

CORPORATE GOVERNANCE REPORT 2012

Klövern AB is a Swedish public real estate company which is listed on NASDAQ OMX Stockholm Mid Cap. Sound corporate governance with well-structured internal processes and clarity are of fundamental importance for Klöverns long-term creation of value. The corporate governance report reports on Klöverns corporate governance in the 2012 financial year.

IMPORTANT EVENTS

- > New CEO from 1 January 2012
- > Dividend of SEK 1.25 per common share and SEK 10.00 per preference share decided upon for the 2011 financial year
- > Notice of the Annual General Meeting and two Extraordinary Shareholders Meetings
- > Reduction of the number of board members from seven to five
- > Amendments to the Articles of Association
- > Decision on new issues of preference shares



1 JANUARY
Rutger Arnhult takes up position as CEO.



2 MARCH
Klövern acquires the listed company Dagon AB, 70% of the acquisition being through newly issued preference shares. Dagon's CEO Per Johansson becomes head of the South Region.

25 MAY
The Board decides to initiate repurchase of Klöverns own shares in accordance with the decision of the Annual General Meeting.

14 SEPTEMBER
Decisions on a new issue, authorization for a new issue and dividend.

16 NOVEMBER
Klövern's Board decides to transfer Klöverns own shares in order to finance company or property acquisitions.



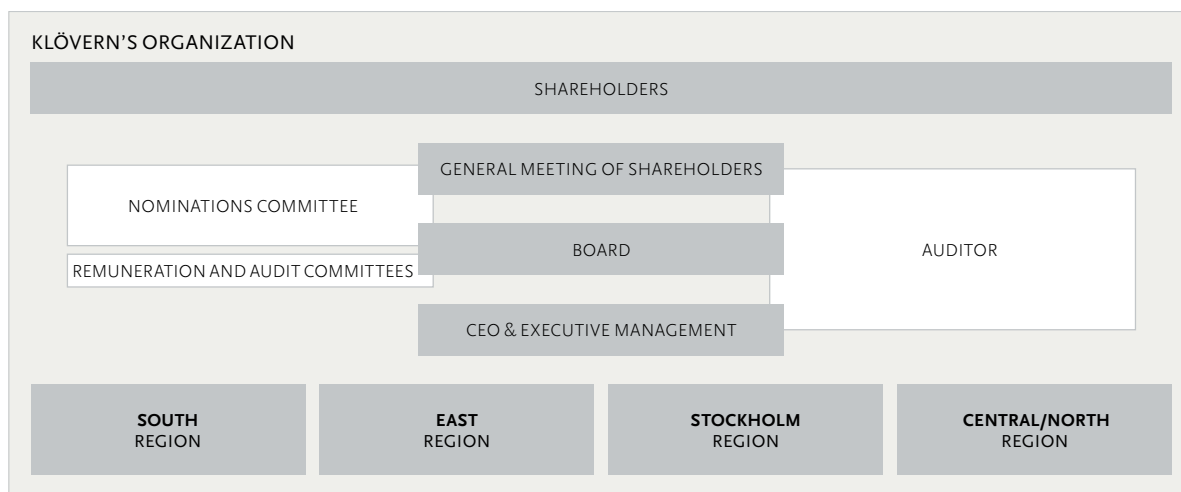
12 JANUARY
An Extraordinary Shareholders Meeting, decisions on issue of preference shares, dividend on preference shares and amendment of the Articles of Association.

17 APRIL
Decisions on dividend on common and preference shares, authorization for a new issue and reduction of the number of board members from seven to five.



29 JUNE
Klövern acquires the property Borgarfjord 4 in Kista. This acquisition is partly paid for by newly issued preference shares.

1 OCTOBER
Klövern's new issue of preference shares of SEK 500 million is fully subscribed. An additional new issue of SEK 150 million is carried out.



CORPORATE GOVERNANCE IN KLÖVERN

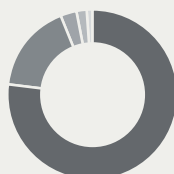
Corporate governance in Klöver is long term and defines the decision-making system used by the owners, directly and indirectly, to manage the company and its risks. The design of Klöver's corporate governance, management and control is based on legislation, the regulatory framework of NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance, the Articles of Association, other external guiding documents and recommendations and internal guiding documents such as the business plan, policies and attestation rules. Klöver's values on closeness and commitment shape the way in which the personnel work, which is also the case for corporate governance, management and control.

THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance is a complement to legislation and other regulations. It is intended to provide relevant and effective corporate governance. The Code is not mandatory although an explanation is required in the event of a decision to depart from it according to the principle "comply or explain".

OWNER CATEGORIES

Share of capital %



- Privately owned 77
- Financial companies 17
- Repurchased own shares 3
- Public sector 2
- Interest organizations 1

The auditors and the Board meet on at least one occasion without the CEO or another representative of the company being present. The company's auditors take part in two board meetings during the year and present their findings and any points of view arising in connection with the audit.

Articles of Association

The Articles of Association, adopted by a general meeting of shareholders, together with current legislation, specifies the business and governance of the company. Klöver AB is a Swedish public limited liability company, listed on NASDAQ OMX Stockholm Mid Cap with corporate ID number 556482-5833, and with its registered office at Nyckelvägen 14 in Nyköping. The company's business activities until 12 January 2012 consisted of owning and selling real estate companies and compatible activities.

At an Extraordinary Shareholders Meeting on 12 January 2012, new Articles of Association were adopted with a changed direction of business. Klöver's business activities are to, directly or indirectly through subsidiaries, own, manage, develop and sell properties as well as engaging in compatible activities. The amendments in the Articles of Association also included issue of a new class of shares in the form of preference shares as well as changing the Board so that deputy members cannot be elected to the Board.

The company's financial year is the calendar year.

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

The general meeting of shareholders is regulated by the Companies Act and the Articles of Association and is the highest decision-making body of a limited company. All shareholders, who have a shareholding registered in their own name at least five days prior to the meeting, are entitled to participate in the general meeting and vote for the shares owned and represented. Shareholders also have the right to have a matter discussed at the general meeting provided that the matter has been notified to the Board within the time limits specified in the notice of the meeting. Notice of general meetings of shareholders is given in accordance with the Companies Act and is provided by the Board. Notice of the Annual General Meeting of shareholders or an extraordinary shareholders' meeting where the Articles of Association are to be considered shall be given at the earliest six weeks and at the latest four weeks prior to the meeting. Notice of other Extraordinary Shareholders' Meetings shall be given at the earliest six weeks and at the latest two weeks prior to the meeting.

The share and ownership

Since 2003, the Klöver share has been listed on NASDAQ OMX Stockholm MidCap.

At year-end 2012, there were 166,544,360 registered shares (166,544,326), each share conferring one vote, in the company, held by 26,567 shareholders (27,213). The share price of the common share was SEK 25.60 (25.90) as at 31 December 2012. In January 2012, Klöver also issued preference shares which are listed on NASDAQ OMX Stockholm. At year-end 2012, there were a total of 18,536,338 preference shares, each conferring one-tenth of a vote, distributed among 20,427 shareholders (-). The share price of the preference share was SEK 136.75 (-) as at 31 December 2012. The capitalization, based on the total number of outstanding shares, was SEK 6,670 million (4,165) at year-end 2012. The share capital amounted to SEK 925 million (833). 81% (84%) of the share capital was Swedish-owned.

The company has two shareholders with a shareholding of over 10 per cent of the equity, Corem Property Group and Arvid Svensson Invest. The ten largest shareholders together represented 59 per cent (63) of the total number of outstanding shares at year-end. During 2012, 73.7 million shares were traded (84.2) and 9.5 million preference shares (-). During 2012, share capital was separated from the common share for the new preference share, which was distributed to Klöver's common shareholders in a bonus issue without payment. The transfer from the common share to the preference share corresponds to a decrease in value of the common share of SEK 3.30. Measured according to the closing stock exchange price for the common share, it fell by one per cent (-24) during the year. If the closing value is adjusted by the value transferred to the preference share, the common share rose by 11 per cent during the year. The preference share rose by 6 per cent (-) from the closing price on the first day of trading of SEK 129

(30 January 2012) until the year-end. More information about shareholding in Klöver and a list of the largest shareholders can be found on pages 62–66.

SHARE REPURCHASE AND DIVIDEND

At year-end, Klöver had 5,000,000 repurchased common shares (5,741,463), corresponding to 3.0 per cent (3.4) of the total number of registered shares, which do not confer voting rights or entitlement to dividend. Repurchases took place in 2007, 2008 and 2012. During 2012, repurchased shares have also been sold. Klöver has been authorized to repurchase at most 10 per cent of the total number of registered shares. Klöver has no repurchased preference shares. After the year-end, all repurchased shares have been divested.

According to the goals in the business plan, dividend shall exceed 50 per cent of the profit from property management in the long term. When considering the amount of dividend, the company's investment alternatives, financial position and capital structure are taken into account.

During the past eight years, Klöver has, including proposed dividend to common shares and preference shares to the Annual General Meeting, distributed to Klöver's shareholders an average of 61 per cent of the profit from property management.

NOMINATIONS COMMITTEE**THE COMPOSITION OF THE NOMINATIONS COMMITTEE**

The composition of the Nominations Committee is decided upon by the General Meeting of Shareholders. It shall be representative of the owners of the company and prepare the decisions at the general meeting. The Nominations Committee shall make proposals to the annual general meeting on:

- > the election of a chairman
- > the appointment of directors with reasons for appointment, as well as on the number of directors and on fees
- > auditors including fees and reasons for appointment
- > fees for work on committees
- > rules on the composition of the Nominations Committee for the period until the next annual general meeting
- > the procedure for replacing members of the Nominations Committee before their work is completed.

The work of the Nominations Committee

The 2012 Annual General Meeting decided that the Nominations Committee should be appointed annually, in accordance with unchanged principles, and consist of the Chairman of the Board, a representative of every shareholder whose shareholding in the company as at 31 August exceeds five per cent of the shares and votes in the company and a representative of the other shareholders. Based on the shareholding on 31 August, the shareholders represented and thus also the number of members on the Nominations Committee was

reduced from seven to six. No compensation is paid to members of the Nominations Committee. Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail at styrelsenominering@klovern.se or by telephone on +46 155-44 33 12. The Nominations Committee has had four meetings during 2012. The Nominations Committee has focused on matters relating to evaluation of the Board, the number of directors and the competence of the Board.

THE COMPOSITION OF THE NOMINATIONS COMMITTEE PRIOR TO THE 2013 ANNUAL GENERAL MEETING 2013

| Representative | Shareholder | Shareholding as at 31 August 2012, % |
|--------------------------------------------|--------------------------------------|--------------------------------------|
| Lars Höckenström, Chairman | Corem Property Group | 20.3 |
| Rikard Svensson | Arvid Svensson Invest | 15.4 |
| Mia Arnhult | Rutger Arnhult through Company | 8.7 |
| Eva Gottfridsdotter Nilsson | Länsförsäkringar Fonder ¹ | 5.2 |
| Samir Taha | Rutger Arnhult through Company | 0.0 |
| Fredrik Svensson | Chairman of the Board | – |
| SHAREHOLDERS WITH OVER 5% OWNERSHIP | | 49.5 |

1) Owner group

2012 ANNUAL GENERAL MEETING

Klövern's Annual General Meeting for 2012 was held on 17 April at Kistamässan in Kista, Stockholm. The meeting was attended by 102 shareholders. Besides shareholders, the meeting was attended by around twenty other people including directors, auditors, representatives, assistants and guests. Together, these represented 63 per cent (67) of the votes in the company. In addition to the mandatory matters stipulated in the articles of association, decisions were made on:

- > dividend of 1.25 per common share and SEK 10 per preference share,
- > re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, Eva Landén and Anna-Greta Lundh,
- > re-election of Fredrik Svensson as Chairman of the Board,
- > reappointment of auditor,
- > unchanged board fee, excluding the CEO, excepting that the number of board members has been reduced by two and the board fee therefore amounts to SEK 700,000, of which SEK 280,000 is paid to the Chairman of the Board and SEK 140,000 to each board member,
- > auditors' fees to be paid in accordance with approved invoices,
- > renewed authorization for the Board to acquire and transfer the company's own shares,
- > authorization for the Board to decide on new issue of common and preference shares.

Minutes of all Annual General Meetings are available (in Swedish) on Klöverm's website, www.klovern.se. The 2013 Annual General Meeting will be held at the World Trade Center in Stockholm at 4 pm on 17 April 2013.

NOTICE OF THE EXTRAORDINARY SHAREHOLDERS MEETINGS 12 January 2012

On 6 December 2011, Klöverm announced that an Extraordinary Shareholders Meetings would be held on 12 January 2012 due, inter alia, to the bonus issue and the new issue of preference shares in connection with a public offer to the shareholders of Dagon AB (publ). Information about the bonus issue, the new issue and the acquisition of Dagon is available in Klöverm's 2011 and 2012 annual reports and on Klöverm's website, www.klovern.se

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2012

| Director | Elected/resigned | Independent | No. of board meetings attended | Fee, SEK 000s | Shareholding ¹ , % of equity, | Shareholding ³ , % of votes |
|-----------------------------------------|------------------|-------------|--------------------------------|---------------|------------------------------------------|----------------------------------------|
| Fredrik Svensson, Chairman ¹ | 2005 | No | 27/35 | 280 | 14.4 | 14.5 |
| Rutger Arnhult, CEO ¹ | 2009 | No | 34/35 | – | 26.0 | 28.4 |
| Ann-Cathrin Bengtson | 2011 | Yes | 29/35 | 140 | – | – |
| Eva Landén ¹ | 2011 | No | 34/35 | 140 | – | – |
| Anna-Greta Lundh | 2003 | Yes | 30/35 | 140 | 0.0 | 0.0 |

TOTAL SHAREHOLDING

| | | | |
|------------------------------|-----------|-----|------|
| Gustaf Hermelin ² | 2003/2012 | Yes | 9/35 |
| Erik Paulsson ² | 2011/2012 | Yes | 9/35 |

1) Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent on relatively large owners and Rutger Arnhult and Eva Landén are dependent in relation to the executive management.

2) Declined re-election at the Annual General Meeting in 2012.

3) Direct or indirect shareholding in the company as at year-end 2012/13.

14 September 2012

On 22 August 2012, Klöver announced that an Extraordinary Shareholders Meetings would be held on 14 September 2012 due, inter alia, to the decision on a bonus issue of preference shares, a decision on distribution of earnings and a decision on authorization for the Board to decide on a new issue. More information is available on Klöver's website, www.klovern.se.

THE BOARD OF DIRECTORS**THE RESPONSIBILITY OF THE BOARD OF DIRECTORS**

The Board has the overall responsibility for the company. It is elected at the Annual General Meeting after a proposal made by the Nominations Committee. Its task is to manage the company's business in the interests of the company and all of its shareholders. Its undertakings are regulated by the Companies Act, the Articles of Association, the Swedish Code of Corporate Governance and the formal work plan of the Board. The Board shall have a size and composition that ensures its ability to manage the company's business with integrity and efficiency.

Composition

According to the Articles of Association, Klöver's Board of Directors shall consist of at least four and at most eight members. After the 2012 Annual General Meeting, the Board consisted of five directors, Fredrik Svensson (chairman), Rutger Arnhult (CEO), Ann-Cathrin Bengtson, Eva Landén and Anna-Greta Lundh. Britt-Marie Nyman, Klöver's Finance and IR manager and Deputy CEO, acts as secretary at Klöver's Board meetings.

INDEPENDENCE

According to the Swedish Code of Corporate Governance and NASDAQ OMX Stockholm, the majority of the directors elected by the Annual General Meeting shall be independent in relation to the company and the executive management. At least two of the directors who are independent in relation to the company and the executive management shall also be independent in relation to the company's major shareholders.

To determine the independence of a director, the Nominations Committee shall make an overall assessment of all circumstances that may call into question the independence of a director. The result of the considerations made by the Nominations Committee shall be presented in the notice of the Annual General Meeting.

Three of Klöver's five directors, Ann-Cathrin Bengtson, Anna-Greta Lundh and Fredrik Svensson are independent both in relation to the company and to the executive management. As at 31 December 2012, two of these, Ann-Cathrin Bengtson and Anna-Greta Lundh are also independent in relation to the major shareholders.

Formal work plan**THE CHAIRMAN OF THE BOARD**

The Chairman of the Board is elected at the Annual General Meeting, after a proposal by the Nominations Committee, and is responsible for leading the work of the Board efficiently, as well as acting as a discussion partner and support for the CEO. The Chairman shall also:

- > be responsible for the communication between the shareholders and the Board
- > ensure that the Board complies with its obligations in accordance with current legislation, other regulatory frameworks, guiding documents and the formal work plan
- > ensure that directors receive the requisite training and information to be able to analyse the company's financial position, strategy, planning and development
- > carrying out an annual evaluation of the Board's work
- > appoint a Nominations Committee at the instruction of the Annual General Meeting and participate in this committee.

The work of the Board takes place in accordance with a formal work plan of the Board of Directors which is adopted at the first ordinary board meeting after the Annual General Meeting. The formal work plan includes instructions on the frequency of meetings, the division of duties and reporting between the Board, the Chairman of the Board and the CEO. A report on the financial position, investments and sales, market-related matters, and organization are on the agenda at every ordinary meeting. Other matters such as strategy and future-related matters, risk management, important policies, audit, the budget, internal management and control, the budget and the annual accounts are dealt with at specific meetings, according to a set calendar.

Committees**THE TASK OF COMMITTEES**

In the event of the Board appointing committees, the formal work plan shall make clear which tasks and decision-making power have been delegated to the committees by the Board and how the committees are to report to the Board. The Audit Committee shall consist of at least three directors. The majority of the committee members shall be independent in relation to the company and the executive management. At least one of the members who are independent in relation to the company and the executive management shall also be independent in relation to the Company's major shareholders.

Klöver's Board considers that the whole Board, except the CEO, should participate in discussions and decisions relating to audit and remuneration to the executive management. During 2012, Klöver's Board decided that the whole of the Board, except the CEO, should constitute the Remuneration and Audit Committees. The Remuneration Committee shall

prepare proposals for the Board on guidelines for remuneration and other terms of employment for the CEO and other senior executives in accordance with principles decided upon by the Annual General Meeting.

The Remuneration Committee has had three minuted meetings during 2012. These meetings have dealt with matters such as remuneration and bonuses for the Executive Management.

The work of the Board during 2012

The work of the Board is evaluated annually by a systematic and structured process. The intention is to develop the forms of work and effectiveness of the Board. The result of the evaluation is presented to the Nominations Committee. The outcome for 2012 showed that the Board had performed well but it was desired that more time should be made available for strategic, forward-looking matters.

During 2012, there have been five (5) ordinary meetings, one (1) meeting following election, six (4) meetings with decisions by circulation and 23 (8) extraordinary meetings, making a total of 35 meetings (18). The ordinary meetings have complied with the calendar for the set work order for the respective meeting. According to the calendar, a report is to be made at each meeting on the result and financial position and major investments and transactions. In addition, the agenda includes matters relating to audit, internal control, remuneration, policies, evaluations and budget-related matters. Once a year, the Board has a meeting focusing on the business plan, strategy and future-related issues.

The meetings with decisions by circulation have concerned decisions to submit interim reports and the annual report. During 2012, there have been a number of extraordinary board meetings due to the large number of acquired companies and properties and financing of the same.

Fredrik Svensson has been Chairman of Klöver's Board since the 2011 Annual General Meeting.

AUDITORS

Ernst & Young AB was elected as the company's auditor at the 2012 Annual General Meeting for the period until the 2013 Annual General Meeting. Authorized public accountant Mikael Ikonen, is auditor-in-charge at Klöver AB. According to the Articles of Association, the auditors are elected annually.

The commission includes examination of the company's accounts and annual financial statements, as well as the management of the company by the executive management and the Board. The auditors shall, unless specifically decided otherwise, examine the company's corporate governance report, the Board's report on internal control and review the company's nine-monthly report. These examinations are compiled in reports in accordance with good auditing standards in Sweden, which are considered annually by the Board.

The reporting to the Board shall state, among other things, whether Klöver is organised in such a way as to enable the accounts, financial management and financial circumstances otherwise to be checked in a satisfactory way.

THE GROUP

The Group structure of Klöver AB consists of the Parent Company Klöver AB and 21 directly owned subsidiaries (16). All activity takes place in Sweden in 17 business units. The cities are grouped in four regions, Stockholm, Central/North, East and South, in order, amongst other things, to share leading-edge expertise in project work and letting.

THE CEO AND EXECUTIVE MANAGEMENT

The CEO is appointed by and reports to the Board. The CEO's most important task is to take care of the day-to-day management of the company. There are seven persons in the Executive Management besides the CEO, who are each responsible for particular areas.

The work of the Executive Management during 2012

The Executive Management has had 13 minuted meetings (24) during 2012. In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with. During 2012, the meetings of the Executive Management have also dealt with integration of the acquired real estate company Dagon, the preparation of a new business plan and a new profile for Klöver.

Changes in the Executive Management

Rutger Arnhult took up his appointment as CEO on 1 January 2012. Rutger Arnhult has been a member of the board of Klöver since the 2009 Annual General Meeting and has previously been CEO of Corem Property Group AB (publ). Per Johansson has joined the executive management through acquisition of Dagon AB (March 2012) as head of the South region. Per Johansson was previously CEO of Dagon.

MIKAEL IKONEN

Born 1963. Authorized public accountant since 1996, employed by Ernst & Young AB since 1988.

Other assignments: NPF Sweden Holding AB, Corem Property Group, Hemsö Fastighets AB, Fortin Properties AB, 11 Real Asset Fund AB, AlpCot Agro AB, Cramo Holding AB, Nolitnac Holding AB, Unibail Rodamco AB and SFF Real Estate AB.

Shareholding in Klöver:
No shareholding.



BOARD OF DIRECTORS

The Board of Directors consists of five members with Fredrik Svensson as Chairman.



RUTGER ARNHULT

Director since 2009.

Born 1967.

CEO of Klöver AB

Board assignments: Chairman of M2 Asset Management AB, director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

Education: Graduate in business administration.

Shareholding in Klöver: 47,776,261 shares and 298,628 preference shares, via company, directly and indirectly.

Dependent in relation to the company, the executive management and a major shareholder.



FREDRIK SVENSSON

Chairman since the 2011 Annual General Meeting.

Director 2005–2011.

Born 1961.

CEO of AB Arvid Svensson (ASA).

Other board assignments: Director of Case Investment AB, Fastighets AB Balder (publ), United Log AB and Tenzing AB.

Education: Graduate in business administration.

Shareholding in Klöver: 26,599,466 common shares and 2,241,596 preference shares through company, directly and indirectly.

Dependent in relation to a major shareholder.



**EVA LANDÉN**

Director since the 2011 Annual General Meeting.
Born 1965.
CEO of Corem Property Group AB (publ).

Other board assignments: Director of Corem Property Group AB (publ).

Education: Graduate in business administration.

Shareholding in Klöver¹⁾: No shareholding.

Dependent in relation to the company, the executive management and a major shareholder.

**ANN-CATHRIN BENGTSON**

Director since the 2011 Annual General Meeting.
Born 1962.
Chairman of Aros Congress Holding AB.

Other board assignments: Director of Länsförsäkringar Bergslagen.

Director of Best Western Hotels and alternate director of Visita.

Education: Graduate in business administration.

Shareholding in Klöver¹⁾: No shareholding.

Independent director.

**ANNA-GRETA LUNDH**

Director since 2003.
Born 1955.
CEO, Länsförsäkringar Södermanland.

Other board assignments: Director of Humlegården, Almi Invest Östra Mellansverige, Agria, Agria International and Eskilstuna-kuriren.

Education: Graduate in business administration.

Shareholding in Klöver¹⁾: 34,609 common shares and 735 preference shares, privately.

Independent director.

1) Shareholding as at 28 February 2013.

EXECUTIVE MANAGEMENT

The executive management consists of the CEO Rutger Arnhult and an additional seven executives with different areas of responsibility.



BRITT-MARIE NYMAN

*Finance and IR manager,
deputy CEO.*
Born 1965.
Employed since 2004.

ELISABETH NORLING

Personnel manager
Born 1964.
Employed since 2007.



RUTGER ARNHULT

CEO
Born 1967.
Employed since 2012.

Education: Graduate in business administration.

Board assignments: Chairman of M2 Asset Management AB, director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

Shareholding in Klöver:
47,776,261 shares and 298,628 preference shares, via company, directly and indirectly.



Previous employment: Information and IR manager, Tornet 1999–2003.

Education: Graduate in business administration.

Board assignments: None.

Shareholding in Klöver:
3,000 common shares and 75 preference shares.



Previous employment: Head of business area and recruitment consultant, Proffice 2005–2007.

Education: Graduate in business administration.

Board assignments: None.

Shareholding in Klöver:
No shareholding.



MATTIAS RICKARDSSON

Chief Financial Officer
Born 1974.
Employed since 2003.

Previous employment: Subsidiary controller, Österströms Rederi AB, 1999–2003.

Education: University studies in Economics.

Board assignments: None.

Shareholding in Klöver:
No shareholding.

**MIKAEL FORKNER**

Head of East Region
Born 1960.
Employed since 2010.

**HANS LINDH**

Head of Central/North Region
Born 1966.
Employed since 2010.

**P.G. SABEL**

Head of Stockholm Region, Deputy CEO.
Born 1964.
Employed since 2007.

Previous employment:
Head of project development,
AP Fastigheter 2000–2007.

Education: M.Sc. (Engineering).

Board assignments: None.

Shareholding in Klöver¹⁾:
5,000 common shares and
125 preference shares.



Previous employment:
Head of Asset Management,
ICA Fastigheter 2009–2010.

Education: University studies
in Economics.

Board assignments: None.

Shareholding in Klöver¹⁾:
No shareholding.

**PER JOHANSSON**

Head of South Region
Born 1960.
Employed since 2012.

Previous employment:
CEO Dagon AB (publ).

Education: Upper Secondary School
Economist.

Board assignments: Director of
Fastighetsägarna syd (Swedish
Property Federation) Malmö-Burlöv
district.

Shareholding in Klöver¹⁾:
No shareholding.

Previous employment: Property
manager Stockholm City Real Estate
Administration 2005–2010.

Education: Bachelor of Laws.

Board assignments: None.

Shareholding in Klöver¹⁾:
No shareholding.

1) Shareholding as at 28 February 2013.

REMUNERATION AND INCENTIVE PROGRAMMES

The Board presents its proposal on principles of remuneration and other terms of employment for the CEO, the Deputy CEOs and other executive management for the approval of the Annual General Meeting. The basic salary shall be at a market level and be competitive and take into consideration the areas of responsibility and experience of the individual employee. Variable salary shall be linked with predetermined and measurable criteria, designed with the intention of promoting the long-term creation of value in the company. The existing incentive programmes are long-term and are intended to promote commitment to the company and thus also increase value for the shareholders. Fees for the Board and committees are proposed by the Nominations Committee and adopted at the Annual General Meeting.

The Board of Directors

During 2012, the Board received a fee totalling SEK 770,000 (980,000) for distribution among the members of the Board, except the CEO. Until the 2012 Annual General Meeting, the Board consisted of seven members and subsequently five. The fee for the Chairman of the Board was SEK 280,000 (280,000) and to other directors SEK 140,000 (140,000) per member and year.

REMUNERATION TO THE CEO AND SENIOR EXECUTIVES

The process for determination of remuneration to the CEO and senior executives shall be formal and transparent and specify the relationship between fixed and variable salary as well as taking into consideration the connection between performance and remuneration.

CEO

Klövern's CEO is not entitled to variable remuneration. In addition to salary and a pension, the CEO's benefits in 2012 include health insurance, a subsistence benefit and a company car as well as a share in Klövern's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. In the event of termination at the Company's initiative, full salary and all benefits as described above are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while employment continues. The period of notice is twelve months if notice is given by the company and six months if notice is given by the CEO. No severance pay is paid.

Remuneration to Deputy CEOs and other senior executives

Variable salary to Klövern's two deputy CEOs and the other five senior executives may amount to at most the equivalent of three monthly basic salaries. Variable salary is based on outcome in relation to goals for operating surplus, net profit and letting.

The pension premium may amount to at most 35 per cent of the basic salary. The retirement age is 65. The period of notice is 12 months if notice is given by the company and six months if notice is given by the employee. No severance pay is paid. Benefits in addition to salary and pension include health insurance, a subsistence benefit, a share in Klövern's profit-sharing foundation and a company car.

Other personnel

The principle of market level, competitive salaries also applies to other personnel. All personnel are covered by defined contribution pension schemes which are paid for by the company. Benefits in addition to salary and pension are health insurance and a subsistence benefit and a share in Klövern's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The company had 185 staff (132) at year-end 2012.

Auditors

The fee to auditors is set by the Annual General Meeting according to a proposal from the Nominations Committee. The 2012 Annual General Meeting decided that the fee should be paid in accordance with approved invoices. The fees for audit assignments totalled SEK 2,800,000 (1.4m) in 2012, of which SEK 0.5 million is attributable to Dagon. Remuneration for other assignments totalled SEK 1.3 million (0.0), of which SEK 0.8 is attributable to Dagon. No other auditing activity or tax advice took place in 2012.

Incentive Programmes

No variable salary is paid to the CEO. Variable salary for the two Deputy CEOs and five other senior executives amounted to one monthly basic salary in 2012. In all, the variable remuneration of these seven (6) senior executives totalled SEK 0.9 million (1.1), which has been charged to earnings for 2012.

Variable salary of 1.73 monthly salaries was paid to the Deputy CEOs and senior executives in the 2011 financial year. This amount was charged to earnings in 2011. In February 2012, the Board decided instead on a higher remuneration, three and two monthly salaries respectively for one Deputy CEO and one other senior executive. The difference was charged to earnings in 2012.

Profit-sharing foundation

Klövern has a profit-sharing foundation which covers all employees that have been employed during a particular period. The amount transferred to the foundation may be at most one price base amount per employee and is based on a combination of Klöverns profit, required yield and dividend to shareholders. At year-end 2012, the Foundation owned 981,000 common

shares (861,000) and 18,025 preference shares (–) in Klöverns corresponding to 0.5 per cent of the total share capital and 0.6 per cent of the number of votes. No payment has been made to the foundation for the 2012 financial year.

Further information on remuneration is available in Note 3, on pages 86–87 of the 2012 Annual Report.

REMUNERATION IN KLÖVERN

| Amount in SEK 000s | 2012 | 2011 |
|---------------------------------------------------|---------------|---------------|
| <i>Chairman of the Board</i> | | |
| Fredrik Svensson | 280 | 210 |
| Stefan Dahlbo | – | 63 |
| <i>Other directors</i> | | |
| Ann-Cathrin Bengtson | 140 | 105 |
| Eva Landén | 140 | 105 |
| Anna-Greta Lundh | 140 | 136 |
| Rutger Arnhult | – | 136 |
| Erik Paulsson | 35 | 105 |
| Lars-Göran Pettersson | – | 31 |
| Lars Rosvall | – | 31 |
| Fredrik Svensson | – | 31 |
| Gustaf Hermelin | 35 | – |
| <i>CEO</i> | | |
| Basic salary | 3,016 | 2,815 |
| Variable salary | – | 2,548 |
| Benefits | 162 | 69 |
| <i>Deputy CEOs (two persons)</i> | | |
| Basic salary | 3,323 | 2,908 |
| Variable salary | 337 | 441 |
| Benefits | 172 | 131 |
| <i>Other senior executives (4.7 persons)</i> | | |
| Basic salary | 5,766 | 5,125 |
| Variable salary | 514 | 701 |
| Benefits | 471 | 488 |
| <i>Other employees</i> | | |
| Basic salary | 75,840 | 49,653 |
| Variable salary | – | – |
| Benefits | 4,084 | 2,920 |
| TOTAL | 94,455 | 68,752 |
| <i>Contractual pension costs (including Fora)</i> | | |
| CEO | 1,068 | 936 |
| Deputy CEOs (2 persons) | 988 | 967 |
| Other senior executives (4.7 persons) | 1,663 | 1,773 |
| Other employees | 7,898 | 5,283 |
| TOTAL | 11,617 | 8,959 |

| Amount in SEK 000s | 2012 | 2011 |
|----------------------------------------------------------------------------------|----------------|----------------|
| <i>Statutory pension costs (including wages tax)</i> | | |
| Chairman of the Board | 88 | 86 |
| Other board members (3.5 persons) | 124 | 210 |
| CEO | 1,258 | 2,031 |
| Deputy CEOs (2 persons) | 1,443 | 1,346 |
| Other senior executives (4.7 persons) | 3,127 | 2,488 |
| Other employees | 25,710 | 17,082 |
| TOTAL | 31,750 | 23,243 |
| <i>Salaries, fees, benefits and social security contributions, Dagon's board</i> | | |
| Dagon's board (six persons) | 1,097 | 0 |
| TOTAL | 1,097 | 0 |
| GRAND TOTAL | 138,919 | 100,954 |

INTERNAL GOVERNANCE AND CONTROL

Klövern encounters risks every day that can have an impact on business and the ability to achieve the set goals. Good internal control and governance is required to limit these risks.

The Board's responsibility for financial reporting

According to the Companies Act and the Swedish Code of Corporate Governance, the Board bears ultimate responsibility for the company having good internal control and for ensuring that the financial reporting complies with the applicable requirements. The processes for handling internal control, financial management and management within the company are based on the framework for COSO, the Committee of Sponsoring Organizations of the Treadway Commission, which has been produced as an aid to sort and structure the organization's risks. Besides the impact of legislation, regulatory frameworks and recommendations, processes are governed to a large extent by internal policies and guiding documents. Internal control affects all functions in the company and includes risk assessment and routines as well as following up goals.

The control environment

The control environment and control measures ensure the effectiveness of the company and serve as the basis for internal control. The control environment provides understanding for the company's values at the same time as it secures compliance with policies and goal fulfilment. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO and includes the formal work order for the Board and reporting instructions. Overarching policies are continuously updated and confirmed by the Board once a year. During the year, the Board has adopted the following policies:

- > Financial policy
- > Information and IR policy
- > IT policy
- > Environmental policy
- > Crisis and disaster plan

After the end of the year, the Board has also adopted a gender equality policy. Important processes, in addition to financial reporting, such as accounting instructions, project administration and rental administration are established in separate documents, which are evaluated and developed continuously in accordance with changes in laws, recommendations, risks and procedures. These documents provide support and guidance and include both decision-making processes for every individual member of staff and include both decision-making paths and allocation of responsibility, methods of approach and powers.

Risk assessment and control activities

The extent and assessment of the company's risk management as a whole and financial reporting in particular is made continuously by the executive management, the Board and the auditors. The Finance Department and the Real Estate Department work alongside one another and make continuous follow-ups and analyses at the group, subsidiary and property level of both the result, balance and verification level to ensure compliance with the guidelines. A limited number of people are authorized to sign for the company and attestation rules have been drawn up.

The Group's activities, financial administration and management are audited twice a year by the company's auditors who report their observations and any comments directly to the Board. Klöverns IT environment has a high level for security, accessibility and effectiveness.

The policies for accounting, reporting and audit comments are reviewed in connection with the ordinary audit of the annual accounts.

Information and communications

The external information is taken care of in accordance with the information and IR policy adapted to the regulatory framework of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance and communicated through press releases and the website.

The executive management's internal information is communicated mainly through the executive management group's minuted meetings. Communication in the company takes place, in among ways, by regular conferences and meetings with those responsible for the respective business unit and other managers. Relevant internal and external information is provided continuously to the staff concerned.

Internal information is largely communicated through the company's intranet. The main purpose of the intranet is to provide staff with a structured holistic picture of the activity and serve as an easily available platform from which to obtain current information and documentation.

Follow-up

Financial follow-up shall take place quarterly by all business units and companies and at group level. The follow-up takes place in relation to the budget and forecast according to a tried and tested model. The result is analysed by the business unit, the real estate and finance departments and the regional manager responsible for performance. Reporting is made to the executive management and auditors.

Internal audit

Klöverns has a decentralized and transparent organization where financial activities, economic and rental administration, as well as internal information, are taken care of by head office. Follow-up of the result and balance is made quarterly by both the individual functions and by the business units, the executive management and the Board. Clear documentation through policies and instructions accompanied by recurrent follow-ups and regular discussions with auditors ensure the correctness of the processes. Management and reporting are examined formally by the Company's auditors twice a year and the outcome is reported to the Board. Based on the above, it is not considered that there is any need for internal audit. Detailed information on Klöverns's risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 68–71 of the 2012 Annual Report.

ARTICLES OF ASSOCIATION

Adopted at the Annual General Meeting of Klöver AB on 12 January 2012.

1. NAME OF THE COMPANY

The name of the Company is Klöver AB. The company is a public limited company.

2. REGISTERED OFFICE

The Company shall have its registered office in Nyköping. General meetings of shareholders may be held in Nyköping or Stockholm.

3. ACTIVITIES

The object of the Company's activities is to, directly or indirectly via subsidiaries, acquire, own, manage, develop and sell properties and engage in compatible activities.

4. SHARE CAPITAL

The share capital of the Company shall be no less than three hundred million kronor (SEK 300,000,000) and no more than one billion, two hundred million kronor (SEK 1,200,000,000).

5. SHARES

5.1 Number of classes of shares

The number of shares shall be no less than sixty million (60,000,000) and no more than two hundred and forty million (240,000,000).

Two classes of shares may be issued, common shares and preference shares. Common shares and preference shares may be issued up to an amount corresponding to at most 100 per cent of the share capital. A common share confers one vote. A preference share confers one-tenth of a vote.

5.2 Distribution of profit

Preference shares confer a preferential right over common shares to an annual dividend of ten Swedish kronor (SEK 10) per share with quarterly payments of SEK 2.50 per share. The record days for these payments shall be the last weekday in the month of June, September and December respectively after the annual general meeting of shareholders and in the

month of March the year after the annual general meeting. In addition, preference shares shall entail a preferential right over common shares to a dividend of SEK 2.50 per share during the first quarter of 2012 with the record day for payment the final weekday of March 2012.

If no dividend is paid to preferential shareholders, or if only a dividend of less than ten Swedish kronor (SEK 10) per preference share is paid during one or more years, the preference shares shall confer a right to also receive Retained Amounts, as defined below, (including Upward Adjustment of Retained Amounts as defined below) before dividend is paid on common shares. If no dividend is paid or if only dividend of less than ten Swedish kronor (SEK 10) per preference share is paid for one or more years, it is incumbent on the following year's annual general meeting to make a decision on the distribution of the quarterly payment of Retained Amounts. Preference shares shall not otherwise confer any right to dividend.

The difference between SEK 2.50 and the dividend paid per preference share (provided that the dividend decided upon at the annual general meeting is less than ten Swedish kronor (SEK 10)) for each quarter is added to "Retained Amounts". In the event of dividend on preference shares being paid according to a decision at another shareholders' meeting than the annual general meeting, distributed amounts per preference share shall be deducted from Retained Amounts. This deduction shall take place as at the day when payment is made to preference shareholders and be thus considered as settlement of the part of the Retained Amounts that has occurred first in time. Retained Amounts shall be adjusted upwards by a factor corresponding to an annual interest rate of eight (8) per cent ("The Upward Adjustment Amount"), whereupon upward adjustment shall take place beginning from the quarterly date on which payment of dividend has taken place (or should have taken place, in the event that no dividend has been paid at all) and based on the difference between SEK 2.50 and the dividend paid per preference share on the same quarterly date. In the event of this calculation taking place on another date than a full year from the date on which the supplement or deduction respectively has taken place from Retained Amounts, adjustment of amounts added or deducted shall take place at an

amount corresponding to the adjustment factor multiplied by the proportion of the year that has elapsed. Accrued Upward Adjustment amounts are added to Retained Amounts and shall thereafter be included in the calculation of the Upward Adjustment amount.

5.3 Issues

In the event of an increase of the share capital by a cash issue or a set-off issue, the shareholders have a preferential right to the new shares so that one old share confers a preferential right to one new share of the same class, that shares which are not subscribed to by the shareholders with preferential rights shall be offered to all shareholders and that, if it is not possible to issue the whole number of shares subscribed to due to the latter offer, the shares shall be distributed among subscribers in relation to their previous shareholding and, to the extent that this is not possible, by the casting of lots.

In the event of an increase of the share capital by a cash issue or a set-off issue of only one class of shares, the shareholders have a preferential right to the new shares only in relation to their previous shareholding of shares of the same class. The provisions made above shall not entail any restriction of the ability to make decisions on a cash issue or a set-off issue deviating from the shareholders' preferential right.

If the Company decides to issue warrants or convertible instruments through a cash issue or a set-off issue, the shareholders have a preferential right to subscribe to warrants or convertible instruments as if the issue had concerned the shares that may be subscribed to due to the warrant or exchanged for the convertible instruments.

An increase of the share capital through a bonus issue may only take place by the issue of common shares. A bonus issue may, however, also take place by the issue of preference shares to common shareholders. It is then the case that only the common shareholders have the right to the new shares. The bonus shares are distributed among the common shareholders in relation to the number of common shares they previously owned.

5.4 Redemption

A reduction of share capital, although not under the minimum share capital, may take place from 2015 onwards after a decision of the annual general meeting through redemption of preference shares on the following grounds.

The annual general meeting of shareholders decides upon the number of preference shares that are to be redeemed on each occasion. The preference shares to be redeemed are decided upon by the casting of lots. If the decision is supported by all preference shareholders, the meeting can, however, decide upon which preference shares are to be redeemed.

Holders of a particular preference share which it has been decided to redeem are obliged three months after notification of the redemption decision to accept the redemption price for the share at an amount calculated as the total of SEK 175 plus Retained Amounts according to clause 5.2 (consisting of Retained Amounts and current Upward Adjustment Amounts up to and including the date on which the redemption amount falls due for payment). All interest calculation ceases from the date on which the redemption amount falls due for payment.

5.5 Dissolution of the Company

If the Company is dissolved, the preference shares shall confer a right to receive SEK 150 per share from the Company's assets as well as any Retained Amounts (including Retained Amounts and current Upward Adjustment Amounts) according to clause 5.2 before distribution takes place to common shareholders. Preferential shares shall not otherwise confer any right to distributed amounts.

6. THE BOARD OF DIRECTORS

The board of directors shall consist of at least four and at most eight ordinary members.

7. AUDITORS

The Company shall have one or two auditors and the corresponding number of deputies or one or two firms of registered public accountants.

8. FINANCIAL YEAR

The financial year of the Company shall be the calendar year.

9. NOTIFICATION OF THE SHAREHOLDERS MEETING

Notice of a shareholders' meeting shall be made by advertisement in the Swedish Official Gazette (Post- och Inrikes-tidningar) and on the company's website. Information that notice has been given shall be made in an advertisement in the daily newspaper Svenska Dagbladet.

10. SHAREHOLDERS' RIGHT TO PARTICIPATE IN THE SHAREHOLDERS MEETING

Shareholders wishing to participate in the proceedings at a meeting of shareholders shall be registered as owner in the print-out or other presentation of the share register five working days prior to the meeting, and notify their intention to attend to the Company at the latest by 12.00 on the date stated in the notice of the meeting. The latter day may not be a Sunday, another public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not be earlier than the fifth working day prior to the meeting.

11. THE RIGHT OF EXTERNAL PARTIES TO ATTEND THE MEETING

Persons not registered in the share register shall be entitled to attend to shareholders meetings on the conditions decided upon by the Board of Directors.

12. ANNUAL GENERAL MEETING

At the Annual General Meeting the following matters shall be dealt with:

1. Election of the chairman of the meeting,
2. Preparation of and approval of voting list,
3. Election of one or two persons to approve the minutes,
4. Examination of whether the meeting has been duly convened,
5. Approval of the agenda,
6. Presentation of the Annual Report and the Audit Report and, when relevant, the Consolidated Annual Report and the Audit Report for the Group,
7. Decisions concerning
 - a) adoption of the Statement of Income and Balance Sheet and, where relevant, the Consolidated Statement of Income and Consolidated Balance Sheet,
 - b) allocation of the Company's profit or loss according to the adopted Balance Sheet
 - c) concerning discharge of liability for the board members and the CEO.
8. Determination of the number of board members and, when relevant, auditor and deputy auditor or registered firm of public accountants,
9. Determination of the fees for the board and auditors,
10. Election of board members and the Chairman of the Board,
11. Appointment of auditors and deputy auditors or a registered firm of public accountants,
12. Decision on guidelines for remuneration for the senior executives
13. Decision concerning the Nominations Committee
14. Other matters to be dealt with by the meeting in accordance with the Swedish Companies Act or Articles of Association.

13. RECORD DAY PROVISION

The Company's shares shall be registered in a register pursuant to the Liability Accounting of Financial Instruments Act (1998:1479).