

Corporate governance report

Klövern is a public limited real estate company which shall with availability and commitment meet the customers' needs of premises and services in Swedish growth regions.

The Parent Company's share is listed on Nasdaq OMX Stockholm's list for medium-sized companies. The company's registered office and head office are in Nyköping.

The corporate governance report reports on Klöverns corporate governance in the 2008 financial year.

This corporate governance report has not been examined by the company's external auditors. The report is not part of the formal annual financial statements.

CORPORATE GOVERNANCE

Corporate governance defines the decision-making system used by the owners, directly and indirectly, to manage the company. For the system to function optimally, clear information must be provided to the shareholders and the stock market. The design of corporate governance depends on legislation, the regulatory framework of Nasdaq OMX Stockholm, self-regulation in accordance with the Swedish Code of Corporate Governance as well as external and internal guiding documents.

Articles of Association

The articles of association adopted by the annual general meeting of shareholders is a key document for corporate governance.

The name of the parent company is Klöver AB. It is a public limited company, which is listed on Nasdaq OMX Stockholm's list for medium-sized companies. The company's business activities consist of owning and selling real estate companies, as well as compatible activities. The registered office of the company is in Nyköping in the county of Södermanland, and shareholders' meetings may be held in Nyköping or in Stockholm. The company registration number is 556482-5833. The company's financial year is the calendar year.

Klövern's Articles of Association is available at page 104 and on Klöverns website, [www.klovern.se/About Klöver/Corporate Governance](http://www.klovern.se/About%20Klovern/Corporate%20Governance).

Shareholders' meeting

The shareholders' meeting is the highest decision-making body of a limited company. All shareholders, who have notified their intention to attend and who are listed in the print-out or other presentation of the share register as valid five days prior to the meeting, are entitled to participate in the annual general meeting and vote for the shares owned and represented. Shareholders also have the right to have a matter discussed at the annual general meeting provided that the matter has been notified to the Board within the time limits specified in the notice of the annual general meeting.

Klövern's Annual General Meeting for 2008 was held on 3 April at Qvarnen Konferens in Nyköping. The meeting was

attended by 53 participants, including representatives, assistants and guests. Together, these represented 59.1 per cent of the votes in the company. No extraordinary shareholders' meetings have been held during 2008.

In addition to decisions on discharge from responsibility and adoption of the annual report and other mandatory matters stipulated in the articles of association, a decision was adopted on a new authorisation for the board to acquire and transfer own shares up to 10 per cent of the number of registered shares. The meeting decided to pay a dividend of SEK 1.50 per share, which was equivalent to SEK 247,667 million.

The full minutes of the Annual General Meeting for 2008 is available on Klöverns website, [www.klovern.se/Investor relations/Årsstämma](http://www.klovern.se/Investor%20relations/Arsstamma) (in Swedish).

Nominations Committee

The Nominations Committee shall be representative of the shareholders of the company and prepare the decisions at the annual general meeting. The Nominations Committee shall make proposals for the election of a chairman at the annual general meeting, on board fees and auditors, and on the number of board members. The Nominations Committee also makes proposals, including reasons, for the election of board members, including the chairman, as well as rules on the appearance of the Nominations Committee for the period until annual general meeting.

The 2008 annual general meeting decided that the Nominations Committee should be appointed annually and consist of the chairman of the board, and a representative of every shareholder whose shareholding as at 31 August 2008 exceeds five per cent of the shares and votes in the company, as well as a representative of the other shareholders. The majority of the members of the Nomination Committee shall not be directors. The CEO or other persons from Klöverns executive management may not be members of the Nominations Committee. The Nominations Committee appoints a chairman, who may not be a board member.

Representatives of Klöverns Nominations Committee may be contacted by e-mail, styrelsenominering@klovern.se or by telephone via Klöver, +46 155-44 33 12.

The composition of the Nominations Committee prior to the 2009 Annual General Meeting

Name	Owner	% of votes
Stefan Dahlbo	Chairman of the Board	–
Håkan Engstam	Corem Property Group AB	10.5
Göran Almberg	Federation of Swedish Farmers*	10.3
Rickard Svensson	Arvid Svensson Invest AB	10.2
Erik Törnberg	Investment AB Öresund	7.5
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Fonder*	5.6
Svante Paulsson	Other shareholders	–

* Owner group

THE BOARD OF DIRECTORS

The task of the Board of Directors is to manage the company's business in the interests of the company and all of its shareholders. The Board shall have a size and composition that ensures its ability to manage the company's business with integrity and efficiency.

The composition of the Board

According to the articles of association, Klöver's Board of Directors shall consist of at least four and at most eight members. At the 2008 Annual General Meeting, directors Stefan Dahlbo (Chairman), Gustaf Hermelin (CEO of Klöver), Lars Holmgren, Anna-Greta Lundh, Lars Rosvall and Fredrik Svensson were re-elected. Helen Olausson replaced Johan Piehl, who declined re-election. Caesar Åfors, Klöver's CFO and Vice-President, acts as secretary at Klöver's Board meetings.

The independence of the Board

According to the Swedish Code of Corporate Governance and the regulatory framework of 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 these shall also be independent in relation to the company's major shareholders**. With the exception of Gustaf Hermelin, all directors are to be considered as independ-

ent in relation to the company and the executive management. Lars Holmgren and Fredrik Svensson are to be considered as dependent in relation to the company's major shareholders since they represent shareholders with a shareholding exceeding 10 per cent.

A person nominated as a director of the board must provide the Nominations Committee with the necessary documentation for assessment of any position of dependency in the above respects.

* The independence of a director of the board can be called into question if the director of the board directly or indirectly has extensive commercial links or other extensive financial transactions with the company. An overall assessment is made in each individual case on the basis of the extent and type of the board member's own and the associated company's business or financial transactions. An associated company means a company where the company, directly or indirectly, has at least ten per cent of the shares or participation rights or an economic share which includes the right to receive ten per cent or more of the return or where the company has a voting share which amounts to ten per cent or more.

** A major shareholder is defined as a shareholder who, directly or indirectly, controls ten per cent or more of the shares or votes in the company.

During 2008, the Board has held a total of eleven meetings including the board meeting following election. The Finance Committee has held four meetings.

The composition of the Board of Directors during 2008

Name	Elected/Resigned	Independent ¹⁾	Board meetings	Finance Committee
Stefan Dahlbo, chairman	2002	Yes	11	4
Gustaf Hermelin, CEO of Klöver	2003	No	11	1
Lars Holmgren	2003	No	11	3
Anna-Greta Lundh	2003	Yes	11	Not a member
Helen Olausson ²⁾	2008	Ja ³⁾	8	Not a member
Johan Piehl ²⁾	2003/2008	Yes	3	Not a member
Lars Rosvall	2005	Yes	11	Not a member
Fredrik Svensson	2005	No	11	4

1) Independent according to the Swedish Code of Corporate Governance, and the regulatory framework of Nasdaq OMX Stockholm, both in relation to the company and the executive management and to major shareholders.

2) Johan Piehl declined re-election at the Annual General Meeting and was replaced by Helen Olausson.

3) Independent of November 2008.



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BOARD OF DIRECTORS AND AUDITOR



Stefan Dahlbo



Gustaf Hermelin



Lars Holmgren



Anna-Greta Lundh



Helen Olausson



Lars Rosvall



Fredrik Svensson



Mikael Ikonen

Board of Directors

Stefan Dahlbo

Born 1959. Independent board member. Chairman of the Board since 2002. CEO, Investment AB Öresund. *Other assignments:* Director of the Board of HQ AB and Nobia AB. *Education:* Graduate in business administration. *Shareholding in Klöver*:* 60,000 shares, privately and via company.

Gustaf Hermelin

Born 1956. Director since 2003. CEO, Klöver AB. *Other assignments:* Director of the Board of Diös Fastigheter AB. *Education:* Studies in economics, Stockholm School of Economics. *Shareholding in Klöver*:* 2,153,700 shares, privately, via family and company.

Lars Holmgren

Born 1952. Director since 2003. CFO, Federation of Swedish Farmers. *Other assignments:* Chairman of among others, LRF Försäkring AB and LRF Samköp AB. Director of the Board of, among others, Diös Fastigheter AB, Setra Group AB, LRF Media AB and Lantbrukarnas Ekonomi AB. *Education:* Chemical economist. *Shareholding in Klöver*:* 0 shares.

Anna-Greta Lundh

Born 1955. Independent board member. Director since 2003. CEO, Länsförsäkringar Södermanland. *Other assignments:* Director of the Board of Länskem Fastighetsförmedling, Södermanlands Nyheter and Setra Group AB. *Education:* Graduate in business administration. *Shareholding in Klöver*:* 29,000 shares, privately.

Helen Olausson

Born 1968. Director since 2008. CEO, BiessieBaenie AB. *Other assignments:* Chairman of Fabös and Norrvidden Fastigheter. Director of the Board of Wihlborgs Fastigheter, Fabege and The National Land Survey (Lantmäteriet). *Education:* MSc (Engineering), MBA. *Shareholding in Klöver*:* 0 shares.

Lars Rosvall

Born 1959. Independent board member. Director since 2005. Chairman, Frösundaviksparken AB. *Other assignments:* Director of the Board of Ampelia Förvaltning AB, Backahill AB, Ateneum AB, Rotaforma AB and Dagon AB. *Education:* Graduate in business administration. *Shareholding in Klöver*:* 645,000 shares, via company.

Fredrik Svensson

Born 1961. Director since 2005. CEO, Arvid Svensson Invest AB (ASA). *Other assignments:* Chairman of Case Investment AB. Director of the Board of Broström AB, Balder AB, Dagon AB and United Logistics AB. *Education:* Graduate in business administration. *Shareholding in Klöver*:* 17,016,609 shares, via company.

Auditor

Ernst & Young AB

Mikael Ikonen

Born 1963. Authorized public accountant since 1996, employed in the company since 1988. Ernst & Young was elected auditor by the 2007 Annual General Meeting until and including the 2011 Annual General Meeting. *Other assignments:* Ing Real Estate Nordic Holding AB, ABB Fastighet AB, Cramo Holding AB, Unibal Rodamco AB, SFF Real Estate AB. *Shareholding in Klöver*:* 0 shares

* Holding as at 2 February 2009.

Formal work plan and work of the Board of Directors during 2008

The work of the Board are held 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 is a complement to current legislation, Nasdaq OMX Stockholm's rules, the articles of association and the Swedish Code of Corporate Governance. 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.

Klövern's board has five ordinary meetings, including a statutory meeting, per calendar year. A report on the financial position, acquisition and sales, market-related matters, and organisation are on the agenda at every ordinary meeting. Other matters such as strategy and future-related matters, risk management, common policies, audit reports, the budget, the annual accounts etc. are dealt with at specific meetings.

The members of the Board receive an agenda with the necessary documentation relating to the matters on the agenda in good time before each meeting. All meetings are minuted.

The work of the Board is evaluated annually through a systematic and structured process. The intention is to develop the forms of work and efficiency of the Board. The result of the evaluation is reported to the Nominations Committee.

During 2008, there have been five ordinary meetings, one meeting following election and five extraordinary meetings ("per capsulam", decisions circulated for approval). The extraordinary meetings have concerned decisions to publish the annual report and the respective interim reports.

The Finance Committee

Klövern has a separate finance committee, consisting of the Chairman of the Board, who also serves as chairman of the Finance Committee, and another two board members, together with the CEO, the Finance Manager and the CFO. The Finance Committee is an advisory forum on matters of strategic importance, including assessment of derivatives as well as the overall interest rate structure for the loan portfolio, within the risk mandate established by the Board.

Klövern's Board has adopted a financial policy. This policy is reviewed annually and the allocation of responsibility established for financial matters as well as the rules for reporting, follow-up and control. Matters of this kind, which are to be taken up on the Board are to be considered first in the Finance Committee. During 2008, the representatives of the board on the finance committee have been Stefan Dahlbo, Lars Holmgren and Fredrik Svensson. The committee has had four minuted meetings during 2008.

The Chairman of the Board

The Chairman of the Board is elected at the Annual General Meeting and is responsible for leading the work of the Board, organization and efficiency 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 framework, steering documents and the formal work plan
- appoint a Nominations Committee, according to the instructions from the Annual General Meeting, and also take part in the same
- ensure that board members receive the requisite training and information to be able to analyse the company's financial position, strategy, planning and development.

The Chairman of the Board of Klövern, elected by the Annual General Meeting, is Stefan Dahlbo.

EXECUTIVE MANAGEMENT

The CEO and the Executive Management

Gustaf Hermelin is CEO in Klövern. The CEO is appointed by the Board and reports to the Board. The most important task of the CEO is to take care of the day-to-day management of the company. The instructions in the formal work order make clear which matters and which issues are to be submitted to the Board for decision and which powers the CEO has. Furthermore, the CEO produces and presents necessary information and a basis for decision-making for board meetings. Klövern's Board evaluates the work of the CEO annually.

During 2008, the executive management consisted of, in addition to the CEO, Caesar Åfors, CFO and Vice-President, Thomas Nilsson, IT and Real Estate Manager, Britt-Marie Einar, Financial and Information Manager, Mattias Rickardsson, Transaction and Analysis Manager, and P.G. Sabel, Unit Manager for Kista and Täby. Each person in the executive management has their own area of responsibility as well as responsibility for at least one location. Operational matters are reported continuously at meetings of the executive management. The executive management has held 22 minuted meetings during 2008.



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EXECUTIVE MANAGEMENT



Gustaf Hermelin



Britt-Marie Einar



Thomas Nilsson



Mattias Rickardsson



PG Sabel



Caesar Åfors

Gustaf Hermelin

Born 1956. CEO, employed since 2002.
Previous employments: CEO, StrömFastigheter in Norrköping, 2001–2002, StrandFastigheter in Nyköping 1993–2002, Regional manager, Storheden/Wihlborgs 1998–2001, CEO, etc., Oskarsborg 1994–1997.
Education: Studies in economics at Stockholm School of Economics.
Assignments: Director of the Board of Diös Fastigheter AB.
Shareholding in Klöver:* 2,153,700 shares, privately, via family and company.

Britt-Marie Einar

Born 1965. Financial and Information Manager, employed since 2004.
Previous employments: Information and IR manager, Tornet 1999–2003, Financial journalist, Veckans Affärer 1997–1999 and Finanstidningen 1990–1997, Treasurer, Östgöta Enskilda Bank 1989–1990.
Education: Graduate in business administration.
Assignments: None
Shareholding in Klöver:* 1,000 shares, privately.

Thomas Nilsson

Born 1951. IT and Real Estate Manager, Vice-President, employed since 2002.
Previous employments: Consultancy assignments in, among others, Storheden, Wihlborgs and StrandFastigheter in Nyköping 1995–2002, CEO, Skavsta Flygplats AB 1991–1995, CEO, Nyköpings Industrihus 1982–1994.
Education: BSc, Business Administration.
Assignments: None.
Shareholding in Klöver:* 275,991 shares, privately and via company.

Mattias Rickardsson

Born 1974. Transaction and Analysis Manager, employed since 2003.
Previous employments: Subsidiary controller, Österströms rederi AB, 1999–2003.
Education: University studies in Economics.
Assignments: None.
Shareholding in Klöver:* 0.

PG Sabel

Born 1964. Unit Manager, Kista and Täby, employed since 2007.
Previous employments: Head of project development, AP Fastigheter 2000–2007, Project manager and real estate manager, Skanska Fastigheter 1991–2000.
Education: M.Sc. (Engineering)
Assignments: None.
Shareholding in Klöver:* 0.

Caesar Åfors

Born 1959. Finance Manager and Vice-President, employed since 2002.
Previous employments: Consultancy assignments in StrandFastigheter in Nyköping, 1999–2002, Self-employed 1997–1998, Estate agent, Areal AB 1990–1997.
Education: MSc in Forestry.
Assignments: Director of the Board of Länsförsäkringar Södermanland.
Shareholding in Klöver: 700,000 shares, via company.

* Holding as at 2 February 2009.

REMUNERATION

Guidelines for remuneration

The Board presents its proposal on principles of remuneration and other conditions of employment for the CEO and executive management in the summons to the Annual General Meeting for the approval of the meeting. The process for establishment of these principles 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. The basic salary, which is to be reviewed every year, shall be at a market level and be competitive and take into consideration the areas of responsibility and experience of the employee. The whole Board, except the CEO, takes part in deliberations and decisions on matters relating to remuneration.

Remuneration to the Board of Directors

The fee to the Board is proposed by the Nominations Committee and adopted at the Annual General Meeting.

During 2008, the Board received a fee totalling SEK 875,000 (875,000) for distribution among the members of the Board (except the CEO). The fee for the Chairman of the Board was SEK 250,000 (250,000) and to other board members SEK 125,000 (125,000) per member.

Remuneration to the CEO

Remuneration and benefits for the CEO are decided upon by the Annual General Meeting. The basic salary is to be at a market level and competitive and reviewed every year.

The CEO's performance-based salary amounts to one per cent of the Company's profit before tax, to the extent that this amount exceeds set operational goals for the property management operations. The maximum bonus for the CEO may amount to the equivalent of at most six monthly basic salaries. It is possible to set the bonus amount aside as pension instead of salary. Bonus or performance-based salary will not be paid for 2008.

In addition to salary and a pension, the CEO's benefits include health insurance, a subsistence benefit and a company car as well as a share in Klöver'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. The following periods of notice apply to the CEO: in the event of termination at the Company's initiative, the period of notice is 12 months. In the event of termination at the CEO's initiative, the period of notice is 6 months. 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 benefits are payable during the period of notice while the employment continues. No severance pay is to be paid and there are no share-related remuneration programmes.

Remuneration to Vice-Presidents and other senior executives

Remuneration and benefits to Vice-Presidents and other senior executives are decided upon by the CEO after consultation with the Chairman of the Board on the basis of principles adopted by the Annual General Meeting.

Salaries paid to the Vice-Presidents and other senior executives shall be at a market level and competitive. The maximum annual bonus may amount to the equivalent of six months' basic salary. No bonus or performance-based salary will be paid for 2008. The pension premium for Vice-Presidents and other senior executives amounts to 35 per cent of the basic salary during the period of employment with the company. The retirement age of Vice-Presidents and other senior executives is 65. The period of notice for termination at the Company's initiative is 12 months and at the employee's initiative 6 months. No severance pay is paid and there is no share-related remuneration programme.

Benefits in addition to salary and pension for Vice-Presidents and other senior executives include health insurance and a subsistence benefit as well as a share in Klöver's profit-sharing foundation and the right to a company car if this is stipulated in the respective contract of employment.

Remuneration to other personnel

The principle of market level, competitive salaries also applies for other personnel. All personnel are covered by contributed-based pension schemes which are wholly paid for by the company. Benefits in addition to salary and pension are health insurance and a subsistence benefit and a share in Klöver's profit-sharing foundation.

There is a collective agreement with the Swedish Building Maintenance Workers' Union. The Group had 121 staff (121) at the end of 2008. Slightly more than a fifth of the personnel work at the head office.

Incentive Programmes

The incentive programmes that exist are long-term and are intended to promote commitment to the company and thus also increase value for the shareholders.

For 2008, the same principles apply for the incentive programmes as were adopted at the 2007 Annual General Meeting. The annual maximum bonus, in addition to the basic salary, may, for the CEO, amount to at most an amount equivalent to six monthly basic salaries. The maximum annual bonus, in addition to the basic salary, for the Vice-Presidents and other senior executives may amount to at most an amount equivalent to six monthly basic salaries. This bonus is based on outcomes in relation to goals for operating surplus, net profit and letting. The Board of Directors has the right to depart from these principles in a particular case if there are special reasons for so doing.

No bonus or performance-based salary will be paid for 2008. There are no option- or share-related remuneration programmes.

Profit-sharing foundation

Klöver has a profit-sharing foundation which covers all employees. The amount transferred to the foundation may be at most one price base amount per employee and year (SEK 40,300) and is based on a combination of Klöver's profit, required return and dividend to shareholders. No appropriation was made to the foundation as at 31 December 2008. In February 2009, the Board decided that an allocation would be made for 2008 at a half base amount per employee, totalling SEK 2.8 million, including wages tax, which will be charged to the result for 2009. At the end of 2008, the foundation had a total of 530,000 shares in Klöver.

Cost of remuneration and benefits		
Amount in SEK thousand	2008	2007
Salaries, remuneration and benefits		
<i>Chairman of the Board</i>		
Stefan Dahlbo	250	250
<i>Other board members</i>		
Lars Holmgren	125	125
Anna-Greta Lundh	125	125
Helen Olausson*	125	–
Johan Piehl*	–	125
Lars Rosvall	125	125
Fredrik Svensson	125	125
<i>CEO</i>		
Basic salary	2,482	2,213
Variable salary	0	1,140
Benefits	82	58
<i>Vice-Presidents (2 persons)</i>		
Basic salary	2,693	2,150
Variable salary	0	638
Benefits	119	87
<i>Other senior executives (3 persons)</i>		
Basic salary	3,367	3,614
Variable salary	0	1,387
Benefits	129	223
<i>Other employees</i>		
Basic salary	44,577	38,262
Variable salary	253	0
Benefits	2,255	1,846
Total	56,832	52,493
Contractual pension costs		
CEO	841	780
Vice-Presidents (2 persons)	922	491
Other senior executives (3 persons)	1,087	1,459
Other employees	3,990	3,419
Total	6,840	6,149
Statutory social security contributions, including wages tax		
Chairman of the Board	81	81
Other board members	203	203
CEO	1,035	1,295
Vice-Presidents (2 persons)	1,132	1,249
Other senior executives (3 persons)	1,392	3,092
Other employees	16,063	13,770
Total	19,906	19,690
Grand Total	83,578	78,332

* Johan Piehl declined re-election at the 2008 Annual General Meeting and was replaced by Helen Olausson

AUDITORS

Ernst & Young was elected as the company's auditor at the 2007 Annual General Meeting for the period until the 2011 Annual General Meeting. Authorised public accountant Mikael Ikonen, has been auditor-in-charge at Klöver since 2007.

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 in internal control and review the company's six-monthly or nine-monthly report. This examination is compiled in a report which is considered annually by the Board. The report shall state, among others, 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.

Fees to auditors

Fees to auditors are set, after a proposal from the Nominations Committee, at the Annual General Meeting. The 2008 Annual General Meeting decided to pay the fee as invoiced.

Cost of fees and compensation for costs to auditors		
Amount in SEK thousand	2008	2007
<i>Ernst & Young AB</i>		
Auditing assignments	1,524	1,200
Other assignments	152	582
Total	1,676	1,782

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance is a complement to legislation and other regulatory frameworks. The Code provides rules for good corporate governance at a higher level of ambition and endeavours to ensure that the business of the company is conducted as efficiently as possible on behalf of the shareholders. The Code is not mandatory although an explanation is required in the event of a decision to depart from it according to the principle of "comply or explain".

Klöver has decided to depart from the Code as follows, with the explanations given:

9.1 Remuneration Committee

There is no separate remuneration committee. Instead, the Board as a whole is responsible for the company having a formalised and transparent process to establish principles for remuneration and other conditions of employment for the CEO and the executive management.

10.1 Audit Committee

The Board considers that the audit is of such importance that these matters should be considered and decided upon by the Board as a whole, excluding the CEO. The auditors and the Board meet on at least two occasions to discuss audit-related matters and on at least one occasion, the Board and auditors meet without the CEO or another representative of the company being present. The company's auditors also take part at two board meetings during the year and present their findings in connection with the audit.

INTERNAL CONTROL

Good internal control and management are of great assistance to achieve the goals relating to the result and profitability and to prevent loss of resources. Clear guidelines together with recurrent follow-up and common sense create the prerequisites for achieving common goals and confidence and trust throughout the whole organisation and among shareholders.

The processes for handling internal control and management within the company are governed, besides by laws, rules and recommendations, to a large extent by internal policies and steering documents. Steering documents as well as policies are continuously revised and evaluated as well as being regularly developed and used as a support in decision-making processes for each individual member of staff.

Control environment

The control environment serves as the basis for internal checks and valuations in the company.

The formal decision-making procedure is based on the division of responsibility between the Board and the CEO as well as including the formal work order for the Board, the instructions for the CEO and reporting instructions. 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 and procedures. These documents provide support and guidance and include both decision-making paths and allocation of responsibility and powers.

Risk assessment

Every organisation meets a lot of risks of external and internal origin which must be identified and evaluated to determine how risks are to be managed and faults in this management to be minimised. It is also very important that Klöver's IT environment maintains a high level of security, reliability and efficiency.

The extent and assessment of the company's risk management as a whole and financial reporting in particular is made continuously by the Board and the executive management.

Control activities

The Finance Department and the Real Estate Department make continuous follow-ups of business activities at the result, balance and verification level, to ensure compliance with the guidelines. A limited number of people are authorised to sign for the company and attestation rules have been drawn up. The Group's activities, financial administration and management are inspected twice a year by the company's auditors who report their observations and any comments directly to the Board. The principles for accounting, reporting and audit comments are reviewed in connection with the ordinary audit of the annual accounts.

Information and communications

The internal communication of the executive management consists mainly of the minuted meetings of the executive management and regular conferences and meetings with those responsible for the respective geographical unit and other managers.

Relevant information, internal and external, is provided continuously to the staff concerned. The external information is taken care of in accordance with an information policy which is partly adapted to the regulatory framework of Nasdaq OMX Stockholm and the Swedish Code of Corporate Governance.

Control and follow-up

Financial follow-up shall take place quarterly by all units and companies and at group level. The follow-up takes place in relation to the budget and forecast. The result is analysed by both the real estate department, the finance department and the person in the executive management responsible for results. Reporting is made to the CEO and the Board.

Internal audit

Klöver has a decentralised and transparent organisation where, among other things, financial activities, economic and rental administration are taken care of by head office. Follow-up of the result and balance is made quarterly by both the separate functions and by the executive management. Based on the above, it is not considered that there is any need for internal audit.

Additional information on risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 44–47.



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