

KUNGSLEDEN

facilitating opportunities

Interim Report, January – September 2011



A comment from Thomas

Our gross profit was Kungsleden's best quarterly figure ever. In the period, we acquired nearly 50 properties for SEK 4.5 billion, which contributed to our growth. Active lettings work contributed to reducing vacancies slightly.

RESULTS FOR THE PERIOD

Kungsleden is reporting a gross profit of SEK 548 m for the third quarter, the company's best quarterly figure ever. The primary explanation is growth of our property portfolio. By 30 September, we had purchased 49 properties for nearly SEK 4.5 billion at an estimated property yield of 9.5 per cent. However, negative value changes on our financial instruments reduced profit after tax, but have no cash flow effect.

Administration costs decreased on the previous quarter, which had fairly high non-recurring costs due to the organisational division of Hemsö and Kungsleden. The largest cost item is our funding costs, which have increased mainly as a result of a higher loan volume after executed acquisitions.

LETTINGS MARKET

Despite debt concerns in the surrounding world, conditions are favourable in Sweden, with a fairly strong domestic economy. Based on experience of previous recessions, we know that with its segment diversification into different property types and tenant structures with commercial and public tenants, Kungsleden has good resistance even if the economy were to deteriorate. Even if we do not see any risks at present, we are monitoring progress closely.

Because we're in a late-cyclical sector, we started to see vacancies falling somewhat in the quarter. Our work on the few properties where our vacancies are concentrated paid off well. For example, we signed a three-year lease with Hemmamässan on 15,000 sq.m. in Slagsta Strand, south of Stockholm.

TRANSACTION MARKET

Transaction volumes on the Swedish property market amounted to SEK 22 billion in the third quarter, a 16 per cent increase year on year according to real estate services firm JLL. After the end of the quarter, the executive auction of Kefren's property captured a lot of attention. This high interest bears testimony to a liquid market despite debt concerns, with breadth and depth on the buy side, a wealth of local players and good prices. It also demonstrates that the property asset class is an attractive

investment alternative in a low interest environment.

Generally, we're seeing sustained increased interest in public properties, which is obviously positive, with prices rising somewhat in the year as a result. Kungsleden will remain active in the transaction market, even if turmoil on the financial markets affects the deals we do.

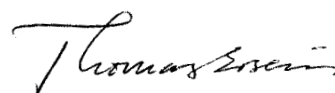
RISING ACTIVITY IN OUR MODULAR BUSINESS

Our modular business primarily consists of modular lettings and production. Rental revenues are unchanged in the period, but new lettings were greater than terminated leases, and we expect them to remain so for the rest of the year. Revenues from module sales were over SEK 70 m in the quarter, against less than SEK 48 m last year. Interest and enquiries have increased over the past year. With the current activity levels, we'll be moving into 2012 at a higher letting level than in 2011, which will strengthen Nordic Modular's profits, all other things being equal.

OUTLOOK

The harsh credit market climate is persisting, especially for new lending. New regulation and turmoil on the financial markets is creating uncertainty among banks in terms of capital adequacy requirements and funding costs, which affects borrowers negatively. Just as previously, we will continue to examine alternative funding sources as a complement to bank borrowings.

Our profit for calculating dividends amounted to SEK 239 m for the third quarter and SEK 462 m for the period January to September. We are reiterating our estimate of profit for calculating dividends for 2011 of SEK 650 m.



Thomas Erséus
Chief Executive



Results in brief

INTERIM PERIOD (JANUARY – SEPTEMBER)

- Net sales increased by 24 per cent to SEK 2,114 (1,705) m, and gross profit increased by 19 per cent to SEK 1,386 (1,160) m after a larger property portfolio.
- Profit before tax was SEK 455 (405) m. Profit after tax was SEK 335 (317) m, equivalent to SEK 2.50 (2.30) per share. The profit increase is mainly due to a larger property portfolio.
- Cash flow from operating activities amounted to SEK 515 (351) m
- Profit for calculating dividends for the interim period amounted to SEK 462 (379) m, equivalent to SEK 3.40 (2.80) per share.
- As of 30 September 2011, the property portfolio consisted of 639 (592) properties with a book value of SEK 26,455 (21,501) m.
- The estimated profit for calculating dividends for the full year 2011 is unchanged at SEK 650 m, or SEK 4.80 per share.

THIRD QUARTER (JULY – SEPTEMBER)

- Net sales increased by 36 per cent to SEK 766 (563) m, and gross profit increased by 34 per cent to SEK 548 (408) m, after a larger property portfolio.
- The loss before tax was SEK –234 (237) m. Loss after tax was SEK –173 (180) m, equivalent to SEK –1.30 (1.30) per share. The lower figure is due to negative value changes on financial instruments.
- Cash flow from operating activities amounted to SEK 254 (114) m.
- Profit for calculating dividends for the quarter was SEK 239 (160) m, equivalent to SEK 1.70 (1.20) per share.

Significant events

INTERIM PERIOD (JANUARY – SEPTEMBER)

- 49 (12) properties purchased for SEK 4,493 (839) m. 4 (41) properties were also sold for SEK 179 (1,028) m, with a profit of SEK 34 (12) m. These sales affected profit for calculating dividends by SEK 45 (14) m.
- The largest transaction was the purchase of 36 properties from NRP for SEK 3.6 billion.
- Kungsliden rated the best workplace of the property companies in the Great Place to Work survey.

THIRD QUARTER (JULY – SEPTEMBER)

- 5 (2) properties were purchased for SEK 306 (40) m. 1 (2) properties were also sold for SEK 133 (123) m, with a profit of SEK 11 (–2) m. These sales affected profit for calculating dividends by SEK 17 (13) m.
- New letting of 15,000 sq.m. in Slagsta, south of Stockholm.

Profit for calculating dividends

SEK m	Quarter		Interim period	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept
Gross profit	548	408	1,386	1,160
Sales and administration costs	–76	–55	–238	–191
Net financial position	–235	–191	–650	–555
Sub-total	237	162	498	414
Realised items				
Trading net on sold properties	11	–2	34	12
Realised value changes, properties	6	15	11	2
Realised value changes, financial instruments	–	–	–31	–4
Sub-total	17	13	14	10
Tax payable	–15	–15	–50	–45
Profit for calculating dividends	239	160	462	379

Kungsleden—facilitating opportunities

Facilitating opportunities means the way we stand out in the property sector. What our customers emphasise is all about our entrepreneurship—that we're there, innovative and easy to deal with. Our culture features commitment and taking responsibility, with decisions being taken at the edges of our organisation. This promotes innovation and drive.

VISION

Through good entrepreneurship and high skills levels, Kungsleden will be Sweden's most profitable and successful property company.

BUSINESS CONCEPT

Kungsleden will own and manage properties with sustainably high and stable returns.



Scan the QR code to see Chief Executive Thomas Erséus tell you more about Kungsleden's business. (In Swedish only)

STRATEGY

- Continue to develop a skilled and businesslike organisation
- Endeavour to achieve satisfied customers through active management and enhancement of the property portfolio.
- Ensure sustainably high and risk-adjusted returns proceeding from the existing holding through purchases and sales.

BUSINESS MODEL

Kungsleden endeavours to achieve a 15 per cent return on equity with the lowest risk possible.

Our properties represent our asset side, where the objective is to increase property yields and reduce the risk level of the portfolio. We achieve this through means including adapting properties to customer needs and by optimising the tenant structure and operating nets of properties.

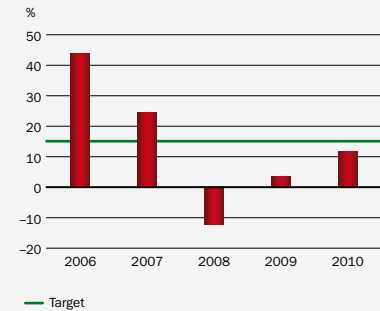
The risk on the asset side is weighed up against the liability side, which consists of items including loan to value ratios and interest sensitivity. Higher financial risk can be combined with lower property risk through means including long agreements and secure cash flows.

Maximising portfolio risk-adjusted returns means evaluating existing opportunities systematically. We put potential purchases and existing holdings on an equal footing in our evaluation. Our control model compares the yield on a property with its cost of capital. Properties are then compared with each other to determine how portfolio risk-adjusted return could be improved through changes in the composition of our portfolio and/or through management actions.



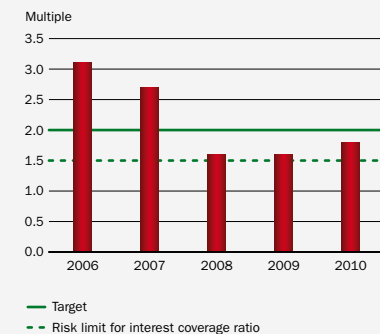
Scan the QR code to see Deputy Chief Executive and Chief Financial Officer Johan Risberg tell you more about Kungsleden's business model. (In Swedish only)

Return on equity



The actual figure of 12 per cent (4) is below our target 15 per cent return. Returns over the past 5 and 10 years have averaged 15 and 21 per cent respectively.

Interest coverage ratio



The interest coverage ratio of 1.8 (1.6) is below our target of two, which is mainly due to the low trading net in 2010. However, our interest coverage ratio is above our risk limit of a multiple of 1.5.

BUSINESS CONDITIONS

The business criteria Kungsleden sets for individual properties before a purchase, sale or continued ownership follow. In a transaction, the parties have different prospects of developing the property, which makes sellers and buyers both winners.

BUY

- Stable cash flows—long leases.
- High property yield—high operating net in relation to property value.
- High risk-adjusted return—the right balance between price and risk.
- Low market risk—low vacancy level.
- Ensure the diversification of properties in terms of geography and type.

HOLD

- Stable cash flows—long leases.
- Active management—good customer relations, work on tenant mix and the environment, for example.
- Enhancement—responsiveness to better business conditions for the customer and Kungsleden.
- High property yield—high operating net in relation to property value.
- Low market risk—low vacancy level.
- Ensure the diversification of properties in terms of geography and type.

SELL

- Unsure stability—risk of deteriorated cash flow.
- Alternative investments—when another property can generate equal returns for a lower risk or higher returns for the same risk.
- Low risk-adjusted returns—when Kungsleden wouldn't purchase at the current valuation.
- Increased market risk—when the risk of a decrease in value rises. This may be in changes to economic conditions, tenant profitability and the demand for properties.
- Threatened diversification—when one property or property type has an excessive impact on the portfolio.

1 January – 30 September 2011

KUNGSLEDEN'S RESULTS FOR JANUARY–SEPTEMBER

Profit after tax for the period was SEK 335 (317) m. The higher figure is mainly due to a larger property portfolio. Net sales in the interim period were SEK 2,114 (1,705) m, divided between rental revenues of SEK 1,900 (1,577) m and sales revenues from modular buildings of SEK 214 (128) m. The increase in rental revenues has primarily been sourced from properties purchased over the past year.

Gross profit increased by 19 per cent to SEK 1,386 (1,160) m as a result of the recent acquisitions.

The profit from property trading was SEK 34 (12) m. There were few sales, which meant that value changes of SEK 11 (2) m in the holding period have now been realised.

Sales and administration costs increased to SEK 238 (191) m. This increase is mainly a result of Hemsö now being an independent organisation and the property portfolio increasing through net purchases over the past year. The division of the organisation and relocation of Kungsleden's and Hemsö's head offices are non-recurring costs and amounted to SEK 5 m.

The net financial position changed negatively by SEK 95 m, and was SEK –650 (–555) m, primarily explained by higher loan volumes through the acquisitions of the year and the newly arranged bond loan having higher interest margins than bank loans.

Value changes on properties and financial instruments in the period were SEK 406 (106) m and SEK –483 (–127) m respectively, totalling SEK –77 (–20) m.

The positive value change on properties is a net of new value appraisals and investments completed, corresponding to 2 per cent of book value. The value change is attributable to both public and commercial properties. Valuations of financial instruments were negatively affected in the period by falling long yields.

Tax on net profit in the period was SEK –120 (–88) m, which in principle, equates to 26.3 per cent of profit before tax.

Profit for calculating dividends for the interim period was a total of SEK 462 (379) m.

THE PROPERTY PORTFOLIO

As of 30 September 2011, the portfolio comprised 639 (592) properties, with total area of 3,428,000 (2,510,000) sq.m. and book value of SEK 26,455 (21,501) m. Of this portfolio, 306 (297) properties were 50 per cent owned.

Kungsleden 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 Kungsleden 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, 52 (45) per cent related to Commercial Properties, 42 (48) per cent to Public Properties and 6 (7) per cent to Nordic Modular.

Of property book values, 35 per cent was located in the three major city regions of Stockholm, Gothenburg and Öresund. The properties were located in 142 municipalities, of which 50 per cent of book value was located in municipalities with populations of less than 100,000.

Investments in existing properties amounted to SEK 181 (209) m. Investments are mainly conversions and extensions on existing properties in consultation with the tenant so the customer's operations can be made better and more efficient. Investments increase property values through higher rent levels, and often, longer lease terms.

306 (297) public properties are 50 per cent owned by Kungsleden. They are all included in the number of properties, but only have a 50 per cent effect on Kungsleden's results of operations and financial position because they are part-owned via Hemsö.

PROPERTY TRADING

The property market has been strong and interest in transactions was high in the first half-year, but uncertainty increased in the third quarter after turmoil on the international debt market. The auction of Kefren's properties in October demonstrated high interest in small and medium-sized cities.

Income Statement

SEK m	2011 Jan–Sept	2010 Jan–Sept
Rental revenues	1,900	1,577
Sales revenues, modular buildings	214	128
Net sales	2,114	1,705
Property costs	–534	–435
Production costs, modular buildings	–194	–110
Gross profit	1,386	1,160
Trading net	34	12
Sales and administration costs	–238	–191
Net financial position	–650	–555
Unrealised value changes	–77	–20
Profit/loss before tax	455	405
Tax	–120	–88
Profit/loss after tax	335	317

Property portfolio changes

SEK m	2011 July–Sept	2011 Jan–Sept
Properties at the beginning of the period	26,123	21,501
Purchases	306	4,493
Investments	20	181
Sold properties	–121	–145
Exchange rate fluctuations	17	19
Value changes	110	406
Properties at the end of the period	26,455	26,455

1 January – 30 September 2011

49 properties were purchased in the interim period with area of 926,000 sq.m. for a value of SEK 4,493 m. Of these purchases, 27 were of the Industrial/warehouse type, 11 were Offices, 1 was Retail, 1 was 'Other Commercial', 1 was a Retirement Home, 5 were Schools, 2 were Care and 1 was 'Other Public' properties. The purchases were conducted at an estimated property yield of 9.5 per cent.

The largest transaction was 36 properties purchased from NR Nordic & Russia Properties (NRP), which were completed on 31 March 2011. This acquisition has an underlying property value of SEK 3.6 billion. These properties have gross leasable area of 825,000 sq.m., of which 93 per cent in Sweden and the remaining area in Poland and Germany. Total rental value was SEK 563 m, and the purchase price corresponds to a property yield of approximately 10 per cent. After completion, the purchased properties will contribute about SEK 200 m to Kungsleden's profit for calculating dividends annually.

NRP's property portfolio consists of office and industrial premises and features stable returns and stable tenants. The current vacancy level corresponds to 5 per cent of total rental value. Offices in Västerås predominate

in this portfolio and represent half of rental value. ABB, with some 50 per cent of rental value, is the largest tenant, followed by Finnveden AB with some 10 per cent.

ABB's properties are mainly in Västerås and have gross leasable area of 39 per cent of the purchased portfolio. The average remaining contract term was six years, subject to a master lease contract that expires on 31 December 2016.

4 properties with area of 6,000 sq.m. were sold for SEK 179 m. The book value of the sold properties amounted to SEK 145 m and acquisition cost was SEK 134 m. SEK 21 m of previous year's sales were also recognised as a sales revenue. The sale affected profit for calculating dividends by SEK 45 m.

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 portfolio as of 30 September 2011 had been held for the past 12 months.

Transactions in the period and progress of the existing portfolio resulted in an increase in economic occupancy

from 90.3 per cent to 90.9 per cent and a 32 per cent increase in the operating net from SEK 1,372 m to SEK 1,809 m. This increase was mainly attributable to the 36 properties purchased from NRP. At the end of the period, the average property yield was 6.9 per cent (6.4).

MODULAR BUILDINGS

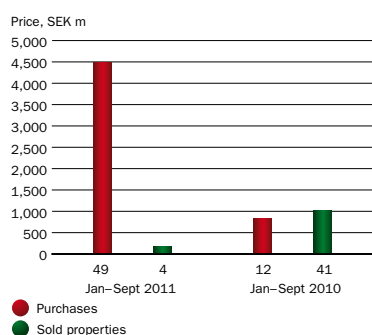
Nordic Modular is a division within Kungsleden, alongside Commercial Properties and Public Properties. Flexible and cost-efficient modular buildings are a strong complement to Kungsleden's offering, mainly to the public sector.

As of 30 September, modular buildings had total area of 232,000 (235,000) sq.m. and book value of SEK 1,590 (1,575) m.

In the interim period, rental revenues for modular buildings were SEK 181 (181) m, with gross profit of SEK 150 (150) m. Letting levels reduced early in the year, but have increased since the second quarter, amount to 76 (77) per cent and are expected to keep increasing for the remainder of the year.

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

Property trading



Earnings capacity

	30 Sept 2011 ¹	31 Dec 2010 ¹
No. of properties	639	592
Leasable area, 000 sq. m.	3,428	2,510
Book value of properties, SEK m	26,455	21,501
Rental value, SEK m	3,023	2,343
Rental revenues, SEK m ²	2,749	2,116
Operating net, SEK m	1,809	1,372
Economic occupancy, % ²	90.9	90.3
Property yield, %	6.9	6.4
Operating surplus margin, % ²	65.8	64.8

¹ 306 (297) public properties are 50 per cent owned by Kungsleden. They are all included in the number of properties, and at 50 per cent on the other lines, corresponding to the effect of these properties on Kungsleden's results of operations and financial position.

² The calculation method for the earnings capacity's key figures for rental revenues, economic occupancy and operating surplus margin have been amended in 2011 for full consistency with Income Statement definitions. Previous periods' key figures have been restated.

is 15–20 years if the modules are relocated, 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 4.5 per cent.

Sales of modules including changes in stock increased significantly to SEK 214 (128) m with gross profit of SEK 20 (18) m. Interest and the number of enquiries about modular-built operational premises have increased over the past year. As of 30 September, the plants at Anneberg and Gråbo have fairly good order books for the season.

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 properties. Through the part-ownership of Hemsö, just over 40 per cent of the total property portfolio is let to tenants whose operations are publicly financed.

The commercial portfolio is divided into the Industrial/warehouse, Office and Retail types. Manufactured goods,

transportation and retail are some of the sectors where Kungsleden is active. Its largest tenant is ABB Fastighets AB, which represents 13 per cent of total rental revenues.

Customers—key facts:

- New lettings in 2011: new agreements with total annual rental value of SEK 73 m.
- Remaining contract term: average 6.4 years. 5.3 years for Commercial Properties and 7.4 years for Public Properties respectively.
- Economic occupancy: 90.9 (90.3) per cent.

FUNDING

Kungsleden's loan portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements normally have three to seven-year maturities, which is market practice for property credits. Fixed-interest terms in loan agreements are short term, and Kungsleden works on 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.

At the end of the period, the loan portfolio totalled a nominal SEK 18,064

(13,990) m, and SEK 19,229 (14,706) m with a market valuation of loans and financial instruments. Un-utilised credit facilities were SEK 3,210 (4,254) m.

The average interest rate on the loan portfolio as of 30 September was 4.9 (5.3) per cent. Average interest has fallen since year-end due to some existing swaps being extended at lower interest rates in the third quarter and a number of swaps being redeemed in advance early in the year. Meanwhile, Hemsö has entered swap agreements implying somewhat higher interest due to the initial fixed interest being higher than the variable.

Kungsleden's derivative portfolio was SEK 16,257 (14,450) m. After Kungsleden had redeemed swaps with a nominal value of SEK 1,805 m in the first half-year, Hemsö started to interest hedge its loan portfolio on maturities of between one and 10 years, which increased the group's derivative portfolio by SEK 3,612 m. In the third quarter, existing swaps of a nominal amount of SEK 2,600 m were extended by between three and six years. This extension meant the average remaining fixed-interest term increased by 0.7 years. Overall, the extension of existing swaps and Hemsö's new swaps meant that the average remaining fixed-interest term for

KUNGSLEDEN'S LEASE ON 15,000 SQ.M. IN SLAGSTA, SOUTH OF STOCKHOLM, WILL BE A HOME FURNISHING ARENA

After focused development and letting work on Kungsleden's property at Slagsta Strand, south of Stockholm, this site will open up for the Hemmamässan home furnishing expo early next year. With its trading site on the E4 motorway, Hemmamässan will become an arena for everyone interested in furnishing.



1 January – 30 September 2011

the group in the third quarter increased by 1.4 years to 4.8 years.

The short interest rate, 90-day Stibor, rose from 1.95 per cent at the beginning of the year to 2.51 per cent. As of 30 September, five-year yields were 2.22 per cent, against 3.20 per cent at the beginning of the year. There is substantial uncertainty on financial markets, which means the progress of short interest rates and interest rates on long maturities are highly uncertain.

As of 30 September, the market value of loans and financial instruments was SEK –1,165 m against SEK –717 m at the beginning of the year. This change primarily relates to market interest rates with long maturities falling during the year, corresponding to SEK –479 m, recognised as unrealised value changes on financial instruments in the Income Statement. The redeemed derivatives also contributed to reducing the deficit value in its derivative portfolio by SEK 31 m.

Kungsleden works progressively on modifying the company's maturity structure and extending its credit portfolio. This is achieved through ongoing discussions with existing lenders regarding advance extensions, and by Kungsleden using alternative funding sources.

Loans of SEK 738 m mature in the remainder of 2011. Of this total, SEK 29

m are loans in Hemsö and the remainder are credit facilities in Kungsleden. Work on loan maturities in 2011 and 2012 is ongoing. Kungsleden judges that these loans can be re-financed 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', a matter on which the Council for Advance Tax Rulings issued an advanced ruling on 2 July 2010, which has been subject to appeal at the Supreme Administrative Court. The Administrative Court's rulings imply a tax claim of some SEK 200 m including tax surcharge. Kungsleden has appealed against the rulings at the Stockholm Administrative Court of Appeal. However, the Stockholm Administrative Court of Appeal has issued a stay on all proceedings on similar matters in anticipation of a ruling from the Supreme Administrative Court.

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 addition, in late-2010 and early-2011, the Swedish Tax Agency has re-assessed the income of companies in the Kungsleden group, corresponding to tax claims of SEK 120 m. These claims have been subject to appeal at the Administrative Court level.

After the end of the third quarter, the Swedish Tax Agency has contended that the Administrative Court should consider whether the Swedish Tax Evasion Act is applicable to another Kungsleden transaction. This transaction is an impairment of SEK 1,400 m and was conducted in accordance with applicable practice from the Supreme Administrative Court. The Swedish Tax Agency's claim would result in additional tax claims of SEK 27 m for Kungsleden. In tandem with receiving the Swedish Tax Agency's claim, the Stockholm Administrative Court of Appeal issued a ruling in which, essentially, the circumstances were identical to Kungsleden's case. The Court found that the Swedish Tax Evasion Act was not applicable to this approach, which is also consistent with previous practice in this area.

In total, the tax claims amount to SEK 1,265 m, and Kungsleden provisioned SEK 325 m for one of the trans-

Maturity structure, interest fixing

As of 30 September 2011	Loan, SEK m	Interest derivatives, SEK m ²	Average interest, %	Average fixed interest period, years
2011	18,064	57	3.8 ²	
2012		400	3.7 ²	
2013		2,000	3.9 ²	
2014		2,400	3.8 ²	
2015		2,600	4.1 ²	
2016		850	3.3 ²	
2017		700	3.7 ²	
2018		3,850	4.1 ²	
2019		1,400	3.1 ²	
2020		1,200	3.4 ²	
2021		800	3.3 ²	
Total, derivatives		16,257		4.8
Total, loans	18,064		4.9³	

Market valuation of loans and derivatives	
	1,165
Total	19,229

1 Kungsleden's interest derivatives mean the company receiving variable interest and paying fixed interest based on longer maturities. The variable interest received on derivatives meets the variable interest paid in underlying bank loans, which thus creates a traditional interest fixing.

2 Average interest on derivatives excludes credit margin.

3 The group's average interest of 4.9 per cent is due to Kungsleden fixing interest in market conditions when interest rates were higher than at present. The average interest rate in the table illustrates interest costs for loans and derivatives in relation to current loan volumes as of the reporting date.

Maturity structure, credits (inclusive un-utilised credit facilities)

As of 30 September 2011	Utilised credits	Un-utilised credits	Total credits
2011	738	310	1,048
2012	8,587	2,900	11,487
2013	2,741		2,741
2014	2,455		2,455
2015	999		999
2016	2,054		2,054
2017	–		–
2018	311		311
2019	179		179
Total	18,064	3,210	21,274
Average conversion term, years	2.0		1.7

Sensitivity analysis, interest rate changes

As of 30 September 2011	Effect on net financial position (12 mth.)
Average interest of the loan portfolio changes, +/- 1% point	-/+ 178
Short market rate (<6 mth.) changes, +/- 1% point	-/+ 8

actions in 2009. It should be noted that regulatory decisions correspond to only SEK 320 m.

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, Kungsleden judges the liquidity effect at not exceeding SEK 465 m including estimated interest. Because Kungsleden has tax loss carry-forwards that have not been capitalized in its accounting, they could meet a significant portion of potential negative outcomes of proceedings. If the outcome of all these proceedings was negative, the company judges that its consolidated equity would reduce by approximately SEK 1,110 m including tax surcharges and interest. Kungsleden considers that the Swedish Tax Agency's claims are erroneous and the company's judgment regarding these transactions has not changed, so there has been no further provisioning.

Kungsleden's firm opinion is that the company 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 7,426 (7,357) m at the end of the period or SEK 54 (54) per share, equivalent to an equity ratio of 26 (30) per cent.

THIRD QUARTER (JULY-SEPTEMBER)

Net sales were SEK 766 (563) m, divided between rental revenues of SEK 696 (515) m and sales revenues from modular buildings of SEK 70 (48) m. Gross profit was SEK 548 (408) m, the best quarterly figure ever since Kungsleden's formation.

The loss before tax was SEK -234 (237) m and the net loss was SEK -173 (180) m. The deficit is due to unrealised value changes on financial instruments as a result of decreasing market interest rates.

Profit before tax excluding value changes was up SEK 60 m on the second quarter, mainly due to seasonal variations in operating costs and administration.

Profit for calculating dividends was SEK 239 (160) m. The acquisition from NRP was a strong contributor to this increase.

In the third quarter, five properties with area of 12,000 sq.m. were purchased for a value of SEK 306 m. One property was sold, with an area of 5,000 sq.m. Total sales revenues were SEK 133 m, implying a trading net of SEK 11 m, and additional realised value changes of SEK 6 m in the holding period.

SEASONALITY

The property sector is subject to seasonality. The six months of the year including winter, especially the first quarter, have higher property costs for heating and snow clearance, for example. Correspondingly, costs are lower and activity in operations and



1 January – 30 September 2011

administration generally lower in the summer months. Over the past five years, the operating surplus margin for Kungsleden's property has been 67 per cent in the first quarter, 73 per cent in the second quarter, 77 per cent in the third quarter and 71 per cent in the fourth quarter.

Transaction activity is normally higher in the second and fourth quarters than in the first and third.

ORGANISATION AND HUMAN RESOURCES

The AGM 2011 elected Håkan Bryngelson, Joachim Gahm, Lars Holmgren and Biljana Pehrsson as Board members of Kungsleden AB (publ). Charlotta Wikström, Kia Orback Pettersson, Magnus Meyer and Thomas Erséus were re-elected. Håkan Bryngelson was elected Chairman of the Board. Per-Anders Ovin, Leif Garph, Jan Nygren and Jonas Nyrén informed the Nomination Committee that they were not standing for re-election.

Ylva Sarby Westman joined Kungsleden's group management on 1 September. She works as a Business Development Manager with responsibility for Commercial Properties.

The average number of employees was 297 (270) in the interim period. 180 (153) people worked for Nordic Modular, 151 (125) of them on producing modules. The change in the number of employees is a net of staff that worked on public properties now being employed by Hemsö Fastighets AB, and of new hirings in module production.

PARENT COMPANY

The parent company had a SEK –179 (–543) m net loss for the period. The deficit is mainly sourced from impairment of the group's swaps due to falling long yields, which are held in the parent company. Sales were SEK 0 (0) m.

Assets at the end of the period mainly consisted of shares in subsidiaries of SEK 7,005 (7,005) m. Funding was primarily through equity, which was SEK 5,319 (5,771) m at the end of the period, implying an equity ratio of 37 (47) per cent.

THE SHARE AND SHAREHOLDERS

The closing price on 30 September 2011 was SEK 47.00. Accordingly, compared to the closing price at the end of 2010 of SEK 61.50, the share fell by 24 per cent. The OMX Stockholm Real Estate_PI fell by 17 per cent in the same period. As of 30 September, Kungsleden had 21,133 shareholders, a decrease of 9 per cent on the previous year-end.

At year-end, 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, lease term, tenant structure, technical standard, etc. Property values are appraised individually and progressively through the year based on a large number 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 29–30 and 82 of the Annual Report for 2010.

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 42–44 of the Annual Report for 2010.

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 pages 6–7.

A more detailed review of Kungsleden's risks and uncertainty factors is provided on pages 37–41 and 75 of the Annual Report for 2010.

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.

Shareholders

As of 30 September 2011	No. of shares	% of vote and capital
Pensioenfonds PGGM (NL)	4,686,781	3.4
Nordea Funds	4,057,222	3.0
SHB Funds	3,701,991	2.7
Länsförsäkringar Funds	3,218,285	2.4
Florén Olle and companies	3,129,250	2.3
Norwegian Government	2,973,146	2.2
Danske Invest Funds (Sweden)	2,497,429	1.8
Fourth AP Fund/AP4	2,477,485	1.8
SEB Funds	1,840,638	1.3
Second AP Fund/AP2	1,793,576	1.3
Total, ten largest shareholders	30,375,803	22.2
Board and management	362,240	0.3
Foreign shareholders, other	37,343,403	27.4
Other shareholders	68,420,618	50.1
Total	136,502,064	100.0

Source: SIS Ägarservice



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 Securities Markets Act have also been applied.

The new IFRS and interpretation statements applied for the first time in 2011 are stated on page 71 of the Annual Report for 2010. Their application did not affect the accounts or presentation of the financial statements materially compared to reporting according to previous principles.

In 2011, the IASB has published a number of new IFRS and revised IASs that have not yet been endorsed by the EU: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS 13 Fair Value

Measurement, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. These come into effect preliminarily from 1 January 2013 and have not been applied prospectively in this Report.

The calculation method for the earnings capacity's key figures for rental revenues, economic occupancy and operating surplus margin have been amended in 2011 for full consistency with Income Statement definitions. Previous periods' key figures have been restated.

Otherwise, the accounting principles and methods of calculation are unchanged compared to the Annual Accounts for the financial year 2010.

ESTIMATE 2011 (UNCHANGED)

The Board of Directors' judgement is that profit for calculating dividends for 2011 will be SEK 650 m, or SEK 4.80 per share.

Profit for calculating dividend corresponds to profit for the period before tax excluding unrealised value changes but including realised value changes and taxes payable.

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.

Kungsleden AB (publ) held its Annual General Meeting (AGM) on 13 April and the Meeting approved the Board of Directors' proposal of a dividend of SEK 2.00 per share, which was paid on 26 April 2011.

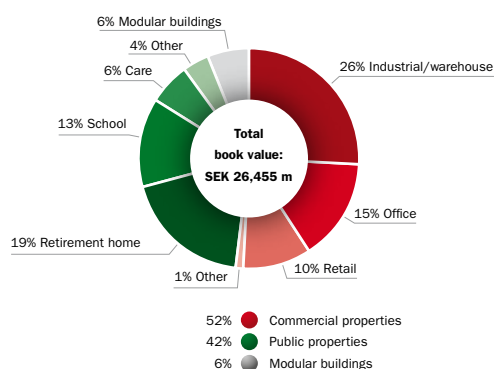
POST-BALANCE SHEET EVENTS

After the end of the Interim Period, Kungsleden purchased two properties for SEK 152 m at the Kefren auction, whose purchase will be completed during the fourth quarter.

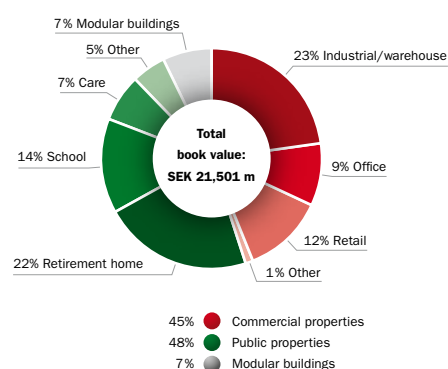


1 January – 30 September 2011

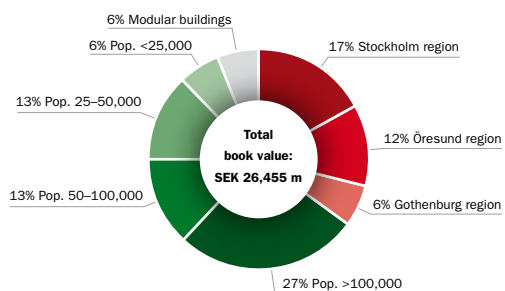
Property portfolio by type, 30 September 2011



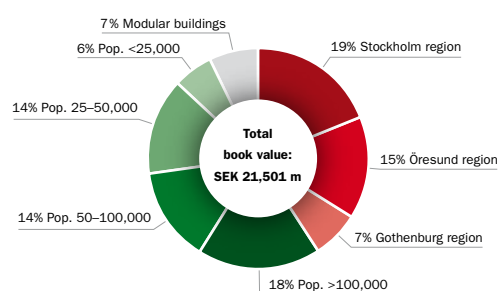
Property portfolio by type, 31 December 2010



Property portfolio by size of location, 30 September 2011



Property portfolio by size of location, 31 December 2010



Earnings capacity¹ by type

	Commercial properties				Public properties				Nordic Modular	Total ²
	Industrial/warehouse	Office	Retail	Other	Retirement home ²	Schools ²	Care ²	Other ²	Modular buildings	
No. of properties	130	83	62	17	130	96	101	20	0	639
Leasable area, 000 sq.m.	1,344	551	339	24	325	324	189	100	232	3,428
Book value, SEK m	6,866	3,903	2,516	283	5,010	3,438	1,658	1,191	1,590	26,455
Rental value, SEK m	822	543	274	24	396	339	194	115	316	3,023
Rental revenues, SEK m	749	480	247	23	391	324	183	112	240	2,749
Operating net, SEK m	562	280	174	16	291	216	113	85	72 ³	1,809
Economic occupancy, %	91.2	88.5	90.1	95.0	98.7	95.3	94.1	97.6	76.2	90.9
Property yield, %	8.2	7.2	6.9	5.7	5.9	6.3	6.9	7.2	4.5 ³	6.9
Operating surplus margin, %	74.9	58.1	70.4	71.0	74.5	66.9	62.1	75.4	30.1 ³	65.8

Earnings capacity¹ by size of location

	Stockholm region	Öresund region	Gothenburg region	Other cities by inhabitants, '000				Modular buildings	Total ²
				>100	50-100	25-50	<25		
No. of properties	95	78	47	133	80	124	82	0	639
Leasable area, 000 sq.m.	382	358	189	895	411	611	350	232	3,428
Book value, SEK m	4,634	3,251	1,522	7,026	3,405	3,384	1,643	1,590	26,455
Rental value, SEK m	427	316	156	832	368	414	194	316	3,023
Rental revenues, SEK m	393	279	130	794	342	388	183	240	2,749
Operating net, SEK m	270	193	81	554	243	260	136	72 ³	1,809
Economic occupancy, %	92.0	88.3	83.7	95.3	92.9	93.5	94.6	76.2	90.9
Property yield, %	5.8	6.0	5.4	7.9	7.2	7.7	8.3	4.5 ³	6.9
Operating surplus margin, %	68.5	69.3	62.2	69.7	71.2	67.1	74.2	30.1 ³	65.8

1 Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 30 September 2011 had been owned for the previous 12 months.

2 Kungslöden owns 50 per cent of 306 public properties. They are all included in the number of properties line and at 50 per cent on other lines, corresponding to these properties' effect on Kungslöden's results of operations and financial position.

3 The operating net of Modular Buildings has been charged with standard depreciation/value changes of SEK 132 m.

Financial reporting 1 Jan – 30 Sept 2011

Income Statement

SEK m	Reporting period		Interim period		12 months	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept	2010/2011 Oct–Sept	2010 Jan–Dec
Rental revenues	695.9	515.1	1,899.8	1,577.4	2,442.2	2,119.8
Sales revenues, modular buildings	70.1	47.7	214.2	127.7	270.5	184.0
Net sales	766.0	562.8	2,114.0	1,705.1	2,712.7	2,303.8
Property costs	-155.9	-113.4	-533.7	-435.4	-697.1	-598.8
Production costs, modular buildings	-62.5	-41.7	-194.5	-109.8	-244.5	-159.8
Gross profit	547.6	407.7	1,385.8	1,159.9	1,771.1	1,545.2
Property trading						
Sales revenues, net	132.9	122.5	179.4	1,028.2	2,080.3	2,929.1
Book value						
Acquisition cost	-115.3	-109.5	-134.4	-1,013.9	-1,995.8	-2,875.3
Realised value changes	-6.2	-15.0	-10.9	-2.4	-29.7	-21.2
	-121.5	-124.5	-145.3	-1,016.3	-2,025.5	-2,896.5
Trading net	11.4	-2.0	34.1	11.9	54.8	32.6
Sales and administration costs	-75.3	-54.6	-237.7	-191.3	-306.2	-259.7
Net financial position						
Financial revenues	8.6	4.8	23.1	14.9	31.6	23.4
Financial costs	-234.3	-203.8	-648.4	-559.1	-841.1	-751.8
Other financial costs	-10.1	7.5	-25.0	-10.9	-34.5	-20.4
	-235.8	-191.5	-650.3	-555.1	-844.0	-748.8
Unrealised value changes						
Investment properties	109.3	10.5	405.7	106.2	486.7	187.2
Financial instruments	-591.6	67.3	-482.5	-126.6	73.7	429.6
	-482.3	77.8	-76.8	-20.4	560.4	616.8
Profit/loss before tax	-234.4	237.4	455.1	405.0	1,236.1	1,186.1
Tax	61.1	-57.4	-119.7	-87.7	-377.1	-345.1
Profit/loss after tax¹	-173.3	180.0	335.4	317.3	859.0	841.0
Earnings per share²	-1.30	1.30	2.50	2.30	6.30	6.20

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 and average number of shares is 136,502,064 for all periods.

Statement of Comprehensive Income

SEK m	Reporting period		Interim period		12 months	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept	2010/2011 Oct–Sept	2010 Jan–Dec
Net profit/loss from Income Statement	-173.3	180.0	335.4	317.3	859.0	841.0
Other comprehensive income						
Change in fair value of currency forwards (after tax)	-	11.4	2.3	29.3	2.0	29.0
Translation differences for the period when translating foreign operations	-4.1	-29.6	4.8	-95.5	19.9	-80.5
Comprehensive income for the period¹	-177.4	161.8	342.5	251.1	880.9	789.5

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

Statement of Financial Position

SEK m	30 Sept 2011	31 Dec 2010
ASSETS		
Goodwill	201.4	201.4
Properties	26,455.0	21,500.6
Receivables, etc.	1,318.8	2,044.5
Cash and cash equivalents	871.9	747.2
TOTAL ASSETS	28,847.1	24,493.7
LIABILITIES AND EQUITY		
Equity	7,426.3	7,356.8
Interest-bearing liabilities	18,047.8	13,949.3
Non interest-bearing liabilities	3,373.0	3,187.6
TOTAL LIABILITIES AND EQUITY	28,847.1	24,493.7

Financial reporting 1 Jan–30 Sept 2011

Statement of Changes in Equity

SEK m	30 Sept 2011	31 Dec 2010
At beginning of period	7,356.8	7,079.2
Dividend	-273.0	-511.9
Comprehensive income	342.5	789.5
At end of period	7,426.3	7,356.8

Statement of Cash Flows

SEK m	Reporting period		Interim period		12 months	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept	2010/2011 Oct–Sept	2010 Jan–Dec
Operating activities						
Profit/loss before tax	-234.4	237.4	455.1	405.0	1,236.1	1,186.1
Trading net/capital gains, sold properties	56.7	2.0	34.1	-11.9	13.4	-32.6
Unrealised value changes	482.3	-77.8	76.8	20.4	-560.4	-616.8
Adjustment for items not included in cash flow from operating activities	-25.0	-32.3	9.8	-18.0	22.6	-5.2
Tax paid	-25.5	-15.0	-60.5	-45.0	-37.5	-22.0
Cash flow from operating activities	254.1	114.3	515.3	350.5	674.2	509.5
Change in working capital	-554.7	207.2	-1,865.1	455.0	-2,551.3	-231.3
Cash flow from operating activities after change in working capital	-300.6	321.5	-1,349.8	805.5	-1,877.1	278.2
Cash flow from investment activity	-125.9	-60.5	-1,972.3	103.8	-1,466.0	610.1
Cash flow from financing activity	386.9	-255.1	3,444.8	-956.4	3,578.0	-823.2
Cash flow for the period	-39.6	5.9	122.7	-47.1	234.9	65.1
Cash and cash equivalents at beginning of period	910.7	631.4	747.2	689.1	636.2	689.1
Exchange rate difference in cash and cash equivalents	0.8	-1.1	2.0	-5.8	0.8	-7.0
Cash and cash equivalents at end of period	871.9	636.2	871.9	636.2	871.9	747.2

Parent Company Income Statement

SEK m	Reporting period		Interim period		12 months	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept	2010/2011 Oct–Sept	2010 Jan–Dec
Administration costs	2.5	-5.0	-6.3	-16.7	-32.6	-43.0
Operating loss	2.5	-5.0	-6.3	-16.7	-32.6	-43.0
Net financial position	-344.1	-29.8	-248.3	-267.5	823.9	804.7
Profit before tax	-341.6	-34.8	-254.6	-284.2	791.3	761.7
Tax on profit for the period	98.5	8.4	75.6	-258.9	212.9	-121.6
Net profit	-243.1	-26.4	-179.0	-543.1	1,004.2	640.1

Parent Company Balance Sheet

SEK m	30 Sept 2011	31 Dec 2010
ASSETS		
Shares in group companies	7,005.2	7,005.0
Receivables from group companies	6,163.7	4,586.5
External receivables, etc.	709.4	315.4
Cash and cash equivalents	469.1	369.2
TOTAL ASSETS	14,347.4	12,276.1
LIABILITIES AND EQUITY		
Shareholders equity	5,318.7 ¹	5,770.7
Interest-bearing liabilities	2,280.5	1,495.9
Liabilities to group companies	6,115.7	4,303.4
Other liabilities	632.5	706.1
TOTAL LIABILITIES AND EQUITY	14,347.4	12,276.1

1. Dividends reduced equity by SEK 273 m.

Segment reporting

SEK m	Commercial properties		Public properties ¹		Nordic Modular		Other/group-wide ²		Total Kungshöjden	
	2011 Jan–Sept	2010 Jan–Sept	2011 Jan–Sept	2010 Jan–Sept	2011 Jan–Sept	2010 Jan–Sept	2011 Jan–Sept	2010 Jan–Sept	2011 Jan–Sept	2010 Jan–Sept
Net sales	977.1	721.6	742.0	675.1	394.9	308.4			2,114.0	1,705.1
Gross profit	694.9	509.3	521.7	483.1	169.2	167.5			1,385.8	1,159.9
Profit before tax	135.1	75.2	271.7	254.7	61.3	93.1	-13.0	-18.0	455.1	405.0
Properties	13,568.3	9,385.7	11,297.1	10,851.8	1,589.6	1,562.1			26,455.0	21,799.6
Purchases and investments	4,427.3	186.9	218.5	761.9	28.4	98.9			4,674.2	1,047.7
Sales price, net	73.8	1,009.2	88.4	10.5	17.2	8.5			179.4	1,028.2

1 After Hemsö's purchase of 17 German properties, the Public Properties segment replaces the former two segments, Public Properties in Sweden and Retirement home Germany.

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

Key figures

	Reporting period		Interim period		12 months	
	2011 July–Sept	2010 July–Sept	2011 Jan–Sept	2010 Jan–Sept	2010/2011 Oct–Sept	2010 Jan–Dec
Property-related						
<i>Earnings capacity</i>						
Property yield, %					6.9	6.4
Economic occupancy, % ¹					90.9	90.3
Operating surplus margin, %					65.8	64.8
<i>Actuals</i>						
Property yield, %	8.2	7.4	7.6	7.0	7.2	7.0
Economic occupancy, %	91.3	89.7	91.0	90.3	90.9	90.3
Operating surplus margin, %	77.6	78.0	71.9	72.4	71.5	71.8
Financial						
Net profit, SEK m	-173	180	335	317	859	841
Profit for calculating dividends, SEK m	239	160	462	379	614	530
Return on total capital, %	6.7	5.8	5.9	5.4	5.7	5.4
Return on equity, %	-9.2	10.7	6.1	6.1	12.1	11.7
Return on capital employed, %	7.8	6.7	6.9	6.2	6.7	6.3
Interest coverage ratio	2.1	1.8	1.8	1.8	1.8	1.8
Equity ratio, %					25.7	30.0
Gearing, multiple					2.4	1.9
Loan to value ratio, %					68.2	64.9
Cash flow from operating activities, SEK m	254	114	515	351	674	510
Data per share						
Share price, SEK					47.00	61.50
Resolved dividend, SEK					2.00	2.00
Total yield, %					-14.4	32.6
Dividend yield, %					4.3	3.3
P/E ratio, multiple					7.5	10.0
P/CE ratio, multiple					12.7	12.7
Gross profit, SEK	4.00	3.00	10.20	8.50	13.00	11.30
Net profit, SEK	-1.30	1.30	2.50	2.30	6.30	6.20
Profit for calculating dividends, SEK m	1.70	1.20	3.40	2.80	4.50	3.90
Property book value, SEK					193.80	157.50
Equity, SEK					54.40	53.90
Cash flow from operating activities, SEK m	1.90	0.90	3.80	2.60	4.90	3.70
Outstanding shares/free float ²	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064
Average number of shares ²	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064

1 The calculation method for the earnings capacity's key figure for economic occupancy has been amended in 2011 for full consistency with Income Statement definitions. Previous periods' key figures have been restated.

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

Financial reporting 1 Jan – 30 Sept 2011

Stockholm, Sweden, 26 October 2011

Håkan Bryngelson
Chairman

Joachim Gahm
Board member

Lars Holmgren
Board member

Magnus Meyer
Board member

Biljana Pehrsson
Board member

Kia Orback Pettersson
Board member

Charlotta Wikström
Board member

Thomas Erséus
Board member and Chief Executive

This Financial Statement has not been subject to review by the company's auditors.

Kungsleden discloses the information in this interim report in accordance with the Swedish Financial Markets Act (lagen om värdepappersmarknaden, 2007:528).



Quarterly summary

Summary Income Statement

SEK m	2011			2010			2009	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Net sales	766	747	601	599	563	571	571	588
Gross profit	548	485	354	385	408	397	355	419
Trading net	11	20	3	21	-2	11	3	-10
Sales and administration costs	-75	-90	-72	-68	-55	-70	-66	-76
Net financial position	-236	-226	-188	-194	-192	-188	-176	-196
Unrealised value changes	-482	-50	455	637	78	-18	-80	-95
Profit/loss before tax	-234	139	550	781	237	132	36	41
Tax	61	-37	-144	-257	-57	-52	22	-131
Profit/loss after tax	-173	102	406	524	180	80	58	-90

Summary Statement of Financial Position

SEK m	2011			2010			2009	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
ASSETS								
Goodwill	201	201	201	201	201	201	193	193
Properties	26,455	26,123	25,540	21,501	21,800	21,866	21,239	21,861
Receivables, etc.	1,319	1,435	1,762	2,045	1,701	1,619	1,318	1,466
Cash and cash equivalents	872	911	1,321	747	636	631	1,267	689
TOTAL ASSETS	28,847	28,670	28,825	24,494	24,338	24,318	24,016	24,208
LIABILITIES AND EQUITY								
Equity	7,426	7,604	7,765	7,357	6,818	6,657	7,102	7,079
Interest-bearing liabilities	18,048	17,644	17,827	13,949	13,898	14,153	14,040	14,437
Non-interest-bearing liabilities	3,373	3,423	3,233	3,188	3,622	3,509	2,874	2,692
TOTAL LIABILITIES AND EQUITY	28,847	28,670	28,825	24,494	24,338	24,318	24,016	24,208

Key figures

	2011			2010			2009	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Property-related								
Property yield, %	8.2	7.4	5.9	7.0	7.4	7.2	6.5	7.7
Economic occupancy, %	91.3	90.7	91.0	90.3	89.7	90.4	91.0	90.8
Book value of properties, SEK m	26,455	26,123	25,540	21,501	21,800	21,866	21,239	21,861
Financial								
Profit/loss after tax, SEK m	-173	102	406	524	180	80	58	-90
Profit for calculating dividends, SEK m	239	145	78	151	160	93	126	6
Return on total capital, %	6.7	5.8	4.3	5.5	5.8	5.6	4.8	5.6
Return on equity, %	-9.2	5.3	21.5	29.6	10.7	4.6	3.2	-5.0
Return on capital employed, %	7.8	6.7	4.9	6.9	6.7	6.5	5.6	6.5
Interest cover, multiple	2.1	1.8	1.5	1.7	1.8	1.8	1.7	1.7
Equity ratio, %	25.7	26.5	26.9	30.0	28.0	27.4	29.6	29.3
Loan to value ratio, %	68.2	67.5	69.8	64.9	63.8	64.4	66.1	66.0
Cash flow from operating activities, SEK m	254	187	74	159	114	145	91	143
Data per share								
Profit/loss after tax, SEK ¹	-1.30	0.80	0.60	1.10	1.20	0.60	0.40	0.10
Profit for calculating dividends, SEK ¹	1.70	1.10	0.60	1.10	1.20	0.70	0.90	0.10
Resolved dividend/share redemption, SEK	-	2.00	-	-	-	3.75	-	-
Resolved dividend/redemption, SEK ¹	1.90	1.40	0.50	1.20	0.90	1.10	0.70	1.00

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

Definitions

PROPERTY-RELATED KEY FIGURES

Property yield, operating net in relation to average book value of properties at the end of the period.

Operating net, rental revenue less property costs (e.g. operating and maintenance costs, ground rent and property tax).

Economic occupancy, rental value less deductions for rental discounts and vacancies in relation to rental value.

Realised value change on properties, the difference between book value and accumulated acquisition cost of sold properties. Corresponds to unrealised value changes during the holding term that are realised on property sales.

Operating surplus margin, operating net in relation to rental revenues.

FINANCIAL KEY FIGURES

Return on equity, net profit for the period after tax in relation to average equity. Average equity is calculated as the total of opening and closing balances divided by two.

Loan to value ratio, interest-bearing liabilities in relation to the book value of properties.

Interest coverage ratio, profit/loss before tax excluding unrealised value changes and net financial items in relation to net financial items.

Debt/equity ratio, interest-bearing liabilities in relation to equity.

Equity ratio, equity including minority interest in relation to total assets.

Profit for calculating dividends, net profit for the period before tax excluding unrealised value changes but including realised value changes and taxes payable.

SHARE-RELATED KEY FIGURES

Dividend yield on the share, approved/proposed dividends/redemption in relation to the share price at the end of the period.

Total yield on the share, the total of the share price change in the period and dividend paid/redemption in the period in relation to the share price at the end of the period.

Approved/proposed dividend per share, the Board of Directors' proposed dividend or dividend per outstanding share approved by a shareholders' meeting.

Equity per share, equity in relation to the number of shares at the end of the period.

Cash flow from operations per share, cash flow for the period from operations in relation to the average number of shares.

Property register 1 Jan – 30 Sept 2011

PURCHASED PROPERTIES, KUNGSLEDEN

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental value, SEK m	Rental revenue, SEK m	Economic occupancy, %
					Industr./warehouse	Offices	Retail	Retirement home	School	Care				
Stockholm region														
Office														
Holar 4	Stockholm	Kista	Skalholtsgatan 6–8	–	144	7,148					7,292	15	15	100
Industrial/warehouse														
Njursta 1:21	Upplands Väsby	Upplands Väsby	Jupitervägen 2	–	11,472	2,012					13,484	8	8	100
Other cities														
Populations over 100,000, Industrial/warehouse														
Finnslätten 1	Västerås	Västerås	Tvärleden	1958–59/ 1966–70/ 1987 mfl.	77,730	62,743				3,297	143,770	128	123	96
Finnslätten 4	Västerås	Västerås	Banmatarvägen	1975		7,496					7,496	6	6	100
Fasternes	Bielsko-Biala	Bielsko-Biala	Wyzwolenia 105 Str.	1962		20,633					20,633	13	13	100
Metal Structure	Bielsko-Biala	Bielsko-Biala	Wyzwolenia 84 Str.	1985		22,943					22,943			
Runthe	Bochum	Bochum	Industristrasse 20	1990		15,327					15,327	8	8	100
Västerås 3:85	Västerås	Västerås	Elmotorgatan	1975		2,145					2,145	2	2	100
Västerås 3:86	Västerås	Västerås	Elmotorgatan	1978		27,216					27,216	25	25	100
Västerås 3:88	Västerås	Västerås	Lugna gatan	–										
Västerås 3:89	Västerås	Västerås	Effektgatan	–										
Örjan 1	Västerås	Västerås	Saltängsvägen	1964	52,126	1,239				546	53,911	38	37	97
Populations over 100,000, Office														
Isolatorn 3	Västerås	Västerås	Gideonsbergsgatan	1972	11,761	30,638				3,029	45,753	43	40	94
Mimer 5	Västerås	Västerås	Stora Gatan	1929–30 /1955/1960 /1969 mfl.	6,502	71,114	325		11,109	475	89,200	101	95	94
Ottar 5	Västerås	Västerås	Kopparbergsvägen	1929/1940	3,056	17,543					20,599	24	22	92
Ottar 6	Västerås	Västerås	Kopparbergsvägen 2	1929/1940		18,325					18,325	21	21	100
Spolaren 4	Norrköping	Norrköping	Linnégatan 28	1962	2,351	4,763				7	7,121	5	2	55
Västerås 3:84	Västerås	Västerås	Nätverksgatan	1984	6,620	25,652					32,272	32	31	100
Västerås 3:87	Västerås	Västerås	Fredholmshuset	1978/1983	1,137	19,801				1,029	21,967	15	9	61
Populations over 100,000, Other properties														
Västerås 5:9	Västerås	Västerås	Södra Ringvägen	–										
Populations 50,000 to 100,000, Industrial/warehouse														
Baggen 6	Sundsvall	Sundsvall	Hovgatan 6	1973	2,456						2,456	1	1	100
Hälsinggården 1:427	Falun	Falun	Lövsåsvägen 26	1968	10,800						10,800	5	5	100
Populations 50,000 to 100,000, Office														
Geten 2	Sundsvall	Sundsvall	Fridhemsgatan 122	1964/1970	2,134	2,039				1,033	5,206	3	2	57
Skotet 1	Luleå	Luleå	Barvägen 11	1979	5,725	2,567					8,292	5	5	84
Populations 50,000 to 100,000, Retail														
Storsten 2	Norrköping	Norrköping	Storstensvägen	–			2,270				2,270	2	2	100
Populations 50,000 to 100,000, Care														
Läkaren 1	Trollhättan	Trollhättan	Lasarettsvägen 1–19	–	2,038	1,518		13,139	7,894	4,644	29,233	29	25	87
Populations 25,000 to 50,000, Industrial/warehouse														
Forsheda 5:119	Värnamo	Forsheda	Galvanövägen 2, 4	1988	8,485						8,485	2	2	100
Motala Björkelund 1	Motala	Motala	Linjegatan 14	–	26,012	3,647					29,659	6	6	100
Murängen 2	Sandviken	Sandviken	Hammarsvägen 4	1976	9,805						9,805	4	4	100
Slätvaren 1	Värnamo	Värnamo	Margaretelundsvägen 8	1999	10,348						10,348	3	3	100
Stenfalken 1	Värnamo	Värnamo	Stenfalksvägen 1, 3	2002	12,889						12,889	8	8	100
Säversta 8:28	Bollnäs	Bollnäs	Anneforsvägen 11	1979	5,783						5,783	3	3	100
Åttersta 6:28	Sandviken	Åshammar	Bultvägen 20	1951	11,695						11,695	3	2	63
Öjebyn 119:1	Piteå	Öjebyn	Skyvägen 1	1968	19,357	420					19,777	5	4	96
Populations 25,000 to 50,000, Office														
Ribban 5	Nyköping	Nyköping	Brukslagarvägen 5, 7, 9	1965	8,319	27,443	2,523			1,659	39,944	21	17	83
Populations less than 25,000, Industrial/warehouse														
Alvesta 13:28	Alvesta	Alvesta	Ågårdsvägen 16	1973	9,745						9,745	4	4	100
Armaturen 10	Kungsör	Kungsör	Granlidsvägen 3	1999	11,288						11,288	4	4	100
Bälgen 9	Arboga	Arboga	Skandiagatan 3, 5, 7, 9, 11, 13	1992	18,983						18,983	15	15	100
Hallsta 3:7	Hallstahammar	Hallstahammar	Industrigränd 1, 6, 8	1955	48,439						48,439	13	13	100
Holje 116:116	Olofström	Olofström	Västra Storgatan 2 B	1970	51,631						51,631	11	11	100
Svartå 1:157	Degerfors	Svartå	Industrivägen 11	1944	10,094						10,094	2	2	64

PURCHASED PROPERTIES, HEMSÖ

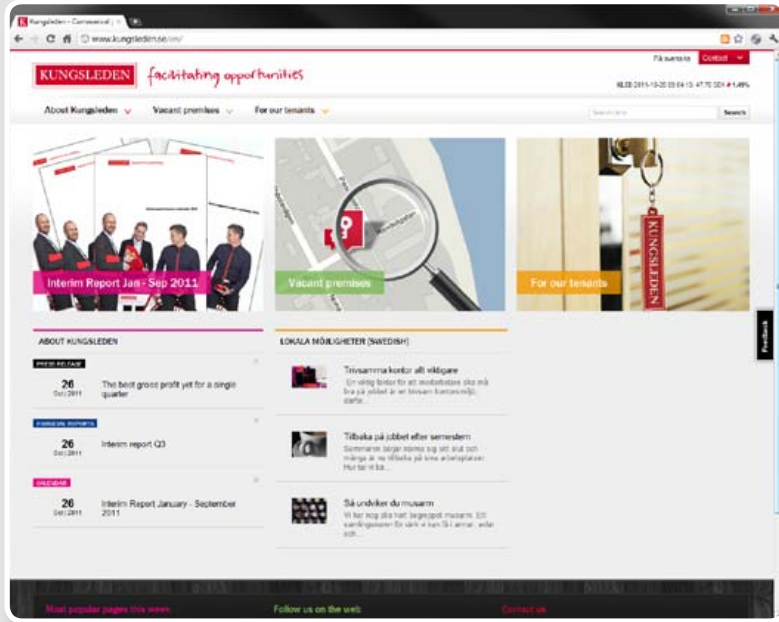
Stockholm region														
School														
Vilunda 19:2	Upplands Väsby	Upplands Väsby	Centralvägen 2	2011				7,452			7,452	15	15	100
Ölsta 1:1	Sigtuna	Sigtuna	Steningehöjden	2011				330			330	1	1	100
Other properties														
Del av Sundbyberg 2:42	Sundbyberg	Sundbyberg	–	–										
Other cities														
Populations over 100,000, School														
Drag 4	Norrköping	Norrköping	Dragsgatan 7	–				4,939			4,939	6	6	99
Drag 5	Norrköping	Norrköping	Dragsgatan 7	–				109			109			
Populations over 100,000, Care														
Strö 4:2	Uppsala	Uppsala	–	2011					1,325		1,325	3	3	100
Populations less than 25,000, Retirement home														
Löten 6:6	Köping	Köping	–	2011			808				808	2	2	100
Populations less than 25,000, School														
Dona 1:38	Lysekil	Lysekil	Rinkenåsgatan 2–4	–				4,500			4,500	7	7	100

SOLD PROPERTIES, KUNGSLEDEN

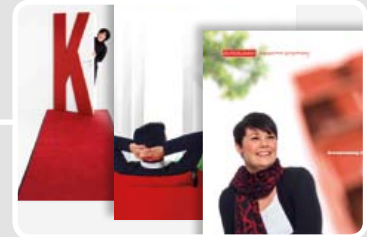
Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental value, SEK m	Rental revenue, SEK m	Economic occupancy, %
					Industr./warehouse	Offices	Retail	Retirement home	School	Care				
Stockholm region														
Retail														
Imröret 10	Stockholm	Bandhagen	Högålsdalsvägen 19	1959	705		4416			9	5130	7	7	100
Other cities														
Populations over 100,000, Retail														
Idrottspriset 1	Linköping	Linköping	Rekrytgatan 3 och 5	1992		71	1,020				1,091	1	1	100
Populations 25,000 to 50,000, Other properties														
Närby 1:74, 1:75	Söderhamn	Söderhamn	–	–										
Sjöafäl 1:85, 1:180	Nässjö	Fredriksdal	Örnvägen 30	–										

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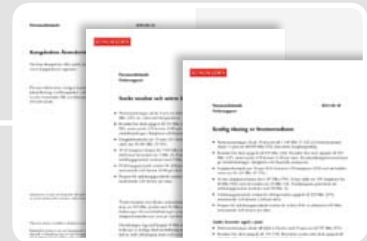
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Johan Risberg



	2011	2010	2009
Netresultat	112,0	100,0	100,0
Resultat efter skatt	100,0	100,0	100,0
Resultat efter skatt och minoritet	100,0	100,0	100,0
Resultat efter skatt och minoritet per aktie	100,0	100,0	100,0

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	2010	2009	2008
Netresultat	112,0	100,0	100,0
Resultat efter skatt	100,0	100,0	100,0
Resultat efter skatt och minoritet	100,0	100,0	100,0
Resultat efter skatt och minoritet per aktie	100,0	100,0	100,0

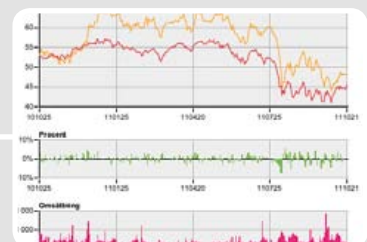
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