

Press release

25 June 2012

Kungsleden updates tax ruling and adjusts estimate

The Stockholm Administrative Court of Appeal has reported a ruling on a case to which Kungsleden is party. The Court found that Kungsleden is not to be permitted deductions for the impairment of *lagerandelar* (defined in Swedish law as a construction company's shareholding in a property management company) in the application of transitional provisions for the fiscal year 2009. The Administrative Court of Appeal has, without providing an explanation of its own, upheld the Administrative Court's ruling against the company, which was announced in a press release on 3 February 2012.

Earnings effect

This ruling increases the risk of the definitive ruling of the proceedings finding against the company, and has prompted Kungsleden to provision SEK 342 m. Combined with provisioning for tax processes reported previously, the company's total provisions amount to SEK 1,305 m. Of these, SEK 325 m was provisioned in 2009, SEK 260 m in the first quarter of 2012 and SEK 720 m will be charged to the second quarter. The amounts include interest, as well as potential tax surcharges. If all cases to which Kungsleden is party are found against Kungsleden, the Group's equity would be reduced by SEK 768 m in addition to the provisioned amount.

Liquidity effect

The raised assessment of income can be offset against existing deficits, meaning that the liquidity effect will be lower and estimated at SEK 100 m. This amount includes interest and tax surcharges. If all cases to which Kungsleden is party are found against Kungsleden, the total liquidity effect would be unchanged at SEK 1,390 m, of which SEK 340 m refers to cases where provisions have been established (Including SEK 100 m, which pertains to these proceedings).

New estimate

Given the elevated risk of additional tax to be paid, the estimate for profit for calculating dividends for the full-year 2012 has been lowered from SEK 400 m to SEK 300 m.

Kungsleden's opinion

Kungsleden's opinion remains that the company has fully complied with the laws and practice in place when submitting each tax return. In Kungsleden's opinion, it is difficult to assess the Administrative Court of Appeal's ruling since it has not been provided an explanation of its own, and thus the company intends to petition for leave to appeal to the Swedish Supreme Administrative Court to consider this question of principle.

The timing of the effects depends on when Kungsleden's tax cases are definitively ruled by the courts.

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Detta pressmeddelande finns tillgängligt på svenska på www.kungsleden.se/pressmeddelanden

Kungsleden AB (publ) discloses the information in this press release according to the Swedish Securities Markets Act and/or the Swedish Financial Trading Act. The information was provided for public release on 25 June 2012 at 8:00 a.m.

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through acquisitions and divestments. As of 31 March 2012, the property portfolio comprised 317 properties with a book value of SEK 15.5 bn. The portfolio was located in a total of 100 municipalities, mainly in southern and central Sweden. Kungsleden has been quoted on the Nasdaq OMX Stockholm since 1999.