



KUNGSLEDEN

Interim Report for January–June 2014

Q2:2014

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With sales of SEK 2.2 billion so far this year, Kungsleden will now once again pursue a bolder purchasing strategy.

BILJANA PEHRSSON
CEO

LSG²

SECOND QUARTER

691

Net sales increased to SEK 691 (564) million and gross profit increased to SEK 423 (313) million.

215

Profits from property management improved and were SEK 215 (133) million, which corresponds to SEK 1.58 (0.98) per share.

-3

Net letting was SEK -3 (7) million.

INTERIM PERIOD

1,398

Net sales increased to SEK 1,398 (1,051) million and gross profit increased to SEK 831 (594) million.

410

Profits from property management improved and were SEK 410 (221) million, which corresponds to SEK 3.00 (1.62) per share.

9

Net letting was SEK 9 (2) million.

COMMENTS ON EVENTS DURING AND AFTER THE QUARTER

- During the interim period, properties were sold for SEK 1.5 billion. The year's sales during the first half of the year including the start of the third quarter total SEK 2.2 billion. Profit on sales during and after the second quarter total approximately SEK 160 million and the year's total sales are expected to result in a profit after tax of approximately SEK 190 million.
- In operations, there is still a strong focus on active administration. Gross profit for the quarter increased by 35 per cent during due to larger property holdings and a higher net operating income. Borrowing costs did not increase at a corresponding rate to operating income, which also contributed to the sharp increase in profits from property management of 62 per cent to 215 (133) million.
- A successful refinancing of syndicated bank credit of SEK 4.5 billion was executed and the average interest rate was reduced to 5.1 per cent as of 1 July compared to 5.8 per cent at the beginning of the year.
- Profit before tax, excluding changes in the value of financial instruments, improved to SEK 427 (136) million. There was a significant impact on profit after tax and cash flow from negative tax rulings by the Court of Appeal. A reserve for ongoing tax processes was made for SEK 1,640 million and tax was paid to the Swedish Tax Agency of SEK 1,000 million.
- During the summer, Kungsleden started a process aimed at selling its subsidiary, Nordic Modular Group.
- Kungsleden's Board of Directors has decided to convene an extraordinary general meeting on 16 September 2014. The Board is recommending a new issue of approximately SEK 1.5 billion with preferential rights for the share owners aimed at creating greater financial freedom and the conditions that will enable the company to achieve its growth goals, thus generating extra value for its shareholders.

KEY FIGURES

	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun
FINANCIAL				
Profit from property management, SEK per share	1.58	0.98	3.00	1.62
Profit for the period, SEK per share	-10.73	1.91	-10.24	3.43
Equity, SEK per share ¹	50.46	59.05	50.46	59.05
Cash flow from operating activities, SEK per share	-5.70	1.03	-4.39	1.99
Return on shareholders equity, %	Neg.	13.0	Neg.	11.9
Net operating income – properties, SEK m	382.5	265.5	748.4	505.7
Cash flow from operating activities, SEK m	-777	140	-600	272
Interest coverage ratio	2.7	1.9	2.1	1.8
PROPERTY RELATED				
Financial occupancy rate, %	88.0	90.6	89.6	90.6
Average rent, SEK per sq.m.	225	203	456	394
Operating and maintenance costs, SEK per sq.m.	60	65	131	129

1. As of 30 June.

COMMENTS FROM BILJANA PEHRSSON, CEO

Refinement of the property portfolio accelerated during and after the second quarter, not least due to the sale of 39 properties in Northern Sweden. Already in July, we exceeded our goal to divest non-strategic properties in 2014 for SEK 1–1.5 billion. The portfolio was further consolidated via sales of a large number of smaller properties or individual properties in one region in order to achieve a more administratively efficient portfolio. During the year, we will exit 15 municipalities and as of 1 September, we will be present in 95.

The year's sales through July total just over SEK 2.2 billion and the prices obtained were very good. On average, the carrying amount was exceeded by more than 10 per cent and the sales are expected to give a profit after tax of approximately SEK 190 million.

In operations, the focus is on active administration. Gross profit for the quarter increased by 35 per cent to SEK 423 million due to larger property holdings and a higher net operating income. Operating surplus margin increased to 68.0 (64.1) per cent. Central administrative costs were at the same level as the corresponding period in 2013. Borrowing costs increased at a slower rate than operating net, which also contributed to the sharp increase in profits from property management to 215 (133) million.

As expected, the financial occupancy rate fell to 88.0 (90.6) per cent due to a lower occupancy rate at the GE properties. During the quarter, the rate of new letting increased and new leases were signed for a total of 40,000 sq.m. However, net letting was SEK 3 million lower due to two major terminations. These spaces are already being leased.

Due to a successful refinancing of our syndicated bank credit of SEK 4.5 billion, we were able to increase the average maturity on overall borrowings by almost 1.5 years to an average of more than 3 years and the average interest rate was reduced to 5.1 per cent compared to 5.8 per cent at the beginning of the year.

Profit before tax was SEK 302 (332) million, despite the impact on the quarter from negative unrealized changes (i.e. losses) in the value of financial instruments of SEK –125 (196) due to falling long-term interest rates. Realized and unrealized changes in the value of properties of SEK 212 (3), which are primarily attributable to sales, had a positive impact on profits.

Profit before tax, excluding changes in the value of financial instruments, improved to SEK 427 (136) million. There was a significant impact on profit after tax from the provision for previously communicated tax rulings in the Court of Appeal for SEK 1,640 million. The tax rulings pertain to transactions that occurred during the years 2004 until 2007 and the outcome is within the scope of estimated maximum negative tax effects (see page 11) and the liquidity that the company has at its disposal. Profit before tax, excluding changes in the value of financial instruments, improved to SEK 427 (136) million.



Kungsleden's new strategy, as of 2013, is to create a larger, more concentrated and high quality property portfolio within chosen segments and regions that demonstrates good economic growth and local demand. During the summer, Kungsleden initiated a process aimed at selling its subsidiary, Nordic Modular Group. Having concluded its property sales this year, Kungsleden will once again start to pursue a bold purchasing strategy. We will achieve an attractive total return and we have an explicit plan to grow the property portfolio to SEK 30 billion over time.

By concentrating and expanding property holdings, we can become larger and better in selected regions and markets. A market-leading property owner and landlord is much more capable of meeting the customer's local needs with a larger offering and, at the same time, having more efficient administration.

Kungsleden is going through a major transformation and all of our employees are very committed. With a high level of success in achieving our goals last year, and thus far in 2014, along with strong profits from property management, Kungsleden is well equipped and has the momentum for continued profitable growth. The Board therefore recommends a new issue of approximately SEK 1.5 billion with preferential rights for the share owners aimed at creating greater financial freedom and the conditions that will enable the company to achieve its growth goals, thus generating extra value for its shareholders.

Stockholm, 14 August 2014

Biljana Pehrsson, CEO

“ PROFIT BEFORE TAX, EXCLUDING CHANGES IN THE VALUE OF FINANCIAL INSTRUMENTS, IMPROVED TO SEK 427 (136) MILLION. ”

Kungsleden's business concept is to own, manage and improve commercial properties in growth regions in Sweden and deliver attractive total returns.

PROFIT

PROFIT FOR THE SECOND QUARTER (APRIL-JUNE)

Net sales during the second quarter were SEK 691 (564) million allocated as follows: rental income from properties SEK 551 (409) million, from modular buildings SEK 65 (67) million and sales income from manufactured modules SEK 75 (89) million. Gross profit improved to SEK 423 (313) million, which was due to larger property holdings.

Profits from property management rose SEK 82 million to SEK 215 (133) million. Gross profit increased without administration and financing costs increasing at a corresponding rate, which explains the 62 per cent increase in profits from property management.

Profit before tax fell SEK 30 million to SEK 302 (332) million. Higher profits from property management and positive value changes could not compensate for the difference in the value change of financial instruments, which during the quarter in 2014 was SEK 321 million more negative than it was during 2013.

Profit (loss) for the period was SEK -1,465 (261) million. The decline in earnings is primarily a result of the provision that was made for tax rulings of SEK -1,640 million.

PROFIT FOR THE INTERIM PERIOD (JANUARY-JUNE)

Net sales were SEK 1,398 (1,051) million for the period allocated as follows: rental income from properties SEK 1,117 (790) million, from modular buildings SEK 130 (131) million and sales income from manufactured modules SEK 151 (130) million. Gross profit improved to SEK 831 (594) million, which is an increase attributable to larger property holdings.

Profits from property management rose SEK 189 million to SEK 410 (221) million. Gross profit increased without administration and financing costs increasing at a corresponding rate, which explains the 86 per cent increase in profits from property management.

Profit before tax fell SEK 175 million to SEK 393 (568) million. Higher profits from property management and positive value changes could not compensate for the difference in the value change of financial instruments, which in 2014 was SEK 610 million more negative than the first six months of last year.

Profit (loss) for the period was SEK -1,397 (469) million. The decline in earnings is primarily a result of the provision that was made for tax rulings of SEK -1,640 million.

NORDIC MODULAR

During the period, rental income for modular buildings was SEK 130 (131) million, with a net operating income of SEK 73 (76) million. At the end of the period, the occupancy rate was 76.9 (80.3) per cent. As of 30 June 2014, modular buildings had a total area of 235 (232) thousand sq.m. and a carrying amount of SEK 1,512 (1,509) million.

Sales of modular buildings increased to SEK 151 (130) million. Gross profit decreased to SEK 9 (12) million.

INCOME STATEMENT

SEK m	Quarter		Interim period	
	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun
Rental income – properties	551	409	1,118	790
Rental income – modular buildings	65	67	130	131
Sales income modular production	75	89	151	130
Net sales	691	564	1,398	1,051
Property costs properties	-169	-143	-369	-285
Property costs – modular buildings	-28	-27	-57	-55
Costs for modular production	-71	-81	-141	-118
Gross profit	423	313	831	594
Sales and administration costs	-36	-32	-69	-84
Net financial items	-172	-148	-352	-289
Profit from property management	215	133	410	221
Value changes in investment properties				
Profit from property sales	86	5	65	4
Unrealized value changes	126	-2	167	-18
Unrealized value changes in financial instruments	-125	196	-249	361
Profit before tax	302	332	393	568
Tax	-1,767	-71	-1,790	-123
Profit from continuing operations	-1,465	261	-1,397	445
Discontinued operations: Hemsö holding after tax	-	-	-	24
Profit (loss) for the period	-1,465	261	-1,397	469

EARNINGS CAPACITY

As of 30 June 2014, Kungsleden's property holdings consisted of 357 (366) properties distributed across the following four geographic areas: Stockholm, Mälardalen and North, Gothenburg and Malmö. The earnings capacity per region is presented below.

With unchanged conditions, earnings capacity provides a forecast of the earnings capacity for the property holdings that were owned as of 30 June 2014. Sales agreements have been signed for 47 properties that are included in the amounts as of 30 June 2014. These properties will be vacated during the third quarter and the carrying amount is SEK 1,302 million, with a corresponding net operating income of SEK 86 million.

REGION STOCKHOLM



A total of 57 new leases were signed during the interim period, with a total area of 24,103 sq.m. and a value of SEK 33 million.

EARNINGS CAPACITY¹ AS OF 30 JUNE 2014

No. of properties	74
Leasable area, 000 sq.m.	594
Book value, SEK m	6,232
Rental value, SEK m	695
Rental revenue, SEK m	617
Operating net, SEK m ²	436
Economic occupancy, %	88.8
Property yield, % ²	7.0
Operating surplus margin, % ²	70.7

REGION MÄLAR-DALEN AND NORTH



A total of 43 new leases were signed during the interim period, with a total area of 17,615 sq.m. and a value of SEK 27 million.

EARNINGS CAPACITY¹ AS OF 30 JUNE 2014

No. of properties	102
Leasable area, 000 sq.m.	1,011
Book value, SEK m	6,133
Rental value, SEK m	872
Rental revenue, SEK m	805
Operating net, SEK m ²	536
Economic occupancy, %	92.3
Property yield, % ²	8.7
Operating surplus margin, % ²	66.5

REGION GOTHENBURG



A total of 35 new leases were signed during the interim period, with a total area of 20,397 sq.m. and a value of SEK 17 million.

EARNINGS CAPACITY¹ AS OF 30 JUNE 2014

No. of properties	114
Leasable area, 000 sq.m.	681
Book value, SEK m	4,217
Rental value, SEK m	508
Rental revenue, SEK m	444
Operating net, SEK m ²	314
Economic occupancy, %	87.4
Property yield, % ²	7.5
Operating surplus margin, % ²	70.8

REGION MALMÖ³



A total of 22 new leases were signed during the interim period, with a total area of 7,476 sq.m. and a value of SEK 6 million.

EARNINGS CAPACITY¹ AS OF 30 JUNE 2014

No. of properties	67
Leasable area, 000 sq.m.	511
Book value, SEK m	3,389
Rental value, SEK m	383
Rental revenue, SEK m	331
Operating net, SEK m ²	251
Economic occupancy, %	86.3
Property yield, % ²	7.4
Operating surplus margin, % ²	75.8

1. Earnings capacity shows how the income statement would have looked if properties as of 30 June 2014 had been owned for the last 12 months.

2. In the income statement, the Group's net operating income also includes property administration costs, but this is not included in each specific property's net operating income in the earnings capacity. During the last twelve months, property administration costs were SEK 62 million for investment properties and SEK 13 million for modular buildings.

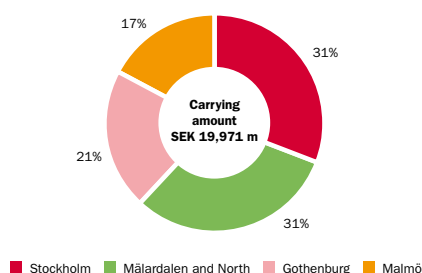
3. One property in Germany is included in Region Malmö.

EARNINGS CAPACITY ¹ PER SEGMENT	Offices	Industrial/ warehouse	Retail	Other	Total properties	Modular buildings	Total
No. of properties	136	136	62	23	357	–	357
Lettable area, 000 sq.m.	1,047	1,343	340	67	2,797	235	3,032
Book value, SEK m	10,146	6,676	2,555	594	19,971	1,512	21,483
Lease value, SEK m	1,234	847	306	71	2,458	339	2,797
Rental revenue, SEK m	1,089	766	276	66	2,197	260	2,457
Operating net, SEK m ²	728	582	181	46	1,537	155	1,692
Economic occupancy, %	88.3	90.6	90.1	91.2	89.4	76.9	87.9
Property yield, % ²	7.2	8.7	7.1	7.9	7.7	10.3	7.9
Operating surplus margin, % ²	66.8	75.9	65.7	70.5	70.0	59.6	68.9

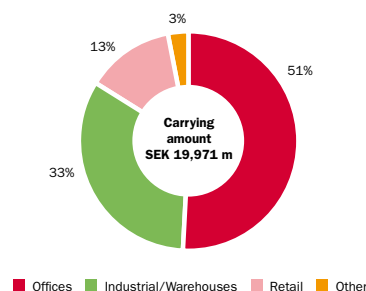
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PROPERTY VALUE PER REGION



PROPERTY VALUE PER SEGMENT



ONGOING DEVELOPMENT PROJECTS 2014

An important component of Kungsleden's business model is refining and developing its existing property portfolio. By ensuring that the overall holdings are of high quality and capacity, long-term sustainable property management and administration can be achieved.

Property development occurs in three stages – property and project development, project letting and project implementation.

Property and project
development



Project letting



Project
implementation



Focus is on continually surveying, identifying and utilizing properties at their full potential with the goal of, over time, lowering vacancies and increasing rent levels. That, in turn, results in higher cash flow and a boost in the value increase of property holdings.

At present, Kungsleden is working with development projects in several regions with tenants and other stakeholders. As of 30 June 2014, seven development projects were underway, with a total investment volume of approximately SEK 260 million.

One of the development projects is Aspgården 18 in Umeå,

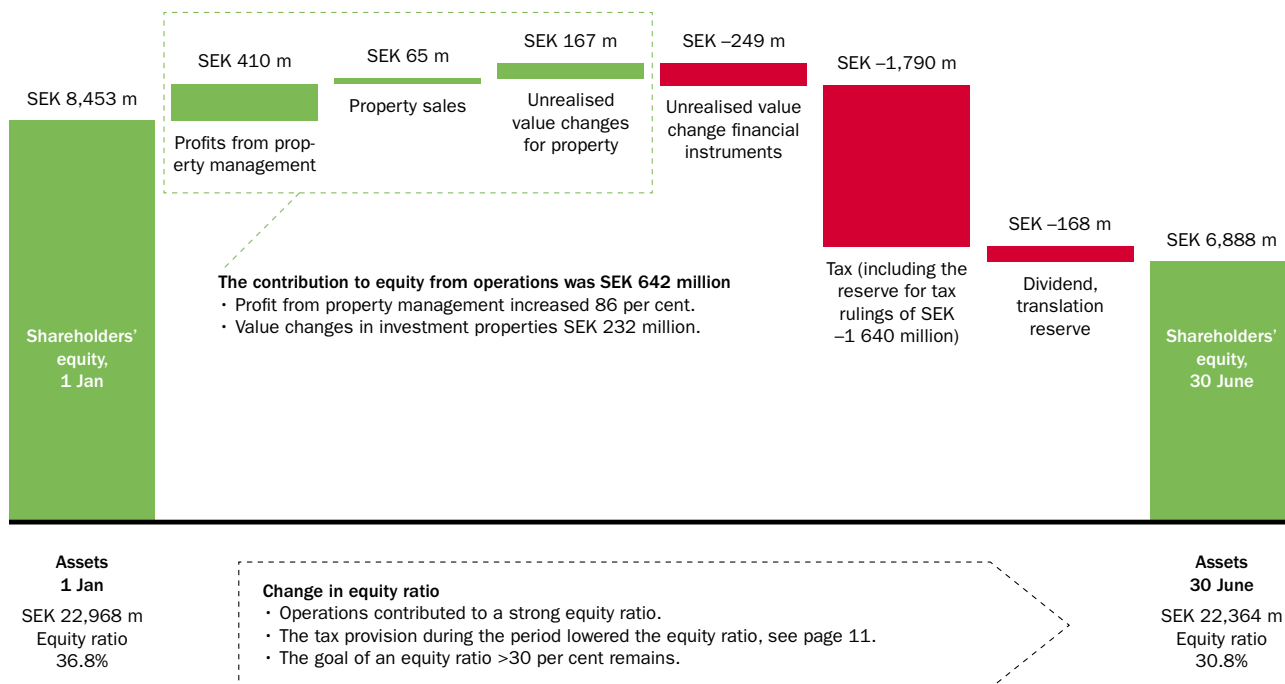
where vacant industrial and warehouse space is now being converted into modern school facilities and the surrounding land is being developed for residential properties. The work got underway in 2013 together with Umeå municipality, which owns the adjacent land, with the goal of developing the area called Böleäng in Teg, south of central Umeå into a new, attractive area that will offer housing, schools and services. Here, Kungsleden has signed an 16-year agreement for approximately 5,300 sq.m. with Internationella Engelska Skolan. The planned start of operations is August 2015.



ASSETS AND LIABILITIES

EQUITY AND FINANCIAL POSITION

As of the end of the period, equity was SEK 6,888 (8,453) million or SEK 50 (62) per share with a corresponding equity ratio of 31 (37) per cent.



PROPERTY HOLDINGS

As of 30 June 2014, property holdings excluding modular buildings consisted of 357 (366) properties. The total area was 2,797 (2,820) thousand sq.m. allocated across the following property segments: Office, Industrial/warehouse, Retail and Other. Property holdings are grouped into four geographic areas: Region Stockholm, Region Mälardalen and North, Region Gothenburg and Region Malmö. Region Mälardalen and North is the largest in terms of leasable area.

The properties have a carrying amount of SEK 19,971 (20,338) million. The decline in the carrying amount during the year is primarily attributable to the properties that were sold. Additionally, the carrying amount increased due to investments in the existing properties of SEK 151 (134) million along with the net effect of higher individual property values. Of the unrealized value changes, SEK 84 million is from revaluations of sold properties that have not been vacated.

The remaining average contract term for property holdings was an average of 3.9 (4.0) years.

DEVELOPMENT OF PROPERTY HOLDINGS ¹ SEK m	2014 Apr-Jun	2014 Jan-Jun
Properties at start of the period	20,410	20,338
Purchases	66	66
Investments	119	151
Sales	-753	-753
Currency gains/losses	2	2
Gains/losses in value	127	167
Properties at end of the period	19,971	19,971

1. Excluding modular buildings.

PROPERTY TRANSACTIONS

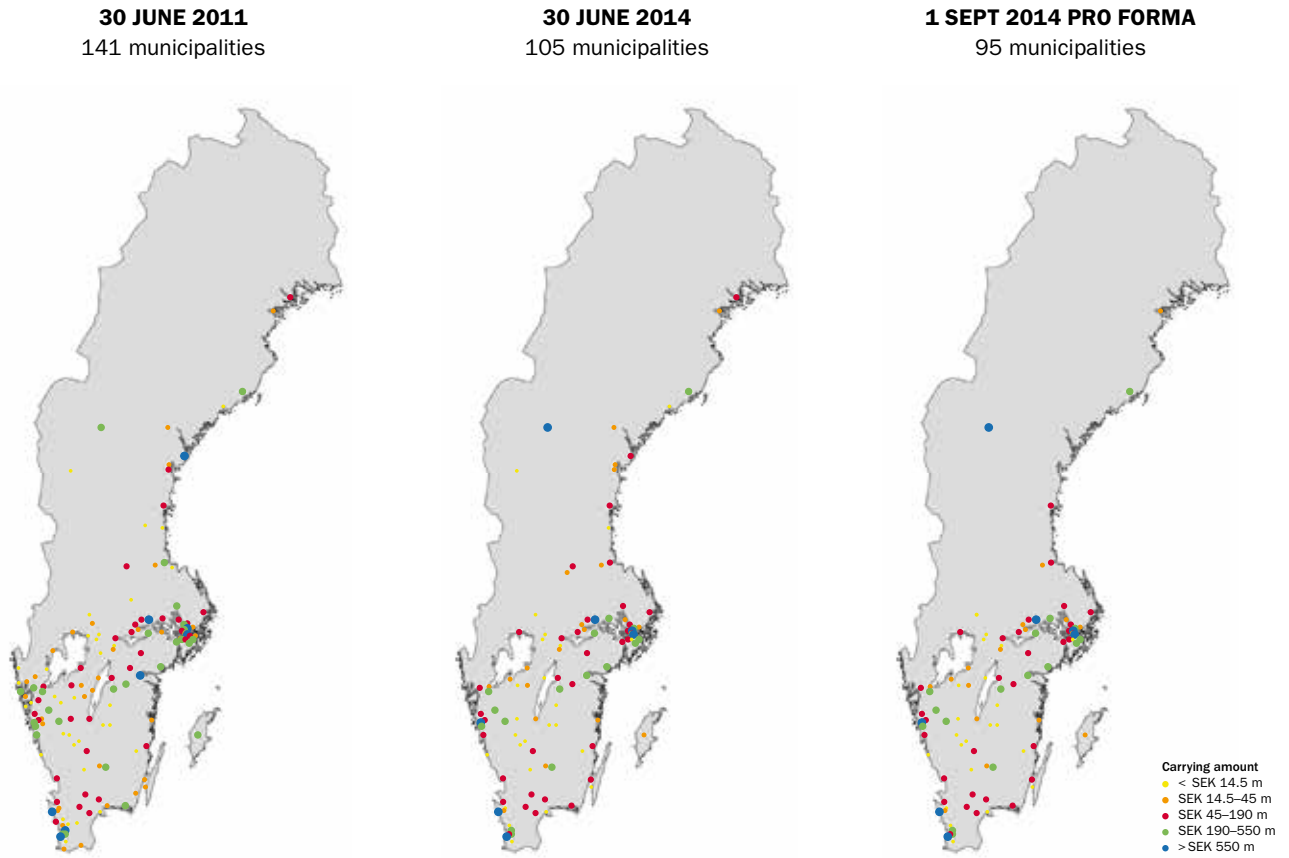
The interest in property investments continues to be strong and the transaction volume in the Swedish market amounted to SEK 67 billion already during the first six months of 2014, which is an increase of 41 per cent compared to the first six months of 2013. For the full year 2013, the volume was SEK 91 billion.

Transaction volume during the second quarter was nearly SEK 41 billion, which is an increase of 31 per cent compared to the second quarter last year.

The transaction rate as well, measured as the number of concluded deals, increased to just over five per cent during the last quarter. The average transaction size increased substantially from approximately SEK 210 million to just under SEK 300 million. The strong interest in property investments applies within all segments of the property market, with particular emphasis on residential and office properties.

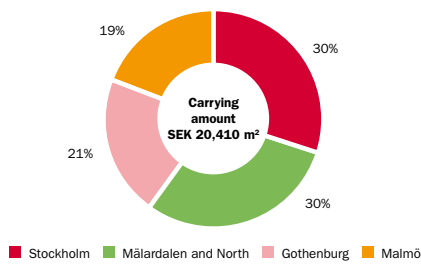
Through the end of July 2014, Kungsleden sold 58 properties for SEK 2.2 billion, which is estimated to give a profit after tax of approximately SEK 190 million. On average, the prices obtained exceeded the carrying amounts by more than 10 per cent. Additionally, two properties in Malmö were acquired for SEK 66 million.

CONTINUED GEOGRAPHIC CONCENTRATION FROM 141 TO 95 MUNICIPALITIES

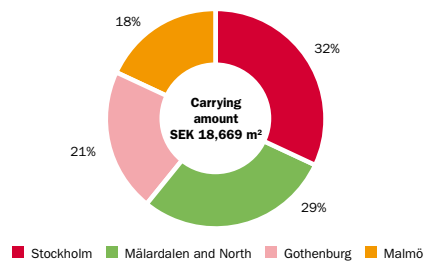


DEVELOPMENT OF THE PROPERTY PORTFOLIO

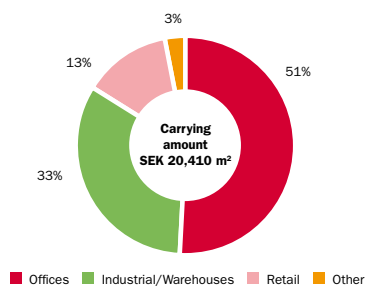
Per region, as of 31 March 2014



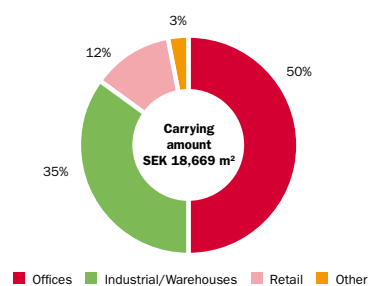
Per region, pro forma 1 September¹



Per segment, as of 31 March 2014



Per segment, pro forma 1 September¹



1. Pro forma after contracted sales through July 2014.
2. Excluding modular buildings and owner-occupied properties.

FINANCING

At the end of the second quarter, the loan portfolio was SEK 12,978 million, compared to SEK 12,557 million at the start of the quarter. During the quarter, loans were repaid for SEK 579 million primarily because of property sales. On the whole however, borrowing increased since an additional SEK 1 billion of available credit facilities was utilized during May to finance tax payments.

In June, a syndicated bank credit was prematurely refinanced with a volume of SEK 4.5 billion, including unutilized credit facilities and scheduled maturity of January 2015. The new credit has a five year duration until June 2019. Within the scope of the new loan agreement, an additional credit facility was also negotiated for SEK 2 billion with a three year duration. It is intended for future property acquisitions and investments in existing property holdings. Via the new agreement, Kungsleden has secured financing for a total of SEK 6.5 billion. The annual borrowing costs fell by nearly SEK 22 million at current utilization despite a lower average duration in the loan agreement and increased credit facility of SEK 2 billion. The average duration in Kungsleden's entire loan portfolio, including unutilized credit facilities lengthens via the refinancing to 3.1 years from 1.7 years as of 30 June 2014. Kungsleden's average borrowing cost (average interest rate) is expected to fall from 5.3 to 5.1 per cent as of 1 July 2014 when the new credit agreement comes into effect.

Financing costs

Net financial items for the first six months amounted to SEK -352 (-289) million. Interest costs increased because the average loan amount in 2014 was higher than it was during the same period last year due to new borrowing in conjunction with the property acquisition at the end of 2013. The restructuring of the interest rate swap portfolio that occurred during the first quarter in the form of an extension to lower nominal amount has thus far had a positive impact of nearly SEK 13

million on net financial items and cash flow. This restructuring lowers ongoing interest cost for existing swaps and there is simultaneously a higher level of exposure to short-term interest rates, which has been favourable since STIBOR 90 days continued to fall since the restructuring was implemented. The measures taken in the swap portfolio are estimated to initially result in SEK 40 million in lower interest expenses per year, given the current market interest rates. The outcome for other financial expenses was lower than the same period last year. This is because of the lower commissions since the credit facilities in 2014 were, to a higher extent utilized in order to finance property acquisition and tax payment.

Kungsleden's average borrowing cost (average interest rate) fell even further during the interim period and at the end of the quarter it was 5.3 (5.8) per cent. The change is primarily attributable to restructuring of the swap portfolio. Borrowing increased due to the tax payment in May but this only had a marginal impact on financing costs, since the cost of the credit facility simultaneously decreased. Additionally, STIBOR 90 days fell to an historically low level and existing, somewhat more expensive loans were repaid in conjunction with the sale of properties.

Since year-end, the weighted, average remaining fixed interest term on loans and interest rate swaps has fallen to 2.8 (3.1) years, which is primarily due to the passing of time. The lengthening of the swap portfolio did not impact the fixed interest term very much because the nominal amount of the portfolio was simultaneously decreased.

Kungsleden has made commitments to its creditors regarding the interest coverage ratio and the LTV ratio. As of 30 June 2014, all such commitments had been fulfilled. The interest coverage ratio rose to 2.2 (1.9) times on a rolling 12-month basis. For loans, for which collateral has been pledged, i.e. all loans except bond loans, the LTV ratio at the Group level was 52 (48) per cent.

MATURITY STRUCTURE CREDITS AND INTEREST RATE DERIVATIVES AFTER REFINANCING

As of 1 July 2014, SEK m	Utilized credits	Unutilized credits	Total credits	Interest rate derivatives, SEK m ¹	Average interest rate for derivatives, %	Average remaining fixed-interest term, years
2014	819	260	1,079	600	4.0	
2015	2,756	-	2,756	1,400	4.2	
2016	3,427	100	3,527	500	3.9	
2017	-	157	157	200	3.5	
2018	2,655	-	2,655	700	3.8	
2019	3,320	1,105	4,425	600	3.4	
2020				800	3.7	
2021				725	4.5	
2022				1,900	4.8	
Total	12,978	1,621	14,599	7,425		2.8
Average conversion time, years	3.0		3.1			

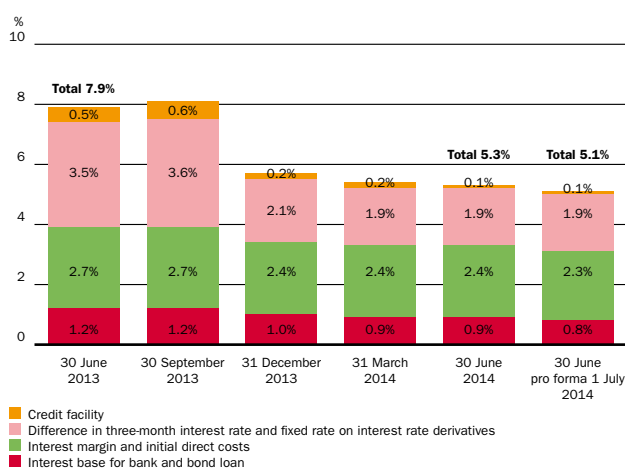
1. Kungsleden's interest rate derivatives enable the company to obtain variable interest rates and pay fixed interest over longer periods of time.

Interest rate swap portfolio

At the end of the interim period, the nominal amount of the swap portfolio was 7,425 (9,350) million. The decline occurred during the first quarter and was due to restructuring of the portfolio, along with the fact that SEK 200 million in swaps matured.

The negative market value (undervalue) of the interest rate swap portfolio increased during the quarter to SEK -956 million as of 30 June 2014, compared to SEK -707 million at the beginning of the year. Of the value change of SEK -249 million, SEK -376 million pertains to the effect of the decline in long-term market interest rates, which, to a certain extent, were counterbalanced by the regular interest payments on the swaps, which lowered the negative market value (undervalue) by SEK 127 million during the period.

AVERAGE INTEREST RATE



The average interest rate is calculated by setting the interest costs for loans and interest rates swaps, initial direct costs and the costs associated with unused credit lines in relation to the outstanding loan volume at the end of the reporting period.

Liquidity

Kungsleden always maintains available liquidity in the form of cash or unutilized credit facilities so that it can meet any tax obligations during the next 12 months and the liquidity needs of the business. As of 30 June 2014, cash and unutilized granted credit facilities were SEK 1,973 (3,187) million, of which unutilized credit was SEK 1,540 (2,865) million. Within the scope of the new credit agreement's expanded borrowing capacity of SEK 2 billion, acquired properties were mortgaged after the end of the period, which further expands the unutilized granted credit facilities with an additional SEK 81 million.

TAX ISSUES

The company's ongoing tax processes pertain to transactions that occurred during the years 2004 until 2007. Since most of the tax processes were concluded during the last year, Kungsleden's remaining tax processes fall into two types of transactions: impairment losses on inventory holdings and sale of properties from foreign subsidiaries.

Impairment losses on inventory holdings

Regarding Kungsleden's processes on impairments losses on inventory holdings, on 1 April 2014, the Court of Appeal ruled on several of the processes. As a result of these rulings,

Kungsleden is not entitled to a deduction for the impairment losses. Kungsleden has applied for leave to appeal with the Supreme Administrative Court for the cases decided by the Court of Appeal.

A reserve of SEK 1,640 million was made during the second quarter for the remaining total loss risk in the concluded and identical processes. The background is that the overall risk for the final negative outcome is estimated to exceed 50 per cent.

In accordance the Swedish Tax Agency's request, the company paid SEK 1,000 million during the quarter pending the final judgement from the higher court. In addition to the payments that have already been made, it is estimated that additional payments will amount to SEK 475 million.

These effects are in line with what Kungsleden has communicated in the past about the maximum negative effects of all tax processes and they are reported in the updated table below.

Sale of properties from foreign subsidiaries

In the processes having to do with sale of properties from foreign subsidiaries, the court of first instance ruled on 10 June 2014. The Administrative Court was of the opinion that two of Kungsleden's Swedish companies had been involved in a transaction during 2006, which, according to civil law, was conducted by Kungsleden's subsidiary in the Netherlands. Accordingly, the Administrative Court concluded that the subsequent capital gain from the transaction is taxable in Sweden.

The judgements have been appealed to the Administrative Court of Appeal. Kungsleden does not believe that the final judgement will be negative and has thus not made a provision for these processes.

In the courts, Kungsleden has had some success in the motions it has put forth on how taxable profit should be calculated. The estimated earnings effect of a negative final outcome in these processes has been calculated based on the Administrative Court's rulings at SEK 1,360 million, with an impact on liquidity of SEK 1,325 million.

Estimate of the maximum negative effects

Kungsleden continually assesses the size of negative effects on equity and liquidity due to a negative outcome in the court cases that are ongoing between the company and the Swedish Tax Agency. Should all of the ongoing cases have a negative outcome, the maximum negative impact on equity is estimated at SEK 1,360 million, in addition to provisions that have already been made during the period 2009 through 2014 for SEK 2,008 million. The maximum negative effect on liquidity, including tax penalty and interest, is estimated at SEK 1,800 million, in addition to SEK 1,160 million that was already paid pending the final decision.

Significant events pertaining to these tax processes are continuously communicated between the interim reports.

ESTIMATE OF THE MAXIMUM NEGATIVE EFFECTS FOR ONGOING TAX PROCESSES

SEK m	Effect on equity	Liquidity effect
Reserve 2009-2012	368	-
Reserve 2014	1,640	1,635
Paid in, pending a decision		-1,160
Total provision on tax issues	2,008	475
Tax issues, no provision made	1,360	1,325
Total	3,368	1,800

Concluded processes

During the first quarter of 2014, the Administrative Court of Appeal's judgements on Kungsleden's provisions for the Dutch company tax case gained legal force. The total liquidity effect for all of the provision related to the case was previously estimated at SEK 145 million. Kungsleden has gained support for claims on additional deductions on this case, which is why the liquidity effect has declined somewhat and is now estimated at SEK 140 million, of which SEK 131 million has already been paid and SEK 9 million will be paid during the third quarter.

POSSIBLE TAX EFFECTS DUE TO THE COMPANY TAX COMMITTEE'S PROPOSALS

In June 2014, the Swedish Corporate Taxation Committee submitted its final proposal on reformed corporate taxation, "Neutral corporate taxation – for higher efficiency and stability." The final proposal is currently being circulated for comments and the committee has proposed that the legislation should come into force on 1 January 2016.

Among others, the proposal limits deductions for negative net financial items and it introduces a financing deduction. The proposed standard financing deduction is 25 per cent of a company's taxable profit.

The impact on tax for an individual property company is decided in part on the company's LTV and in part on the relationship between the return on working capital and the size of the lending rate. For companies with more debt and companies with a small percentage difference between the yield on their properties and the loan rate, the tax will increase more than it does for companies with less debt and companies that report a much higher return than the average rate of return.

Kungsleden's assessment is that the proposal, if implemented in its current form, would in 2016 increase the company's annual tax by approximately SEK 100 million and have one-off effects of approximately SEK –100 million. In this context, it should be pointed out that the proposed new legislation is still not complete, that the prerequisites for the underlying calculations could drastically change and that great caution should be exercised when interpreting these types of tax calculations.

ORGANIZATION AND EMPLOYEES

Kungsleden is organized as property management regions and Nordic Modular. For the interim period, the average number of employees was 91 (84) for property management and Group-wide functions and 174 (175) for Nordic Modular.

PARENT COMPANY

The parent company reported a loss for the period of SEK –254 (215) million. The negative result is primarily explained by reserves that were made for the Group's interest rate swap contracts, for which the undervalue had increased because interest rates with longer maturities had fallen during the period.

At the end of the period, assets primarily consisted of participations in Group companies for SEK 7,806 (7,806) million. Financing was primarily via equity, which was SEK 5,718 (6,142) million at the end of the period, with a corresponding equity ratio of 34 (39) per cent.

RISKS AND UNCERTAINTIES

Kungsleden's operations, earnings and financial position are all impacted by a number of risk factors. These are primarily related to properties, taxation and financing.

For more information on Kungsleden's risks and risk management practices, please see pages 26–30 and 51–52 of the Annual Report for 2013.

FUTURE EXPECTATIONS

Some of the reported figures in this interim report are prospective and the actual outcome may differ substantially. Besides the factors that have been commented on specifically, other factors may also significantly impact the actual outcome, such as economic growth, interest rates, financing terms, rate of return on real estate assets, and political decisions.

FINANCIAL REPORTING 1 JANUARY–30 JUNE 2014

INCOME STATEMENT

SEK m	Quarter		Interim period		12 months	
	2014 Apr–Jun	2013 Apr–Jun	2014 Jan–Jun	2013 Jan–Jun	2013/2014 Jul–Jun	2013 Jan–Dec
Rental revenue – properties	551.0	408.5	1,117.6	790.4	1,996.3	1,669.1
Rental revenue – modular buildings	64.7	66.5	129.8	131.2	260.5	261.9
Sales revenue, modular production	75.2	89.0	150.7	129.8	313.7	292.8
Net sales	691.0	564.0	1,398.0	1,051.4	2,570.4	2,223.8
Property costs – property	-168.5	-143.0	-369.2	-284.7	-622.6	-538.0
Property costs – modular buildings	-28.2	-27.4	-56.8	-55.2	-118.1	-116.5
Costs for modular production	-71.2	-81.1	-141.4	-118.0	-291.8	-268.4
Gross profit/loss	423.0	312.5	830.7	593.5	1,538.1	1,300.9
<i>of which operating net – properties</i>	382.5	265.5	748.4	505.7	1,373.7	1,131.1
<i>of which operating net – modular buildings</i>	36.5	39.1	73.0	76.0	142.4	145.4
<i>of which gross profit/loss – modular production</i>	4.0	7.9	9.3	11.8	21.9	24.4
Selling and administration costs	-35.9	-31.5	-68.5	-84.0	-141.0	-156.5
Net financial items						
Financial income	0.4	4.0	4.9	8.5	14.8	18.4
Interest costs	-163.7	-136.2	-331.5	-267.3	-617.7	-553.5
Other financial costs	-8.8	-15.7	-25.8	-29.7	-56.8	-60.7
	-172.1	-147.9	-352.3	-288.5	-659.6	-595.8
Profits from property management	215.0	133.1	409.8	221.0	737.4	548.6
Gains/losses on properties						
Profit/loss on property sales	85.8	4.7	65.3	4.3	69.1	8.1
Unrealised gains/losses	125.9	-1.9	166.7	-18.2	232.8	47.9
	211.7	2.8	232.1	-13.9	302.0	56.0
Unrealised gains/losses financial instruments	-124.5	196.4	-248.7	360.8	-184.2	425.3
Profit (loss) before tax	302.2	332.3	393.1	567.9	855.1	1,029.9
Tax	-1,767.1	-71.5	-1,790.4	-123.3	-1,859.1	-192.0
Profit/loss for the period from continuing operations	-1,464.8	260.8	-1,397.3	444.6	-1,004.0	837.9
Discontinued operations						
Profit/loss from Hemsö holding, net after tax	-	-	-	24.0	-	24.0
Profit/loss for the period¹	-1,464.8	260.8	-1,397.3	468.6	-1,004.0	861.9
Earnings per share²	-10.73	1.91	-10.24	3.43	-7.36	6.31
Earnings per share from continuing operations²	-10.73	1.91	-10.24	3.26	-7.36	6.14

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

2. Before and after dilutive effect. Outstanding and average number of shares is 136,502,064 for all periods.

STATEMENT OF COMPREHENSIVE INCOME

SEK m	Quarter		Interim period		12 months	
	2014 Apr–Jun	2013 Apr–Jun	2014 Jan–Jun	2013 Jan–Jun	2013/2014 Jul–Jun	2013 Jan–Dec
Profit/loss for the period after tax	-1,464.8	260.8	-1,397.3	468.6	-1,004.0	861.9
Other comprehensive income						
Translation gains/losses transferred to profit/loss for the period	-	-	-	-	-	-
Translation gains/losses for the period, on consolidation of foreign operations	2.1	7.8	2.7	2.6	1.3	1.2
Statement of comprehensive income¹	-1,462.7	268.6	-1,394.6	471.2	-1,002.7	863.1

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

STATEMENT OF FINANCIAL POSITION

SEK m	30 Jun 2014	31 Dec 2013
ASSETS		
Goodwill	171.9	201.4
Investment properties – properties	19,971.7	20,338.7
Investment properties – modular buildings	1,511.7	1,508.7
Property used in business operations	23.7	21.5
Equipment	13.6	14.8
Deferred tax receivable	–	34.7
Other non-current receivables	10.6	238.8
Total non-current assets	21,703.2	22,358.6
Inventories	14.2	15.3
Current receivables	213.5	271.6
Cash and bank balances	432.7	322.7
Total current assets	660.4	609.6
TOTAL ASSETS	22,363.6	22,968.2
SHAREHOLDERS EQUITY AND LIABILITIES		
Shareholders equity	6,887.8	8,453.0
Interest-bearing liabilities		
Liabilities to credit institutions	11,278.3	10,579.4
Bond loans (unsecured)	1,699.2	2,299.2
Interest-bearing liabilities	12,977.5	12,878.6
Non interest-bearing liabilities		
Provisions	14.4	59.5
Deferred tax liability	114.4	–
Derivatives ¹	955.7	707.8
Income tax liability	462.7	–
Other non interest-bearing liabilities	951.1	869.3
Non interest-bearing liabilities	2,498.3	1,636.6
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	22,363.6	22,968.2

1. Kungsleden has several OTC derivatives that are used to hedge interest rate risks, primarily interest rate swaps. In addition, there was an equity swap at the beginning of the year. These financial instruments are valued at fair value in the statement of financial position on the line "derivatives" and the change in value of these instruments is reported in the income statement. Derivatives are valued using valuation techniques where the input is observable market data (level 2).

STATEMENT OF CHANGES IN EQUITY

SEK m	30 Jun 2014	31 Dec 2013
At the beginning of the period	8,453.0	7,726.4
Dividends	–170.6	–136.5
Comprehensive income for the period	–1,394.6	863.1
At the end of the period	6,887.8	8,453.0

STATEMENT OF CASH FLOWS

SEK m	Quarter		Interim period		12 months	
	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
Operations						
Profit (loss) before tax	302.2	332.3	393.1	567.9	855.1	1,029.9
Profit/loss on property sales	-85.8	-4.7	-65.3	-4.3	-69.1	-8.1
Unrealised gains/losses	-1.4	-194.5	82.0	-342.6	-48.6	-473.2
Dividends from Hemsö	-	-	-	24.0	-	24.0
Other adjustments for items not included in cash flow from operating activities	6.2	7.0	14.6	26.5	19.4	31.3
Tax paid	-998.6	0.0	-1,023.9	0.0	-1,148.1	-124.2
Cash flow from operating activities	-777.4	140.1	-599.5	271.5	-391.3	479.7
Changes in working capital	318.4	97.5	461.7	-331.5	-4,334.9	-5,128.1
Cash flow from operating activities after change in working capital	-459.0	237.6	-137.8	-60.0	-4,726.2	-4,648.4
Cash flow from investing activities	240.0	-120.3	318.2	2,826.3	-547.4	1,960.7
Cash flow from financing activities	250.3	-28.7	-71.7	-3,063.0	5,279.1	2,287.8
Cash flow for the period	31.3	88.6	108.7	-296.7	5.5	-399.9
Cash equivalents at the beginning of the period	400.1	331.4	322.7	721.2	427.3	721.2
Exchange rate differences on cash equivalents	1.3	7.3	1.3	2.8	-0.1	1.4
Cash equivalents at the end of the period	432.7	427.3	432.7	427.3	432.7	322.7

KEY FIGURES

SEK m	Quarter		Interim period		12 months	
	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
Property related						
<i>Earnings capacity</i>						
Property yield, %					7.9	7.8
Financial occupancy rate, %					87.9	88.9
Operating surplus margin, %					68.9	67.6
<i>Actual</i>						
Property yield, %	8.6	7.7	8.4	7.4	7.8	7.5
Financial occupancy rate, %	88.0	90.6	89.6	90.6	90.4	90.9
Operating surplus margin, %	68.0	64.1	65.9	63.1	67.2	66.1
Financial						
Profit from property management, SEK m	215	133	410	221	737	549
Profit/loss for the period, SEK m	-1,465	261	-1,397	469	-1,004	862
Return on total assets, %	8.4	6.7	7.3	5.7	7.4	5.4
Return on shareholders equity, %	Neg.	13.0	Neg.	11.9	Neg.	10.7
Return on capital employed, %	9.2	7.5	8.1	6.6	7.2	6.2
Interest coverage ratio, times	2.7	1.9	2.1	1.8	2.2	1.9
Equity/assets ratio, %					30.8	36.8
Debt/equity ratio, times					1.9	1.5
Loan to value ratio, %					60.3	58.9
Cash flow from operating activities, SEK m	-777	140	-600	272	-392	480
Per share information						
Share price, SEK					50.25	43.20
Dividend, SEK					1.25	1.00
Total return, %					31.4	24.9
Property yield, %					2.5	2.3
P/E ratio, times					Neg.	6.8
Gross profit/loss, SEK	3.10	2.29	6.09	4.35	11.27	9.53
Profits from property management, SEK	1.58	0.98	3.00	1.62	5.40	4.02
Profit/loss for the period, SEK	-10.73	1.91	-10.24	3.43	-7.36	6.31
Property Book value, SEK					157.56	160.21
Equity, SEK					50.46	61.93
Cash flow from operating activities, SEK	-5.70	1.03	-4.39	1.99	-2.87	3.51
Outstanding shares and average number of shares ¹	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064	136,502,064

1. There has not been any dilutive effect because there are no potential shares.

OPERATING SEGMENT

SEK m	Properties		Nordic Modular		Other/Group-wide		Total Kungsleden	
	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun
Rental income	1,117.5	790.4	129.8	131.2			1,247.3	921.6
Sales income, modular			150.7	129.8			150.7	129.8
Net sales	1,117.5	790.4	280.5	261.0			1,398.0	1,051.4
Property costs	-369.2	-284.7	-56.8	-55.2			-426.0	-339.9
Production costs, modular			-141.4	-118.0			-141.4	-118.0
Gross profit/loss	748.3	505.7	82.3	87.8			830.6	593.5
Selling and administration costs	-45.5	-65.0	-23.0	-19.0			-68.5	-84.0
Net financial items	-344.3	-277.5	-8.0	-11.0			-352.3	-288.5
Profit from property management	358.5	163.2	51.3	57.8			409.8	221.0
Gains/losses on properties								
Profit/loss on property sales	65.3	4.3	-	-			65.3	4.3
Unrealised gains/losses	166.7	-18.2	-	-			166.7	-18.2
Unrealised gains/losses financial instruments	-248.7	360.8	-	-			-248.7	360.8
Profit (loss) before taxes	341.8	510.1	51.3	57.8			393.1	567.9
Tax	-109.5	-110.5	-40.9	-12.8	-1,640.0		-1,790.4	-123.3
Profit/loss from continuing operations	232.3	399.6	10.4	45.0	-1,640.0		-1,397.3	444.6
Discontinued operations: Hemsö holding, net after tax						24.0		24.0
Net profit/loss for the period	232.3	399.6	10.4	45.0	-1,640.0	24.0	-1,397.3	468.6
Properties	19,971.7	14,428.7	1,535.4	1,518.7			21,507.1	15,947.4

INCOME STATEMENT, PARENT COMPANY

SEK m	Quarter		Interim period		12 months	
	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
Intra-Group income	6.6	16.6	13.9	28.3	24.6	39.0
Administrative costs	-6.9	-8.0	-13.8	-26.9	-31.7	-44.8
Operating profit/loss	-0.3	8.6	0.1	1.4	-7.1	-5.8
Profit/loss from financial items	-148.9	144.1	-325.3	273.6	-155.9	443.0
Profit (loss) before tax	-149.2	152.7	-325.2	275.0	-163.0	437.2
Tax on net profit/loss for the period	32.8	-33.6	71.6	-60.5	43.4	-88.7
Profit/loss for the period	-116.4	119.1	-253.6	214.5	-119.6	348.5

BALANCE SHEET, PARENT COMPANY

SEK m	30 Jun 2014	31 Dec 2013
ASSETS		
Participations in Group companies	7,806.3	7,805.8
Receivables from Group companies	8,234.0	7,145.7
Other receivables	376.1	537.5
Cash and cash equivalents	337.1	152.0
TOTAL ASSETS	16,753.5	15,641.0
EQUITY AND LIABILITIES		
Equity	5,718.3 ¹	6,142.5
Non-current liabilities	1,701.5	1,701.3
Liabilities to Group companies	8,345.5	6,434.8
Other liabilities	988.2	1,362.4
TOTAL EQUITY AND LIABILITIES	16,753.5	15,641.0

1. Dividends have lowered equity by SEK 171 million.

ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and RFR 2, Reporting of Legal Entities, for the Parent Company. In addition, the report was prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act, where applicable. For the Group and the Parent Company, the company has applied the same accounting policies and bases of calculation as in the most recent Annual Report, with the exception of the revised accounting policies, which came into force on 1 January 2014 and are described below.

IFRS 10 As of 1 January 2014, the Group applies IFRS 10 Consolidated Financial Statements. Because of this, the principle for assessing whether a controlling interest exists for investments has changed. The model in IFRS 10 for

assessing whether there is a controlling interest is based on (i) power over the investee, (ii), exposure, or rights, to variable returns from its involvement with the investee and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 IFRS 11 Joint Arrangements has been applied since 1 January 2014.

IAS 32 Changes in IAS 32 Financial Instruments: Classification. This change provides clarification on the rules for when financial assets and financial liabilities can be offset. The change applies to financial years that begin on 1 January 2014 or later, with retrospective application.

IFRIC 21 According to Levies, state fees for Kungsleden's portion of property tax should be fully recognized as a liability when the obligation arises.

The implementation of IFRS 10 Con-

solidated Financial Statements, IFRS 11 Joint Arrangements and IAS 32 Financial Instruments has not resulted in any changes.

Estimates and judgements

In order to prepare interim financial statements, it is necessary for the company's management team to make assessments and estimates, as well as assumptions that affect how the accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. The actual results may deviate from these estimates and assessments. The critical judgements that have been made and sources of uncertainty that exist are the same as the ones described in the most recent annual report.

Stockholm 14 August 2014**BOARD'S ASSURANCE**

The interim report for the period January–June 2014 provides a true and fair summary of the Parent Company and Group's business, earnings and financial position as well as describing any significant risks or uncertainties faced by the Parent Company and the companies belonging to the Group.

Göran Larsson
Chairman

Liselotte Hjorth
Board member

Charlotta Wikström
Board member

Charlotte Axelsson
Board member

Lars Holmgren
Board member

Biljana Pehrsson
CEO

Joachim Gahm
Board member

Kia Orback Pettersson
Board member

REVIEW REPORT**Introduction**

We have conducted a review of the interim report for Kungsleden AB (publ) as of 30 June 2014 and the six-month period ending on that date. The Board of Directors and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report that is based upon our review.

The purpose and scope of a review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information

Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and is substantially more limited in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statement does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act for the Group, and the Swedish Annual Accounts Act for the Parent Company.

Stockholm, 14 August 2014
KPMG AB

George Pettersson
Authorised Public Accountant

QUARTERLY SUMMARY

SUMMARY INCOME STATEMENTS

SEK m	2014		2013				2012 ¹	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	691	707	623	550	564	487	494	499
Gross profit/loss	423	408	354	353	313	281	282	322
<i>of which operating net – properties</i>	383	366	316	310	266	240	241	280
<i>of which operating net – modular buildings</i>	37	37	31	38	39	37	41	42
<i>of which gross profit/loss – modular production</i>	4	5	7	5	8	4	0	0
Selling and administration costs	-36	-32	-45	-27	-32	-52	-56	-38
Net financial items	-172	-181	-160	-147	-148	-141	-137	-156
Profit from property management	215	195	149	179	133	88	89	128
Profit/loss on property sales	86	-20	4	0	5	0	0	0
Unrealised gains/losses on property	126	40	70	-4	-2	-16	-52	10
Unrealised gains/losses financial instruments	-125	-124	8	56	196	164	-19	-167
Profit (loss) before tax	302	91	231	231	332	236	18	-29
Tax	-1,767	-23	-52	-17	-71	-52	246	29
Profit/loss for the period from continuing operations	-1,465	68	179	214	261	184	264	0
Discontinued operations – Profit/loss from Hemsö holding	-	-	-	-	-	24	660	-13
Profit/loss for the period	-1,465	68	179	214	261	208	924	-13

FINANCIAL POSITION, IN SUMMARY

SEK m	2014		2013				2012 ¹	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ASSETS								
Goodwill	172	201	201	201	201	201	201	201
Investment properties – properties	19,971	20,410	20,338	14,480	14,315	14,296	14,243	13,232
Investment properties – modular buildings	1,512	1,509	1,509	1,515	1,519	1,509	1,509	1,529
Property used in business operations	24	24	22	21	21	17	25	17
Equipment	14	15	15	13	13	14	14	14
Participations in Hemsö	-	-	-	-	-	-	-	1,157
Non-current receivables, Hemsö	-	-	-	-	-	-	-	1,500
Deferred tax asset	-	-	35	65	82	162	207	-
Other non-current receivables	11	11	239	234	229	220	244	242
Total non-current assets	21,704	22,170	22,359	16,529	16,380	16,420	16,443	17,892
Inventories	14	17	15	16	14	15	17	16
Claim against Tredje AP-fonden	-	-	-	-	-	-	3,363	-
Current receivables	213	286	271	179	200	228	355	244
Cash and bank balances	433	400	323	298	427	331	722	330
Total current assets	660	703	609	493	734	574	4,457	590
TOTAL ASSETS	22,364	22,873	22,968	17,022	17,114	16,994	20,900	18,482
EQUITY AND LIABILITIES								
Shareholders equity	6,888	8,521	8,453	8,273	8,061	7,929	7,726	6,774
Interest-bearing liabilities								
Liabilities to credit institutions	11,279	10,857	10,579	5,656	5,919	5,785	8,105	8,165
Bond loans (unsecured)	1,699	1,699	2,299	1,599	1,599	1,599	1,599	1,599
Interest-bearing liabilities	12,978	12,556	12,878	7,255	7,518	7,384	9,704	9,764
Non interest-bearing liabilities								
Provisions	14	15	60	59	59	59	58	110
Deferred tax liability	114	2	-	-	-	-	-	53
Derivatives	956	833	708	707	764	960	1,125	1,100
Other non interest-bearing liabilities	1,414	946	869	728	712	662	2,287	681
Non interest-bearing liabilities	2,498	1,796	1,637	1,494	1,535	1,681	3,470	1,944
TOTAL EQUITY AND LIABILITIES	22,364	22,873	22,968	17,022	17,114	16,994	20,900	18,482

1. The quarter for 2012 has been recalculated for the changed accounting policies that apply for sales and administration costs which, as of 1 January 2013, must in part be reported in net operating income/gross profit and in the costs for reinvestment in modular buildings, as a property cost.

KEY FIGURES

SEK m	2014		2013				2012 ¹	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Actual								
Property yield (%)	8,6	7,3	7,3	8,7	7,7	7,0	7,4	7,5
Economic occupancy, %	88,0	91,2	90,5	90,0	90,6	90,5	89,7	89,3
Operating surplus margin, %	68,0	63,7	66,0	71,9	64,1	62,0	64,2	63,6
Financial								
Profit from property management, SEK m	215	195	149	179	133	88	89	128
Profit/loss for the period after tax, SEK m	-1 465	68	179	214	261	208	923	-13
Return on total assets, %	8,4	6,2	6,3	7,6	6,7	5,3	18,0	5,7
Return on equity, %	Neg.	3,2	8,6	10,5	13,0	10,6	50,9	Neg.
Return on capital employed, %	9,2	6,8	6,9	8,5	7,5	6,6	23,5	6,5
Interest coverage, times	2,7	1,9	1,9	2,2	1,9	1,7	5,5	1,7
Equity/assets ratio, %	30,8	37,3	36,8	48,6	47,1	46,7	37,0	36,7
LTV (loan-to-value), %	60,3	57,2	58,9	45,3	47,1	46,7	61,5	66,1
Per share information								
Profits from property management, SEK ²	1,58	1,43	1,09	1,31	0,98	0,60	0,70	0,90
Profit/loss for the period, SEK ²	-10,73	0,50	1,31	1,57	1,91	1,50	6,80	-0,10
Dividend, SEK	1,25	-	-	-	1,00	-	-	-

1. The quarter for 2012 has been recalculated for the changed accounting policies that apply for sales and administration costs which, as of 1 January 2013, must in part be reported in net operating income/gross profit and in the costs for reinvestment in modular buildings, as a property cost.

2. There has not been any dilutive per share effect because there are no potential shares.

DEFINITIONS

PROPERTY RELATED KEY RATIOS

Property yield Actual, operating net divided by the quarterly average book value of property.

Operating net, rental revenue less property costs (e.g. operating and maintenance costs, site leasehold fees and property tax, property administrations included).

Operating and maintenance cost, SEK per sq.m., operating and maintenance costs divided by the average lettable area.

Economic occupancy, rental revenue divided by lease value.

Earnings capacity, earnings capacity shows how the income statement would have looked if properties as of the closing date had been owned for the last 12 months.

Average rent, SEK per sq.m., rental revenue divided by the average of leased area.

Operating surplus margin, net operating income divided by rental revenue.

KEY FINANCIAL RATIOS

Return on equity, net profit/loss divided by average shareholders equity. Average shareholders equity is calculated as the sum of opening and closing balances divided by two.

Loan to value (LTV) ratio, interest-bearing liabilities divided by the book value of property.

Interest coverage ratios, profit after financial income divided by financial costs.

Debt/equity ratio, interest-bearing liabilities divided by shareholders equity.

Equity ratio, shareholders equity including minority interests divided by total assets.

SHARE-RELATED KEY RATIOS

Dividend yield, resolved/proposed/redeemed dividend in relation to the share price at the end of the period.

Total shareholder return, sum of the change in the share price during the period or, paid dividend/redemption during the period in relation to the share price at the start of the period.

Resolved/approved dividend per share, the dividend proposed by the Board or AGM divided by the number of outstanding shares.

Shareholders equity per share, shareholders equity divided by the number of shares at the end of the period.

Cash flow from operating activities per share, cash flow from operating activities for the period divided by the average number of shares.

For all definitions, see the annual report for 2013.

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Contact

Head Office
Vasagatan 7
Box 704 14
107 25 Stockholm
Tel +46 8 503 052 00
Fax +46 8 503 052 01

Biljana Pehrsson
CEO
+46 8 503 052 04

Anders Kvist
Deputy CEO, CFO
+46 8 503 052 11

Marie Mannholt
Head of Marketing and
Communications
+46 8 503 052 20

KUNGSLEDEN AB (PUBL) CIN 556545-1217 REG OFFICE STOCKHOLM

KR