

CORPORATE GOVERNANCE REPORT 2011

Klövern AB is a Swedish public real estate company which is listed on NASDAQ OMX Stockholm Mid Cap. The corporate governance report reports on Klöver's corporate governance in the 2011 financial year.

Important events

- New chairman of the board
- Dividend of SEK 241 million
- Amendments to the Articles of Association
- Notice of an Extraordinary Shareholders' Meeting
- New CEO from 1 January 2012

Corporate governance in Klöver

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 corporate governance, management and control depends on legislation, the regulatory framework of NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance as well as other external and internal guiding documents and recommendations.

The Swedish Code of Corporate Governance

The Swedish Code of Corporate Governance applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The code 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".

7.3 The Audit Committee

The Board consider 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 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.

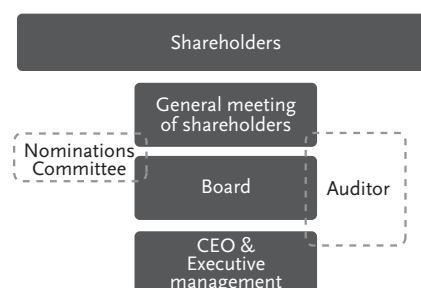
Articles of Association

The Articles of Association, adopted by a general meeting of shareholders, is an internal document, which, 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 during 2011 consisted of owning and selling real estate companies and compatible activities. At year-end 2011, the number of employees was 132 (126). The company's financial year is the calendar year.

Amendments were made to the Articles of Association at the 2011 Annual General Meeting adapted to amendments to the Swedish Companies Act and the Code. These amendments included the procedure for giving notice of shareholders' meetings and the annual appointment of auditors. New Articles of Association were adopted at the Extraordinary Shareholders' Meeting on 12 January 2012. The current Articles of Association can be found on page 113.

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.



The share and ownership

Since 2003, the Klöver share has been listed on NASDAQ OMX Stockholm MidCap. At year-end 2011, there were 166,544,326 registered shares and voting rights (166,544,326) in the company, held by 27,231 shareholders (27,754). The share price was SEK 25.90 (34.00) on 31 December 2011 and the capitalization, based on the number of outstanding shares, was SEK 4,165 million (5,467) at year-end 2011. The share capital amounted to SEK 832,721,630 (832,721,630). 84 per cent (83) of the shareholders were resident in Sweden.

The company has two shareholders with a shareholding of over 10 per cent, Corem Property Group and Arvid Svensson Invest. The ten largest shareholders together represented 63.0 per cent (60.5) of the total number of outstanding shares at year-end. During 2011, 84.2 million shares were traded (81.6) and the value of the share fell by -24 per cent (48).

Share repurchase and dividend

Klöver has, according to authorization, repurchased 5,741,463 shares, corresponding to 3.4 per cent of the total number of registered shares, which do not confer voting rights or entitlement to dividend. Repurchases took place in 2007 and 2008. Despite continued authorization, no new repurchases have taken place.

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 five years, Klöver has, after proposed dividend to common shares as well as the preference shares issued in the bonus issue on 30 January 2012, distributed to Klöver's shareholders an average of 52 per cent (52) of the profit from property management.

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 2011 Annual General Meeting decided that the Nominations Committee should be appointed annually 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. 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.

A new shareholder in the Nominations Committee for the 2012 Annual General Meeting, with a shareholding of over 5 per cent, is the owner group Rutger Arnhult via companies. Other owners represented are the same as at the 2011 Annual General Meeting.

THE COMPOSITION OF THE NOMINATIONS COMMITTEE PRIOR TO THE 2012 – ANNUAL GENERAL MEETING

Representing	Member	Shareholding as at 31 August 2011, %
Corem Property Group AB	Patrick Essehorn, Chairman	20.0
Arvid Svensson Invest AB	Rickard Svensson	15.0
Rutger Arnhult via companies*	Lars Höckenström	6.5
Länsförsäkringar Funds*	Eva Gottfridsdotter Nilsson	5.6
Brinova Inter	Bo Forsén	5.4
Other shareholders	Samir Taha	–
Chairman of the Board	Fredrik Svensson	–
Total shareholding – over 5% ownership		52.6

* Owner group.

2011 Annual General Meeting

Klövern's Annual General Meeting for 2011 was held on 18 April at Kistamässan in Kista, Stockholm. The meeting was attended by 103 participants (96), including shareholders, the Board, auditors, representatives, assistants and guests. Together, these represented 67 per cent (59) of the votes in the company.

In addition to the mandatory matters stipulated in the articles of association, decisions were made on;

- dividend of 1.50 per share, totalling SEK 241 million (201)
- re-election of directors Gustaf Hermelin, Anna-Greta Lundh, Fredrik Svensson and Rutger Arnhult
- election of board members Ann-Cathrin Bengtson, Eva Landén and Erik Paulsson
- Stefan Dahlbo, Lars-Göran Pettersson and Lars Rosvall declined re-election
- election of Fredrik Svensson as Chairman of the Board
- reappointment of auditor
- increase of the total board fee from SEK 875,000 to SEK 980,000
- remuneration to the Audit Committee is paid at a maximum of SEK 60,000 per 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
- amendments to the Articles of Association, inter alia, on a simplified procedure for giving notice of shareholders' meetings and annual appointment of auditors.

Minutes of all Annual General Meetings are available (in Swedish) at klovern.se

The 2012 Annual General Meeting will be held at Kistamässan in Kista, Stockholm at 4 pm on 17 April 2012.

Notice of the Extraordinary Shareholders' Meeting on 12 January 2012

On 6 December 2011, Klöver announced that an Extraordinary Shareholders' Meeting 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 at the beginning of Klöver's 2011 annual report and on Klöver's website, klovern.se



Borås Katrinehill 8.

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2011

Director	Elected/resigned	Independent	No. of board meetings attended	Fee, SEK 000s	Shareholding, thousands ¹⁾	Shareholding ³⁾ , %
Fredrik Svensson, Chairman	2005/	No	18 of 18	210	24,159	15.0
Gustaf Hermelin, CEO	2003/	No	18 of 18	–	2,163	1.3
Rutger Arnhult, CEO	2009/	No	18 of 18	136	42,702	26.6
Ann-Cathrin Bengtson	2011/	Yes	14 of 14	105	–	–
Stefan Dahlbo ¹⁾	2002/2011	Yes	4 of 4	63	23	0.0
Eva Landén	2011/	No	14 of 14	105	–	–
Anna-Greta Lundh	2003/	Yes	18 of 18	136	29	0.0
Erik Paulsson	2011/	Yes	13 of 14	105	188	0.1
Lars-Göran Pettersson ¹⁾	2010/2011	Yes ²⁾	4 of 4	31	–	–
Lars Rosvall ¹⁾	2005/2011	Yes	3 of 4	31	–	–
Total	–	–	–	–	69,264	43.0

1) Stefan Dahlbo, Lars-Göran Pettersson and Lars Rosvall declined re-election at the 2011 Annual General Meeting and were replaced by Ann-Cathrin Bengtson, Eva Landén and Erik Paulsson.

2) Independent as from November 2010.

3) Direct or indirect shareholding in the company as at 31 December 2011 based on the number of outstanding shares.

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. At the 2011 Annual General Meeting, directors, Gustaf Hermelin (CEO), Rutger Arnhult, Anna-Greta Lundh and Fredrik Svensson were re-elected. Ann-Cathrin Bengtson, Eva Landén and Erik Paulsson replaced Stefan Dahlbo, Lars Rosvall and Lars-Göran Pettersson, who declined re-election. Fredrik Svensson was elected as Chairman of the Board. Britt-Marie Einar, 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 Nomination Committee shall be presented in the notice of the Annual General Meeting.

Three of Klöver's seven directors, Ann-Cathrin Bengtson, Anna-Greta Lundh and Erik Paulsson are independent both in relation to the company and to major owners.

Formal work plan

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

Klöver considers that the whole Board should participate in discussions and decisions relating to audit.

At the beginning of 2012, Klöver's Board decided to appoint a Remuneration Committee, consisting of the whole of the Board, except the CEO. Guidelines for remuneration and other terms of employment for the CEO and other senior executives are being prepared, in accordance with principles decided upon by the Annual General Meeting, by the Committee and will be decided upon by the Board.

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
- appointing a Nominations Committee at the instruction of the Annual General Meeting and participating in this committee.

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

The work of the Board during 2011

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.

During 2011, there have been five (5) ordinary meetings, one (1) meeting following election, four (4) meetings with decisions by circulation and eight (5) extraordinary meetings, making a total of 18 meetings (15). 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 every meeting on the result and financial position and investments and transactions exceeding SEK 10 million. 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. The extraordinary meetings have concerned transactions and financial matters.

Auditors

Ernst & Young AB was elected as the company's auditor at the 2011 Annual General Meeting for the period until the 2012 Annual General Meeting. Authorized public accountant Mikael Ikonen, is auditor-in-charge at Klöver AB.

According to the Articles of Association, the auditor is 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 report 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.



MIKAEL IKONEN

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

Other assignments: Ing Real Estate Nordic Holding AB, Russian Real Estate Investment AB, 11 Real Asset Fund AB, Citycon AB, Scandic Hotels AB, Cramo Holding AB,

Unibail Rodamco AB and SFF Real Estate AB.

Shareholding in Klöver: No shareholding.

The Group

The Group structure of Klöver AB consists of the parent company Klöver AB and 16 directly owned subsidiaries (14). All activity takes place in Sweden with the focus on ten prioritized cities. The ten locations are divided into three market areas in order, amongst other things, to share leading-edge expertise.

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 six persons in the Executive Management besides the CEO, who are each responsible for particular areas.

The work of the Executive Management during 2011

The Executive Management has had 24 minuted meetings (25) during 2011.

In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with.

Changes in the Executive Management

Gustaf Hermelin left his appointment as CEO on 31 December 2011. Rutger Arnhult was appointed as new CEO and took up his post 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).

Thomas Nilsson, IT and real estate manager and deputy CEO, left the Executive Management on 1 September 2011. On the same date, P.G. Sabel, market area manager East, was appointed to Deputy CEO.

Board of Directors

**FREDRIK SVENSSON**

Born 1961. Chairman since 2011.
CEO of AB Arvid Svensson (ASA).
Other assignments: Chairman of Case Investment AB, Director of Balder AB, Dagon AB, United Log AB and Tenzing AB.
Education: Graduate in business administration.
Shareholding: 24,159,466 common shares and 603,986 preference shares through company.
Dependent in relation to major shareholder.

**EVA LANDÉN**

Born 1965. Director since 2011.
CEO of Corem Property Group AB.
Other assignments: –
Education: Graduate in business administration.
Shareholding: No shareholding
Dependent in relation to the company and major shareholder.

**RUTGER ARNHULT**

Born 1967. Director since 2009.
CEO of Klöver AB.
Other assignments: Chairman of M2 Asset Management AB. Director of Corem Property Group AB, Vytal Diagnostics AB and Locellus AB.
Education: Graduate in business administration.
Shareholding: 42,702,000 common shares and 1,067,550 preference shares, via companies.
Dependent in relation to the company and major shareholder.

**ANNA-GRETA LUNDH**

Born 1955. Director since 2003.
CEO of Länsförsäkringar Södermanland.
Other assignments: Director of Humlegården, Almi Invest Östra Mellansverige and Eskilstuna-Kuriren.
Education: Graduate in business administration.
Shareholding: 29,409 common shares and 735 preference shares, privately.
Independent director.

**ANN-CATHRIN BENGTSON**

Born 1962. Director since 2011.
Chairman of Aros Congress Holding AB and subsidiaries.
Other assignments: Vice Chairman of Länsförsäkringar Bergslagen, Director of Best Western Hotels and Director of the Swedish Hotel and Restaurant Association.
Education: Graduate in business administration.
Shareholding: No shareholding.
Independent director.

**ERIK PAULSSON**

Born 1942. Director since 2011.
Entrepreneur and active owner in the construction and real estate industry.
Other assignments: Chairman of Backahill AB, Skistar AB, Wihlborgs Fastigheter AB, and Fabège AB. Director of Nolato AB and Brinova Fastigheter AB.
Education: Elementary school, entrepreneur since 1959.
Shareholding: 188,500 common shares and 4,712 preference shares, privately and through family. In addition, there is a shareholding through Brinova Fastigheter AB.
Independent director.

**GUSTAF HERMELIN**

Born 1956. Director since 2003.
CEO of Brinova Fastigheter AB.
Other assignments: Director of Diös Fastigheter AB and AMF Fastigheter.
Education: Studies in economics, Stockholm School of Economics.
Shareholding: 2,162,800 common shares and 54,068 preference shares, privately, via family and company.
Dependent in relation to the company.

Shareholding as at 31 January 2012.

Executive Management



RUTGER ARNHULT

Born 1967. CEO of Klöver AB since 1 January 2012.
Previous employment: CEO of Corem Property Group AB.
Education: Graduate in business administration.
Board assignments: Chairman of M2 Asset Management AB, director of Corem Property Group AB, Vytal Diagnostics AB, and Locellus AB.
Shareholding: 42,702,000 common shares and 1,067,550 preference shares, via companies.



ELISABETH NORLING

Born 1964. Personnel and environmental manager, employed since 2007.
Previous employment: Head of business area and recruitment consultant, Proffice 2005–2007, partner Intrakey 1998–2005, Sales manager Graphium 1996–1998, Head of business area LärData 1992–1996.
Education: Graduate in business administration.
Assignments: None.
Shareholding: No shareholding.



BRITT-MARIE EINAR

Born 1965. Financial and Information Manager and Deputy CEO, employed since 2004.
Previous employment: Information and IR manager Fastighets AB 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: 3,000 common shares and 75 preference shares, 123,614 warrants, privately and through closely associated persons.



MATTIAS RICKARDSSON

Born 1974. Financial Manager, employed since 2003.
Previous employment: Subsidiary controller Österströms Rederi AB 1999–2003.
Education: University studies in Economics.
Assignments: None.
Shareholding: 61,000 warrants.



MIKAEL FORKNER

Born 1960. Unit Manager in Norrköping and Market Area South manager, employed since 2010.
Previous employment: Property manager Stockholm City Real Estate Administration 2005–2010, Parking manager, Stockholm City Real Estate, Streets and Traffic Administrations 2001–2005.
Education: Bachelor of Laws.
Assignments: None.
Shareholding: No shareholding.



P.G. SABEL

Born 1964. Market Area East manager and Deputy CEO, employed since 2007.
Previous employment: 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: 500 common shares and 125 preference shares.



HANS LINDH

Born 1966. Unit Manager in Västerås and Market Area West Manager, employed since 2010.
Previous employment: Head of Asset Management ICA Fastigheter 2009–2010, Property manager ICA Fastigheter 2004–2009, Business Development manager ICA Fastigheter 2003–2004, Regional manager, Munters 2000–2003.
Education: University studies in Economics. *Assignments:* None.
Shareholding: No shareholding.

Shareholding as at 31 January 2012.

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 remuneration 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 2011, the Board received a fee totalling SEK 980,000 (875,000) for distribution among the members of the Board (except the CEO). The fee for the Chairman of the Board was SEK 280,000 (250,000) and to other directors SEK 140,000 (125,000) per member. The fee to the Board was increased at the 2011 Annual General Meeting, after having been unchanged since 2005.

CEO

The process for establishment of conditions of remuneration of the CEO shall be formal and transparent and specify the relationship between fixed and variable remuneration as well as taking into consideration the connection between performance and remuneration. Variable remuneration for the departing CEO may amount at most to the equivalent of six months' basic salary with the possibility of setting the bonus amount aside as pension instead of salary. Variable remuneration equivalent to six months' salary (6) will be paid to the departing CEO for 2011, which, together with variable remuneration of six monthly salaries for 2010, will be charged to income for 2011. 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. 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. The new CEO, from 1 January 2012, is not entitled to a variable remuneration but instead receives a somewhat higher monthly salary. Other benefits are the same as for the departing CEO.

Deputy CEOs and other senior executives

Variable remuneration may amount to at most the equivalent of three monthly basic salaries. Variable remuneration is based on outcome in relation to goals for operating surplus, net profit and letting. For 2011, variable remuneration has been paid corresponding to 1.73 monthly salaries (1) has been charged to income for the last quarter of 2011. In February 2012, the Board decided on a slightly higher remuneration, three and two monthly salaries respectively, for two senior executives for 2011. The difference will be charged to earnings in the first quarter of 2012. Pension premium is paid during the period of employment by the company at 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 Klöver'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 Klöver's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The company had a total of 132 staff (126) at year-end 2011.

Auditors

The fee to auditors is set by the Annual General Meeting according to a proposal from the Nominations Committee. The 2011 Annual General Meeting decided that the fee should be paid in accordance with approved

invoices. The fees for audit assignments totalled SEK 1,437,000 (1,772,000) in 2011. Remuneration for other assignments totalled SEK 5,000 (5,000). No other auditing activity or tax advice took place in 2011 or 2010.

Incentive Programmes

The departing CEO has received variable remuneration equivalent to six monthly salaries for the 2011 financial year, which corresponds to 100 per cent of the maximum amount of six monthly salaries. The CEO's variable remuneration totalled SEK 1.3 million (1.2) for the 2011 financial year, which will be charged to earnings for 2011, together with the variable remuneration for 2010.

The equivalent variable remuneration for the two Deputy CEOs and four other senior executives amounted to 1.73 monthly salaries, corresponding to 58 per cent of the maximum payment of three monthly salaries. In all, the variable remuneration of these six senior executives totalled SEK 1.1 billion (1.2) for the 2011 financial year, which has been charged to earnings for 2011. In February 2012, the Board decided on slightly higher remuneration, three and two monthly salaries respectively, for 2011. The difference will be charged to earnings in the first quarter of 2012. The new CEO is not entitled to variable remuneration.

Two senior executives have warrants in Klöver with Investment AB Öresund as counterpart. The holding is shown on page 108.

Profit-sharing foundation

Klöver has a profit-sharing foundation which covers all employees that have been employed during the period. The amount transferred to the foundation may be at most one price base amount per employee and year and is based on a combination of Klöver's profit, required yield and dividend to shareholders. At year-end 2011, the Foundation owned 861,000 shares in Klöver corresponding to 0.5 per cent of the total number of registered Klöver shares. In February 2012, the Board decided that an allocation would be made for 2011 at one price base amount of SEK 42,800 per full-time employee.

Further information on remuneration is available in Note 3, on pages 86–87 of the 2011 Annual Report.

REMUNERATION

Amount in SEK 000s	2011	2010
<i>Chairman of the Board</i>		
Stefan Dahlbo	63	250
Fredrik Svensson	210	–
<i>Other directors</i>		
Rutger Arnhult	136	125
Ann-Cathrin Bengtson	105	–
Lars Holmgren	–	31
Eva Landén	105	–
Anna-Greta Lundh	136	125
Erik Paulsson	105	–
Lars-Göran Pettersson	31	94
Lars Rosvall	31	125
Fredrik Svensson	31	125
<i>CEO</i>		
Basic salary	2,815	2,583
Variable remuneration	2,548	1,140
Benefits	69	68
<i>Deputy CEOs (two persons)</i>		
Basic salary	2,908	2,617
Variable remuneration	441	434
Benefits	131	127
<i>Other senior executives</i> <i>(4.7 persons in 2011, 5.5 persons in 2010)</i>		
Basic salary	5,125	5,118
Variable remuneration	701	765
Benefits	488	363
<i>Other employees</i>		
Basic salary	49,653	46,542
Variable remuneration	–	–
Benefits	2,920	2,561
Total	68,752	63,193

Contractual pension costs (including Fora)

CEO	936	867
Vice-Presidents (2 persons)	967	925
Other senior executives (4.7 persons in 2011, 5.5 persons in 2010)	1,773	1,731
Other employees	5,283	4,703
Total	8,959	8,226

Statutory pension costs (including wages tax)

Chairman of the Board	86	79
Other directors	210	196
CEO	2,031	1,401
Deputy CEOs (2 persons)	1,346	1,223
Other senior executives (4.7 persons in 2011, 5.5 persons in 2010)	2,488	2,383
Other employees	17,082	16,042
Total	23,243	21,324
GRAND TOTAL	100,954	92,743

Stefan Dahlbo, Lars-Göran Pettersson and Lars Rosvall declined re-election at the 2011 Annual General Meeting and were replaced by Ann-Cathrin Bengtson, Eva Landén and Erik Paulsson. Fredrik Svensson was elected as Chairman of the Board. Lars Holmgren declined re-election at the 2010 Annual General Meeting and was replaced by Lars-Göran Pettersson.

Internal governance and control

Klövern encounters risks every day that can have an impact on business and the ability to achieve 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
- Equality plan
- Crisis and disaster plan

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. Klöver's 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 by 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 market area manager responsible for performance. Reporting is made to the executive management and auditors.

Internal audit

Klövern has a decentralized and transparent organization 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 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.

Additional information on Klöverns risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 62–65 of the 2011 Annual Report.



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