744.1</b>	<b>689.1</b>	<b>641.6</b>	<b>653.7</b>	<b>641.6</b>
Exchange rate difference in cash and cash equivalents	-1.1	-5.0	-5.8	-6.0	-5.5	-5.7
<b>Cash and cash equivalents at end of period</b>	<b>636.2</b>	<b>653.7</b>	<b>636.2</b>	<b>653.7</b>	<b>636.2</b>	<b>689.1</b>

## Parent Company Income Statement

SEK m	Reporting period		Interim period		12 months	
	2010 July–Sept	2009 July–Sept	2010 Jan–Sept	2009 Jan–Sept	2009/2010 Oct–Sept	2009 Jan–Dec
Administration costs	-5.0	-2.9	-16.7	-5.0	-19.8	-8.1
Net financial position	-29.8	-40.0	-267.5	-204.1	526.7	590.1
<b>Profit before tax</b>	<b>-34.8</b>	<b>-42.9</b>	<b>-284.2</b>	<b>-209.1</b>	<b>506.9</b>	<b>582.0</b>
Tax on profit for the period	8.4	9.9	-258.9	55.0	-292.1	21.8
<b>Net profit</b>	<b>-26.4</b>	<b>-33.0</b>	<b>-543.1</b>	<b>-154.1</b>	<b>214.8</b>	<b>603.8</b>

## Parent Company Balance Sheet

SEK m	30 Sept 2010	31 Dec 2009
<b>ASSETS</b>		
Shares in group companies	6,882.0	6,659.0
Receivables from group companies	3,867.8	5,344.6
External receivables, etc.	574.6	820.1
Cash and cash equivalents	216.9	123.4
<b>TOTAL ASSETS</b>	<b>11,541.3</b>	<b>12,947.1</b>
<b>LIABILITIES AND EQUITY</b>		
Shareholders equity	4,976.3	6,031.3
Interest-bearing liabilities	1,124.2	754.9
Liabilities to group companies	4,677.3	5,413.3
Other liabilities	763.5	747.6
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,541.3</b>	<b>12,947.1</b>

## Segment reporting

SEK m	Commercial properties		Public properties in Sweden		Retirement homes		Nordic Modular		Other/group-wide <sup>1</sup>		Total Kungsleden	
	2010 Jan–Sept	2009 Jan–Sept	2010 Jan–Sept	2009 Jan–Sept	2010 Jan–Sept	2009 Jan–Sept	2010 Jan–Sept	2009 Jan–Sept	2010 Jan–Sept	2009 Jan–Sept	2010 Jan–Sept	2009 Jan–Sept
Net sales	721.6	775.8	588.3	808.1	86.8	68.7	308.4	361.9			1,705.1	2,014.5
Gross profit	509.3	557.2	399.6	562.4	83.5	66.2	167.5	212.6			1,159.9	1,398.4
Profit before tax	75.2	102.3	220.7	66.6	34.0	31.6	93.1	130.8	–18.0	–22.0	405.0	309.3
Properties	9,385.7	10,064.9	9,311.8	8,273.8	1,540.0	1,258.4	1,562.1	1,459.3			21,799.6	21,056.4
Acquisitions and investments	186.9	119.2	761.9	204.2	–	80.4	98.9	34.3			1,047.7	438.1
Sales price, net	1,009.2	274.2	10.5	7,257.0	–	–	8.5	6.8			1,028.2	7,538.0

1 Other/group-wide is Transaction & Analysis and Central Administration functions.

## Key figures

SEK m	Reporting period		Interim period		12 months	
	2010 July–Sept	2009 July–Sept	2010 Jan–Sept	2009 Jan–Sept	2009/2010 Oct–Sept	2009 Jan–Dec
<b>Property-related</b>						
<i>Earnings capacity</i>						
Property yield, %					6.6	7.0
Economic occupancy, %					91.3	93.2
Operating surplus margin, %					66.8	68.2
<i>Actuals</i>						
Property yield, %	7.4	8.2	7.0	7.3	7.2	7.0
Economic occupancy, %	89.7	94.0	90.3	94.1	90.3	92.6
Operating surplus margin, %	78.0	80.1	72.4	73.8	72.9	73.9
<b>Financial</b>						
Net profit, SEK m	180	103	317	339	228	250
Profit for calculating dividends, SEK m	159	158	379	1,016	384	1,022
Return on total capital, %	5.8	6.5	5.4	5.2	5.5	5.1
Return on equity, %	10.7	5.8	6.1	6.4	3.3	3.5
Return on capital employed, %	6.7	7.6	6.2	5.9	6.5	5.8
Interest coverage ratio	1.8	2.2	1.8	1.6	1.7	1.6
Equity ratio, %					28.0	29.2
Gearing, multiple					2.0	2.0
Mortgage ratio, %					63.8	66.0
Cash flow from operating activities, SEK m	114	183	351	476	489	614
<b>Data per share</b>						
Share price, SEK					57.25	49.20
Resolved dividend, SEK					3.75	3.75
Total yield, %					31.7	–6.1
Dividend yield, %					6.6	7.6
P/E ratio, multiple					32.1	27.3
P/CE ratio, multiple					16.5	7.2
Gross profit, SEK	3.00	3.30	8.50	10.20	11.60	13.30
Net profit, SEK	1.30	0.80	2.30	2.50	1.70	1.80
Profit for calculating dividends, SEK m	1.20	1.20	2.80	7.40	2.80	7.50
Property book value, SEK					159.70	160.10
Equity, SEK					50.00	51.90
Cash flow from operating activities, SEK m	0.90	1.30	2.60	3.50	3.60	4.50
Outstanding shares/free float <sup>1</sup>	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064
Average number of shares <sup>1</sup>	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064

1 There is no dilution effect because there are no potential shares.

For definitions, see Kungsleden's website, [www.kungsleden.se](http://www.kungsleden.se)

# | Financial Reporting 1 Jan – 30 Sept 2010

**Stockholm, Sweden, 21 October 2010**

Per-Anders Ovin  
*Chairman*

Leif Garph  
*Board member*

Magnus Meyer  
*Board member*

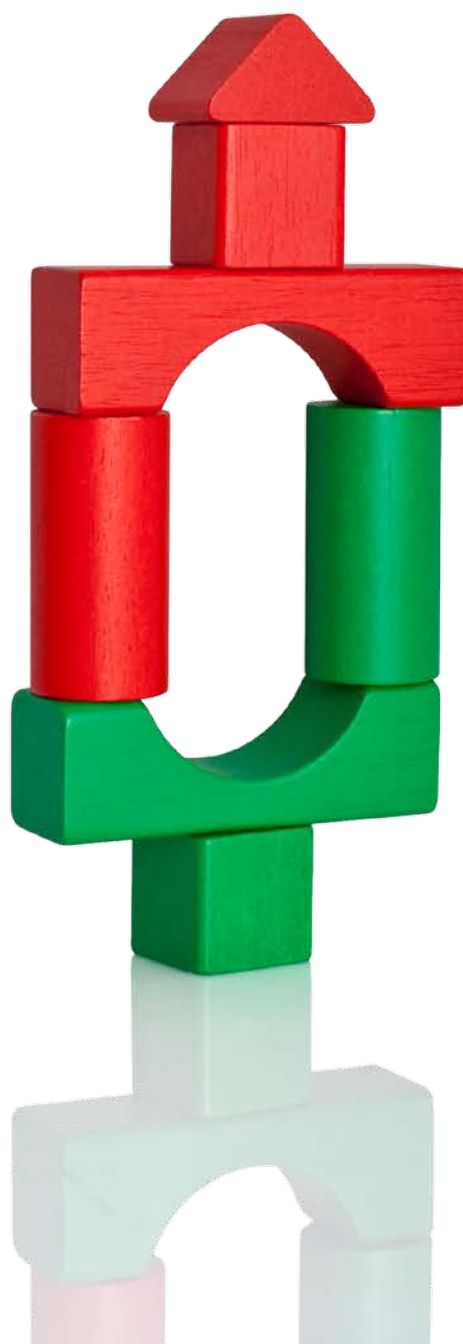
Jan Nygren  
*Board member*

Jonas Nyrén  
*Board member*

Kia Orback Pettersson  
*Board member*

Charlotta Wikström  
*Board member*

Thomas Erséus  
*Board member and  
Chief Executive*





# Five-year summary

## Summary Income Statement

SEK m	2009	2008	2007	2006	2005
Net sales	2,602	3,060	2,612	2,349	1,845
Gross profit	1,817	1,982	1,705	1,528	1,304
Trading net	-135	12	580	853	318
Sales and administration costs	-286	-390	-316	-246	-152
Net financial position	-847	-986	-720	-681	-546
Unrealised value changes	-198	-1,803	1,372	2,120	1,191
<b>Profit/loss before tax</b>	<b>351</b>	<b>-1,185</b>	<b>2,621</b>	<b>3,575</b>	<b>2,116</b>
Tax	-101	223	-221	-1	-129
<b>Profit/loss after tax</b>	<b>250</b>	<b>-962</b>	<b>2,400</b>	<b>3,574</b>	<b>1,987</b>

## Summary Statement of Financial Position

SEK m	2009	2008	2007	2006	2005
<b>ASSETS</b>					
Goodwill	193	193	197	-	-
Properties	21,861	28,576	25,737	23,106	25,750
Receivables, etc.	1,465	1,311	6,213	1,049	1,556
Cash and cash equivalents	689	642	634	107	164
<b>TOTAL ASSETS</b>	<b>24,208</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>
<b>LIABILITIES AND EQUITY</b>					
Equity	7,079	7,065	9,040	9,700	6,649
Interest-bearing liabilities	14,437	20,743	21,068	12,781	18,004
Non-interest-bearing liabilities	2,692	2,914	2,673	1,781	2,817
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,208</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>

## Key figures

	2009	2008	2007	2006	2005
<b>Property-related</b>					
Property yield, %	7.0	6.5	6.4	6.5	7.2
Economic occupancy, %	93.2	95.0	94.4	90.2	90.0
Book value of properties, SEK m	21,861	28,576	25,737	23,106	25,750
<b>Financial</b>					
Profit/loss after tax, SEK m	250	-962	2,400	3,574	1,987
Profit for calculating dividends, SEK m	1,022	840	2,019	2,913	1,001
Return on total capital, %	5.1	5.1	6.9	8.3	7.0
Return on equity, %	3.5	-11.9	25.6	43.7	37.5
Return on capital employed, %	5.8	5.6	7.6	9.1	7.7
Interest cover, multiple	1.6	1.6	2.7	3.1	2.7
Equity ratio, %	29.3	23.0	27.6	40.0	24.2
Mortgage ratio, %	66.0	72.6	81.9	55.3	69.9
Cash flow from operating activities, SEK m	614	572	554	542	598
<b>Data per share</b>					
Profit/loss after tax, SEK <sup>1,2</sup>	1.80	-7.00	17.60	26.20	16.00
Profit for calculating dividends, SEK <sup>1</sup>	7.50	6.20	14.80	21.30	8.10
Resolved dividend/share redemption, SEK <sup>1</sup>	3.75	1.50	19.50	11.00	4.00
Resolved dividend/redemption, SEK <sup>1</sup>	4.50	4.20	4.10	4.00	4.40

1 These key figures have been adjusted for to 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.

2 There is no dilution effect because there are no potential shares.

# Property register 1 Jan – 30 Sept 2010

## ACQUIRED PROPERTIES

ACQUIRED PROPERTIES					Gross leasable area sq.m.										Economic vacancy, %
Name	Municipality	Location	Address	Year of construction/ conversion	Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other	Total area	Rental revenue	Rental value	
<b>Market Area North</b> <i>Other properties, Public</i> Del av Karlslund 5:2						475	3,208	36,457	11,122		2,700	53,962	49,934	53,994	1.9
<b>Market Area South</b> <i>Industrial/warehouse properties</i>															
Hollyxan 6	Malmö	Malmö	Bronsyxegatan 13		300	2,795	1,530					4,625	3,374	3,374	
Gravören 5	Växjö	Växjö	Verkstadsgratan 8		175	2,043	350					2,568	1,843	1,843	
Ädelmetallen 15	Jönköping	Jönköping	Grossistgatan 14	2003		5,000						5,000	3,203	3,203	
<b>School properties</b>															
Intendenten 1	Hässleholm	Hässleholm	Wendesvägen 5-7	1991				1,580				1,580	1,687	1,687	
Part of Karlskrona 3:3	Karlskrona	Karlskrona	Arenavägen 1-11			4,929	3,473	14,604			7,576	30,582	19,959	20,683	3.5
Landsdomaren 7	Lund	Lund	Margaretavägen 1-5				3,258	16,597				19,855	24,257	24,257	
Landsdomaren 14	Lund	Lund	Margaretavägen 5												
<b>Other properties, Public</b> Part of Visborg 1:13												17,830	31,183	31,183	
<b>Market Area West</b> <i>Other properties, Public</i> Part of Osdal 3:2						1,762	478	7,845	3,893		6,140	20,118	16,794	17,790	4.8
<b>Market Area East</b> <i>Industrial/warehouse properties</i>															
Galjonen 1	Linköping	Linköping	Gillbergsgatan 30	1985	590							590	567	567	
Plinten 4	Norrköping	Norrköping	Malmgatan 35	1974		5,450						5,450	3,976	3,976	

## DIVESTED PROPERTIES

DIVERSTED PROPERTIES					Gross leasable area sq.m.							
Name	Municipality	Location	Address	Year of construction/ conversion	Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other	Total area
Market Area Central												
Retail properties												
Gräsroten 1	Karlstad	Karlstad	Gräsdalsgatan 1	1987	8,821							8,821
Industrial/warehouse properties												
Viren 13, Karlskoga	Karlskoga	Karlskoga	Maskinvägen 22	1989		2,850						2,850
Market Area North												
Industrial/warehouse properties												
Syllen 11	Umeå	Umeå	Industrivägen 24	1968		1,255	45					1,300
Market Area South												
Retail properties												
Ljungby 16:92	Kalmar	Ljungbyholm	Mörevägen 22	1981	1,145							1,145
Smörbollen 12	Malmö	Malmö	Cypressvägen 12	1970	2,528	993	257					3,778
Industrial/warehouse properties												
Åreporten 3	Jönköping	Jönköping	Fridhemsvägen 12	1985/2006	1,285							1,285
Ädelmetallen 5	Jönköping	Jönköping	Kabelvägen 2	1976		2,974	1,719					4,693
Ädelkorallen 1	Jönköping	Jönköping	Bultvägen 2	1976		1,132						1,132
Ädelkorallen 10	Jönköping	Jönköping	Bultvägen 6 A	1978		435						435
Öronlappen 8	Jönköping	Jönköping	Bangårdsgatan 3	1999	668		1,295					1,963
Ädelmetallen 12	Jönköping	Jönköping	Grossistgatan 12	1987		480	1,538					2,018
Öronskyddet 9	Jönköping	Jönköping	Gnejsvägen 2	1997			1,713					1,713
Överlappen 8	Jönköping	Jönköping	Granitvägen 8	1974		1,858						1,858
Ädelkorallen 17	Jönköping	Jönköping	Bultvägen 4	1986		2,313						2,313
Öronlappen 7	Jönköping	Jönköping	Bangårdsgatan 1	1967	3,383							3,383
Överlappen 15	Jönköping	Jönköping	Granitvägen 10	1900		976	968					1,944
Ventilen 10	Kristianstad	Kristianstad	Mossvägen 6	1980		900						900
Kullen 5	Malmö	Malmö	Sturkögatan 5	1962/1981		4,689	357				164	5,210
Bredaryd 41:10	Värnamo	Bredaryd	Industrivägen 14	1990/2000		841						841
Kopparslagaren 3	Sävsjö	Sävsjö	Kopparslagaregatan 8	/2001 1800/1978			401					401
Lärkrådet 3	Värnamo	Värnamo	Ringvägen 63	/1988 1983/1990	1,091							1,091
Sadelmakaren 1	Värnamo	Värnamo	Fredsgatan 2 B	/2002 1982	1,302							1,302
Office properties												
Vildanden 9	Malmö	Limhamn	Geijersgatan 2	1990	325		5,771					6,096
School properties												
Part of Klostergården	Lund	Lund	S:t Lars väg 1-38, S:t Lars väg 70-90	1929				388				388
Market Area West												
Retail properties												
Pantängen 19	Borås	Borås	Getångsvägen 32	1965	2,213							2,213
Glimmern 1	Skövde	Skövde	Gamla Kungsvägen 54	1947	6,697	349	1,919				24	8,989
Trasten 2 & 4	Vara	Vara	Stora Torget 4	1974	3,024	96	1,855					4,975
Industrial/warehouse properties												
Fjädern 3	Borås	Borås	Industrigatan 31	1950		750						750
Fjädern 4	Borås	Borås	Industrigatan 29	1950		5,830						5,830
Backa 30:4	Gothenburg	Gothenburg	Importgatan 23-25			10,375						10,375
Backa 21:8	Gothenburg	Hisingen backa	Exportgatan 19-21	1960/1997, 1972		15,382	1,526					16,908
Backa 96:2	Gothenburg	Hisingen backa	Exportgatan 23	1983, 1986, 1990		6,634						6,634
Lexby 11:236	Partille	Partille	Laxfiskevägen 4 B	2007		14,756						14,756
Care properties												
Part of Klöver 7	Vänersborg	Vänersborg	Östergatan 1	1910, 1966, 1977				123				123
Market Area East												
Retail properties												
Nollplanet 12	Eskilstuna	Eskilstuna	Mått Johanssons Väg 30	1990/1994	2,038							2,038
Industrial/warehouse properties												
Slakthuset 14	Norrköping	Norrköping	Lindövägen 70	1929/1985		2,805						2,805
Generatör 16	Stockholm	Bromma	Lintavägen 4	1958		2,060						2,060
Viby 19:53	Upplands-Bro	Kungsängen	Kraftvägen 30, Kraftvägen 32	1992/1994		1,961						1,961
Viby 19:54	Upplands-Bro	Kungsängen	Kraftvägen 26, Kraftvägen 28	1992		2,089						2,089
Office properties												
Kansliet 1	Solna	Solna	Signalistgatan 9	1940/1994	2,000							2,000
Valsta 3:29	Sigtuna	Märsta	Hammargatan 6	1972	4 131	1 705			821		81	6 738

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