

Press Release**25 August 2011**

Hemsö exercises option and takes possession of public property

In a press release of 15 May 2009, listed Swedish property company Kungsleden AB (publ) reported the formation of a joint venture between Peab and Hemsö. The intention was to build a senior high school in Upplands Väsby, north of Stockholm, with Hemsö entitled to acquire Peab's share of the joint venture on completion. Hemsö, which is 50:50 owned by Kungsleden and AP3 (the Swedish Third Pension Insurance Fund, is now exercising its option, acquiring the remaining shares and taking possession of the property.

The total investment amounts to approximately SEK 400 m with a property yield of about 7%.

The property houses two senior high schools, municipal library, work premises for the municipal executive, a cafe, music school and flexible multipurpose hall for sports and cultural activities.

“This transaction involves a 20-year lease with the Municipality of Upplands Väsby, ensuring long-term stable returns. The building is inherently innovative in terms of its architecture and content,” commented Kungsleden's Chief Executive Thomas Erséus.

For more information, please contact:

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

Johan Risberg, Deputy Chief Executive of Kungsleden | tel +46 (0)8 503 05206 |
mobile +46 (0)70 690 6565

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Kungsleden AB (publ) discloses the information in this press release according to the Swedish Securities Markets Act and/or the Swedish Financial Trading Act. The information was provided for public release on 25 August 2011 at 8:00 a.m.

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through purchases and sales. As of 30 June 2011, the property portfolio comprised 635 properties with a book value of SEK 26.1 bn. The holding was located in a total of 143 municipalities, but concentrated on the Swedish provinces of Gotaland and Svealand, and the Oresund region. Kungsleden has been quoted on OMX Nordic Exchange since 1999.