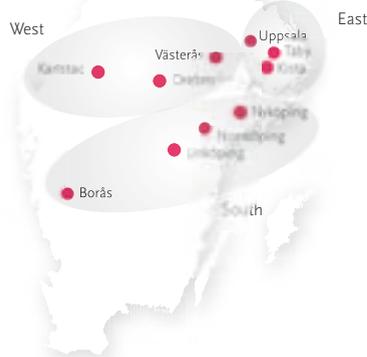


KLÖVERN  
ANNUAL REPORT  
2011



# KLÖVERN IN BRIEF



Klövern is a real estate company that with availability and commitment shall meet the customer's needs of premises and services in Swedish growth regions. Klöver is one of the larger listed real estate companies in Sweden, focusing on commercial premises.

## Closeness to the customer in two senses

Klövern is represented by its own staff in all ten prioritized cities. Own staff, who are physically present at the customer's chosen location, are a guarantee of swift service and good knowledge of the market. Being close also means having good knowledge about the tenant and their day-to-day situation. We can then provide that something extra and personal as landlord and owner of the property.

## Commitment above the ordinary

Klövern's motto – Making the customer's day easier every day – is firmly anchored in the company. Making the customer's day easier means, of course, doing one's best to solve the problems that crop up, but also being proactive, being a step ahead. Klöver's employees are not just anybody. We consider that we have unusually good and committed personnel, who really care about both the tenants and the company.

## Creating the communities of tomorrow

Klövern's vision is to be an active property owner in all cities. We do not only care about the tenants and the buildings but also the development of the cities where they are located. We make a contribution to the growth of city neighbourhoods, participate in business sector and community organizations, and have a close dialogue with municipalities and other authorities. If things go well for the city, they go well for us. One plus one can make more than two.

- The value of the properties amounted to SEK 14,880 million (13,493).
- Earnings for the year increased to SEK 1,364 million (1,243).
- The operating surplus was SEK 857 million (745).
- Profit from property management amounted to SEK 428 million (439), corresponding to SEK 2.66 per share (2.73).
- The change in the value of the properties amounted to SEK 435 million (298) and the change in the value of derivatives was SEK –225 million (23).
- Net profit for the year was SEK 465 million (605), equivalent to SEK 2.89 per share (3.76).
- Klöver is completing its offer for the real estate company Dagon AB (publ). The acceptance period has been extended to 2 April 2012.
- Rutger Arnhult has taken up his position as new CEO of Klöver from 1 January 2012.
- The Board is proposing to the Annual General Meeting that a dividend of SEK 1.25 per common share (1.50) be paid and a dividend of SEK 10 per preference share (–), to be paid at SEK 2.50 per quarter.

NET PROFIT, SEKm	2011	2010
Income	1,364	1,243
Expenses	–578	–562
Net financial income	–358	–242
<b>Profit from property management</b>	<b>428</b>	<b>439</b>
Changes in value, properties	435	298
Changes in value, derivatives	–225	23
Deferred and current tax	–173	–155
<b>Net profit for the year</b>	<b>465</b>	<b>605</b>

# KLÖVERN ACQUIRES DAGON

Klövern is acquiring the listed real estate company Dagon. This acquisition will increase Klöverns property value from SEK 15 to SEK 20 billion and the company will become established on new expanding markets in Öresund and Gothenburg among other places.

## The offer

At the beginning of December 2011, the Board of Directors of Klövern AB made a public offer for all shares in Dagon AB (publ). The offer was valued at SEK 1,474 million, corresponding to SEK 62.50 per Dagon share. The value of the offer included prospective preference shares in Dagon AB valued at SEK 133. The offer entailed an offer premium of 24 per cent compared with the closing price of SEK 50.25 for the Dagon share on 5 December 2011, i.e. the last trading day before publication of the offer.

On 2 March, Klöverns Board decided to complete the offer after acceptance by shareholders of Dagon representing 98.9 per cent of the shares. At the same time, the offer was extended to 2 April with a view to attaining 100 per cent ownership of Dagon. As the price of Klöverns preference shares on 2 March 2012 was SEK 137.75, the value of the offer amounts to SEK 1,510 million in the event of full acceptance.

Compensation to Dagon's shareholders, who have accepted the offer, consists of a cash payment of SEK 455 million and 7,544,531 preference shares. The value of the preference shares, based on the share price of SEK 137.75 on 2 March amounted to SEK 1,039 million. In the event that the remaining shareholders of Dagon decide to accept the offer according to the public offer, consideration will be paid of SEK 460 million together with 7,623,650 preference shares.

## Motivation

The acquisition of Dagon will offer a number of attractive possibilities for Klövern. The project portfolio will increase by approximately SEK 350 million, mainly in the Öresund

region. Dagon has 315,000 sq.m. of existing and potential building rights or 2,000 housing units. The acquisition will also increase Klöverns letting potential as Dagon has an economic occupancy rate of 84 per cent. After acquisition, Klövern will have a property portfolio of around 380 properties at a value of over SEK 20 billion and with a rental value of around SEK 2.2 billion.

The acquisition is wholly in line with Klöverns growth aim of eventually having a property value of at least SEK 25 billion. A larger equity with more shares and classes of share will broaden the number of potential investors.

The acquisition makes possible synergy gains in central administration such as IT, financial reporting and share listing costs. Savings and efficiency in property management are expected to be generated through economies of scale. Klövern estimates the annual synergy effects after the merger at around SEK 25 million.

## Financing, cash component

The purchase price consists of a 30 per cent cash component and 70 per cent of newly issued preference shares. In Klövern. The cash component of SEK 455 million, as at 2 March, is being financed initially by an acquisition financing of SEK 400 million and existing liquidity. Klövern intends to refinance the acquisition financing by issuing a bond loan.

## The preference share

To ensure liquidity in the new class of share, an extraordinary shareholders' meeting decided at the beginning of January 2012 on a bonus issue of preference shares to Klöverns

### 2002

In May, the then IT company Adcore splits its operations and Adcore AB changes name to Klövern AB focusing on real estate operations. Klövern acquires Postfastigheter for SEK 1.3 billion as well as properties in Nyköping and Norrköping for SEK 620 million. Gustaf Hermelin takes up post as CEO.

### 2003

Klövern is listed on the stock exchange's "O" list. Properties in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla are acquired in August for SEK 1,107 million. During the year, 15 properties are sold at unprioritized locations for SEK 185 million.

### 2004

In January, Klövern becomes established in Borås through acquisition of properties for SEK 210 million. During the year, establishment also takes place in Västerås through acquisition of 41 properties with a value of SEK 1 billion. Sale of 20 properties for SEK 307 million.

### 2005

Altogether 36 properties are sold for a price of SEK 557 million. Klövern acquires properties, mainly in Linköping for SEK 1,350 million. In December, six properties are acquired in Norrköping for SEK 355 million, the majority of the properties being in the industrial landscape.

shareholders. Almost 4.2 million shares were issued to Klöver's just over 27,000 shareholders. The preference share is traded on NASDAQ OMX Stockholm with ISIN code SE0004390037. The preference share provides a dividend of SEK 10 per year as from the first quarter of 2012 and takes priority over common shares. Dividend is paid quarterly at SEK 2.50 per preference share with the record day being the last weekday of the quarter. Otherwise, the preference shares do not confer any right to dividend. The voting right for the preference share is one tenth of the voting right for the common share.

If Klöver's Annual General Meeting of Shareholders were to decide not to pay dividend or to pay a dividend of less than SEK 2.50 per preference share during a quarter, the part that is less than SEK 2.50 shall be adjusted upwards by an annual interest rate of 8 per cent until payment in full has been made. No dividend may be paid to common shareholders until the preference shares have received payment in full.

In the event of liquidation, the preference shares have priority over the common shares corresponding to an amount of SEK 150 with supplements for any withheld amounts per preference share. After a decision at a shareholders' meeting, the preference shares may be redeemed at the request of Klöver for SEK 175 with a supplement for any withheld amount per preference share.

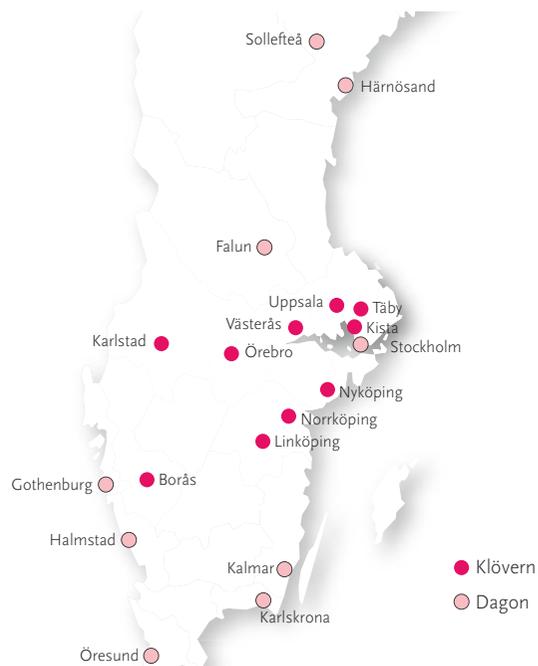
### Preliminary acquisition analysis including financing

The preliminary acquisition analysis is based on the shareholders who have accepted the offer and an assumption that the remaining shareholders decide to accept the offer with the distribution of 30 per cent in cash and 70 per cent in preference shares. The value of the consideration for the shareholders who have accepted the offer amounts to SEK 455 million in cash and SEK 1,039 million in preference shares, based on the closing share price on 2 March. The

total offer value for Dagon in the event of 100 per cent acceptance amounts to SEK 1,510 million, which has been used in the calculation in the balance sheet.

Klöver considers that all assets and liabilities in the preliminary acquisition analysis have been listed at their fair value. Klöver is not aware of any contingent liabilities or contingent assets in Dagon.

The acquisition-related transaction costs are estimated at SEK 8 million, of which SEK 1.5 million have been expensed as central administration during 2011. The issuance costs for the preference share are estimated at SEK 2 million and will be reported against equity.



#### 2006

Klöver acquires Pfizer's head office and production facility in Uppsala for SEK 235 million. In June, seven properties are acquired in Nyköping, among other places, for SEK 245 million. At the end of 2006, Klöver acquires 46 properties in Kista and Täby for a property value of SEK 4.1 billion.

#### 2007

Klöver starts construction of Kista Expo Center, Kistamässan, as well as renegotiating existing and entering into new leases with Ericsson for around 50,000 sq.m. The Kalmar and Eskilstuna units and another twelve properties are sold for SEK 1,236 million. Acquisitions totalling 47 properties in, among other places, Karlstad, Västerås and Nyköping for SEK 989 million.

#### 2008

Kistamässan opens in early September. Sale of three properties in Karlstad, Kista and Nyköping for SEK 327 million. Three properties, one of which is a freehold purchase of a site leasehold, are acquired in Kista for a total of SEK 135 million.

#### 2009

Kistamässan is completed in May and adjacent to the expo center the first sod is cut for Victoria Tower. Klöver sells four properties in Karlstad, Linköping and Nyköping for SEK 162 million and acquires five properties in Borås, Kista and Nyköping as well as 17 site leaseholds in Karlstad for a total of SEK 179 million.

#### 2010

Klöver sells eight properties and one separated property for a total of SEK 368 million and acquires 38 properties, mainly in Linköping for SEK 1,067 million. A ten-year lease contract is signed with Ericsson in Kista for a total of 36,000 sq.m. and an investment of SEK 662 million.

## BALANCE SHEET AS AT 31 DECEMBER 2011

SEKm	Klövern	Dagon	Financing	Elimination	Total
<b>Assets</b>					
Investment properties	14,880	5,687	–	–	20,567
Goodwill	–	–	–	409	409
Machinery and equipment	8	2	–	–	10
Financial assets	–	26	1,510	–1,510	26
Deferred tax asset	397	138	–	–	535
Current receivables	94	31	–	–	125
Liquid funds	11	98	–	–	109
<b>Total assets</b>	<b>15,390</b>	<b>5,982</b>	<b>1,510</b>	<b>–1,101</b>	<b>21,781</b>
<b>Shareholders' equity and liabilities</b>					
Equity	4,740	1,501	1,050	–1,501	5,790
Deferred tax liability	673	221	–	400	1,294
Interest-bearing liabilities	9,345	3,916	460	–	13,721
Derivatives	242	121	–	–	363
Accounts payable	49	56	–	–	105
Other liabilities	34	28	–	–	62
Accrued expenses and prepaid income	307	139	–	–	446
<b>Total shareholders' equity and liabilities</b>	<b>15,390</b>	<b>5,982</b>	<b>1,510</b>	<b>–1,101</b>	<b>21,781</b>

The acquisition is reported as a business combination, which entails full deferred tax and goodwill.

At the time of preparation of this report, Klöver does not have access to detailed information about Dagon. The calculations are based on Dagon's year-end report as at 31 December 2011 and are thus preliminary pending the completion statement.

## ACQUIRED NET ASSETS, SEKm

Investment properties	5,687
Deferred tax asset	138
Other assets	157
Interest-bearing liabilities	–3,916
Reported deferred tax liability	–221
Other liabilities	–344
Additional deferred tax according to preliminary acquisition analysis	–400
<b>Acquired net assets</b>	<b>1,101</b>

## CALCULATION, GOODWILL, SEKm

Offer value, Dagon's shares, 100% of shares	1,510
Acquired net assets	–1,101
<b>Goodwill</b>	<b>409</b>

### 2011 – Q1

Klövern acquires one property in Borås for SEK 22 million and divests two properties in Linköping and one in Norrköping. Large lease contracts are signed with Grant Thornton in Karlstad, among others.

### 2011 – Q2

Klövern acquires five properties, four in Täby and one in Karlstad, totalling SEK 76 million. The IT specialist Proact moves into 2,000 sq.m. in Kista and Klöver invests for the independent upper secondary school Plusgymnasiet in Norrköping.

### 2011 – Q3

The property Kabeln 1 in Norrköping is acquired and in September the 18,500 sq.m. property Boländerna 33:2 in Uppsala is taken possession of. Major new tenants include Boehringer Ingelheim in Uppsala Business Park and the school Entréskolan in Västerås.

### 2011 – Q4

Klövern sells sub-divisions of two properties in Nyköping with 3,000 sq.m. of undeveloped land. A 20-year lease contract is signed with Södermanland County Council for 3,600 sq.m. in Nyköping, Mjölklaskan 8. Gustaf Hermelin leaves his post as CEO on 31 December.

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Pages 4–98 have been audited by Klöver's auditors in accordance with the Audit Report on page 99.

Cover: Nyköping Jarlen 1 – Klöver's Head Office.

# STATEMENT BY THE CEO

The real estate industry is making excellent progress and the profit from property management is at the same high level as before. Klöverner has succeeded in raising rental levels, reducing costs and retaining its customers at the same time as there is considerable turbulence in the business environment. At the beginning of March, we announced that Klöverner is going to complete the offer for the listed property company Dagon, which prepares the way for a big step forward towards the Stock Exchange's "Large Cap" list.



After two cold winters with heavy snow, it has been gratifying, as Klöverner's newly appointed CEO, to see that this year won't be the third time running. Sweden didn't have any snow before the year-end nor did it come until late January 2012. This naturally contributed to a sharp reduction in property costs, for a comparable portfolio, during 2011. However, we also saw the impact of the efforts we've made with energy saving, direct charging of tenant costs and more efficient property caretaking.

It is even more satisfying to note that we have not only succeeded in retaining customers in these turbulent times but can moreover report a positive net moving-in. Not quite at the level that we'd hoped for but none the less a number of millions on the plus side measured in terms of annual rent. Over and above this, our rental levels are higher, regardless of whether we look at renegotiated lease contracts, the whole lease stock or newly-signed lease contracts in comparison with existing leases. The improvement of both rental income and property costs led to a positive development of the operating margin, which was 63 per cent at year-end (60), very close to our target of 64 per cent. Much of this result is due to committed and well-focused work by Klöverner's staff.

2011 started on an optimistic note. The economy still looked good even if some slackening off was anticipated not only abroad but also in the positive Swedish growth rates, the figures appeared as if they were simply moving back towards more normal levels. However, in the early summer and, in particular, after the holidays, the problems accelerated and the effects were increasingly visible, in the financial market as well. The situation rapidly deteriorated in other countries, with political bickering in the United States, crisis in Europe where an

increasing number of countries had problems with their public finances, and where the growth motor in the East – China – no longer reported two-digit growth rates.

The credit market continued to improve during the first six months of the year. The Riksbank raised the repo rate on three occasions but started to cut it again during the latter half of the year. Klöverner refinanced more than SEK 2.6 billion during the year and was granted new or expanded credit facilities for projects or acquisitions on several occasions. During the last months of the year, there was an evident lack of liquidity in the financial system, which led to an increase in the banks' internal financing costs. This naturally affected customers as well in the form of higher margins and a slightly lower leverage. The shortage of capital from the bank sector makes it of increasing interest to look for other forms of finance.

The real estate market continued to develop positively and turnover was relatively high until the very last month of the year. There was still interest in purchasing and selling properties although the shortage of liquidity had an impact and turnover fell. Klöverner acquired eight properties during the year: one each in Borås, Karlstad, Norrköping and Uppsala and four in Täby, all in cities where Klöverner already had a presence. The major part of our investments has, however, been channelled to our own projects with the large new construction of an office building for Ericsson in Kista being the largest individual project.

During 2012, Klöverner – with the acquisition of Dagon – is taking an important step on the road towards the objective of inclusion in the Stock Exchange's "Large

Cap" list. Acquisition of Dagon would mean that Klöverner taking a big step forward towards its goal of a property value of SEK 25 billion. At year-end, Klöverner's properties were valued at SEK 14.9 billion and Dagon's at SEK 5.7 billion, making a total of SEK 20.6 billion. Being large is not an end in itself but a larger company does have a broader base of potential investors with the investors that may only invest in companies on the "Large Cap" list. Klöverner will gain access to new attractive markets such as Öresund and Gothenburg as well as further potential in the form of new projects and building rights. In early 2012, Klöverner has expanded the forms of financing used by a preference share, initially to Klöverner's common shareholders but also as part payment to Dagon's shareholders. There has been considerable interest in the preference share and the liquidity of the share has been good. At the start of the year, Klöverner issued bonds to reduce the dependence on financing by the bank sector and to acquire freedom of action to carry out rapid and profitable transactions if the occasion arises.

A merger of two companies will require both commitment and hard work by both old and new staff. Perhaps not every development in our business environment will be in our favour but Klöverner has its own firm foundation to stand on. Growth provides energy internally and generates interest externally. We have an exciting year ahead of us.

Nyköping, 5 March 2012

*Rutger Arnhult*  
CEO

# BUSINESS PLAN – GOALS AND STRATEGY

Klövern's overall goal is to generate good yield for the shareholders. Strategies and interim goals have been specified for each area to achieve the best possible goal fulfilment. The goals can be divided into two main areas: administrative goals and financial goals.

## Vision

**Klövern's vision is to create the communities of the future**

The strategy is to be an active participant in creating city neighbourhoods, areas and different business clusters. Klöverns primary task is to provide premises, but if we are also able to contribute to strengthening the cities where we operate, it will also benefit Klöverns and Klöverns shareholders.

## Business concept

**Klövern shall, with availability and commitment, meet the customer's needs of premises and services in Swedish growth regions.**

Klövern's base product is, of course, the premises. The company concentrates on commercial premises within Business and Science Parks, small enterprise parks and city properties. Our way of providing premises, with availability and commitment, combined with our aim to meet the customer's needs and not just sell a finished product, says a lot about Klöverns chosen approach. The focus is on the customer and it is the employee's job to ensure that the customer is satisfied, naturally within the framework of the financial targets. The availability and commitment that Klöverns seeks to provide can only be achieved with our own staff.

The market is limited to Sweden and expansive locations with a growing population and business sector. Klöverns strategy is to become market leader in ten cities in central Sweden, with a business unit in each city.

To optimize the business, the ten business units work together in three geographical areas and share highly qualified resources in, for example, project activity and letting:

South: Borås, Linköping, Norrköping and Nyköping

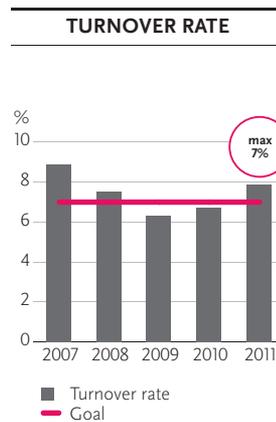
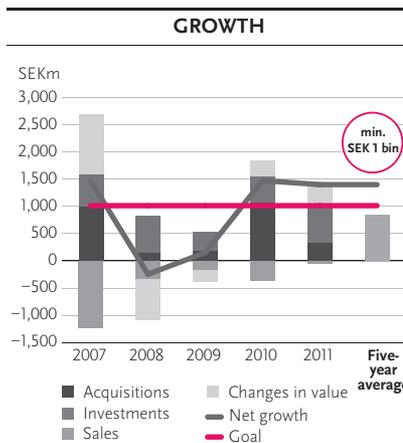
West: Karlstad, Västerås and Örebro.

East: Kista, Täby and Uppsala.

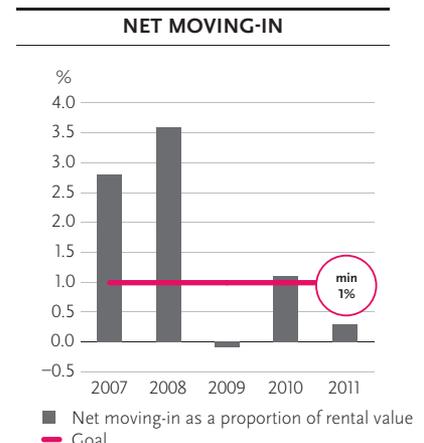
## Motto

**Making the customer's day easier every day.**

If Klöverns tenants feel that we make their life easier, this will be a weighty argument when the lease expires and it is time to renegotiate. Klöverns shall make their day easier today and tomorrow. To put it simply, this means being proactive, being a step ahead and anticipating future needs. Satisfied tenants are an important prerequisite to achieve the goals of positive net moving-in and a low turnover rate.



Lease contract value for vacating tenants during the year in relation to the average lease contract value during the year.



Lease contract value of tenants moving in minus the lease contract value of vacating tenants.

## ADMINISTRATIVE GOALS

### Growth

**The property value should amount to at least SEK 25 billion with an annual net growth of at least SEK 1 billion per year.**

A larger company, listed on NASDAQ OMX Large Cap makes possible a larger number of major institutional, in particular foreign, investors. Some of these have investment rules that place restrictions on investing in companies with a market value of less than EUR 1 billion. Klöver's market value was around SEK 4.2 billion at year-end 2011. Growth can take place both through value-creating investments, new construction and refurbishment in our own portfolio as well as by acquisition of properties.

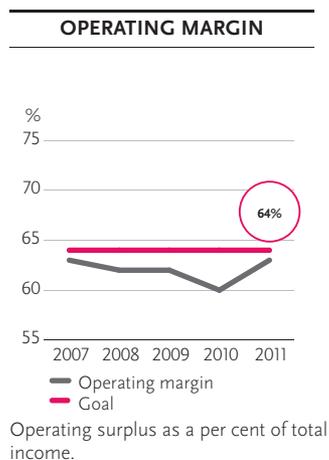
During 2011, Klöver focused mainly on investments in its own portfolio. The property value increased by SEK 1,387 million. This increase was a result of net acquisitions of SEK 267 million, investments of SEK 685 million and change in value of SEK 435 million. The average growth in the past five years amounts to SEK 836 million.

### Turnover rate

**The tenant turnover rate shall be at most 7 per cent per year.**

Limiting the tenant turnover rate has a positive effect on the result by lower income loss due to periods of vacancy and reduced costs for tenant customizations.

During 2011, turnover amounted to 7.9 per cent (6.3).



### Net moving-in

**Net moving-in shall be positive and amount to at least one per cent of the rental value per year.**

Net moving-in shows the net of rental value on an annual basis for the tenants who actually move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.

Net moving-in was positive during 2011. The target of at least one per cent of rental value was not achieved; the outcome amounted to SEK 5 million, which is equivalent to 0.3 per cent.

### Operating margin

**The operating margin should amount to at least 64 per cent in the long term.**

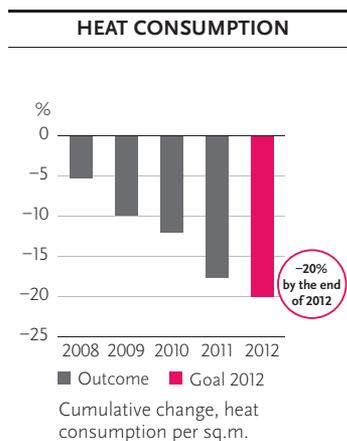
The operating margin, the operating surplus as a percentage of income, is an important key ratio in Klöver's internal evaluation of the real estate operations and is continuously measured for every property.

The goal was changed during 2011. However, the operating margin improved considerably during the year and amounted to 63 per cent (60).

### Heat consumption

**Heat consumption shall be reduced by 20 per cent for the period 2008–2012.**

Klöver works actively to reduce energy consumption at the properties. Heat consumption, adjusted for a normal year, has decreased by a total of 17.6 per cent during the period 2008–2011, of which the reduction during 2011 amount to 5.6 percentage points.





## FINANCIAL GOALS

### Return on equity

**Return on equity shall amount to at least the risk-free rate plus nine percentage points in the long term.**

This goal was increased by two percentage points from 2011 onwards. The risk-free rate is measured as a five-year government bond rate. The goal shall be regarded as an average over a number of years, since the required return is partly affected by factors over which Klöver has no control.

Return on equity amounted to 10.1 per cent (14.0) in 2011. During the past five years, the average return has been 9.5 per cent, which is below the long-term goal of 10.4 per cent.

### The equity ratio

**The equity ratio shall be in the interval 25–35 per cent.**

At the same time as making optimal use of equity, it is important to secure long-term survival and make attractive investments possible.

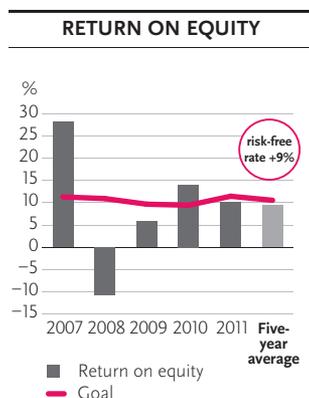
The equity ratio has been above the lower threshold every year and has been in the upper part or even above this interval as a rule. The equity ratio was 31 per cent (32) at year-end 2011.

### The interest coverage ratio

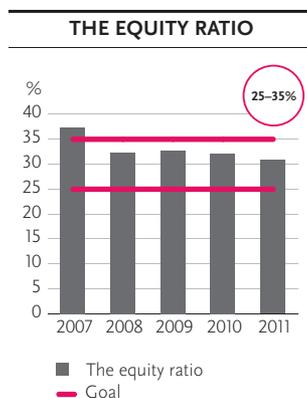
**The interest coverage ratio shall be at least 1.5 multiples.**

Interest expense is the single largest cost item for Klöver, and it is therefore important that earning capacity covers the current interest expense level by a broad margin. An interest coverage ratio of 1.5 multiples means that profit after financial items exceeds interest expense by 50 per cent. Klöver has adopted a relatively cautious interest rate strategy with protection against interest rate increases in the form of interest caps and interest swaps. This has initially raised the interest expense but also ensures an even level of expense over time.

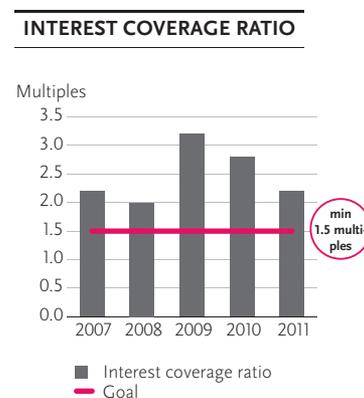
The interest coverage ratio has exceeded the goal every year. It amounted to 2.2 multiples (2.8) in 2011.



Net profit for the year in relation to average equity.



Reported equity in relation to reported total assets at year-end.



Profit on profit management plus financial costs in relation to financial costs.

Kista – office premises Victoria Tower.

## Dividend

### The dividend shall exceed 50 per cent of the profit from property management in the long term.

The profit from property management shows how real estate operations are progressing including financing costs and central administration. When assessing the size of dividend, consideration shall be given to the company's investment alternatives, financing costs and capital structure.

A dividend of SEK 1.25 per common share is being proposed to the 2012 Annual General Meeting. Dividend of SEK 10 split into four quarters is being proposed for the preference share. According to the present proposals, dividend during 2012 for the common shares that existed at the beginning of the year and the preference shares that were created by a bonus issue, where the Extraordinary Shareholders' Meeting decided on a dividend of SEK 2.50 during the first quarter, amounts to 56 per cent of the profit from property management for 2011. During the past five years, this would correspond to an average divi-

dividend of 52 per cent of profit from property management. Please see the section The share and shareholders on pages 66–69 for more information.

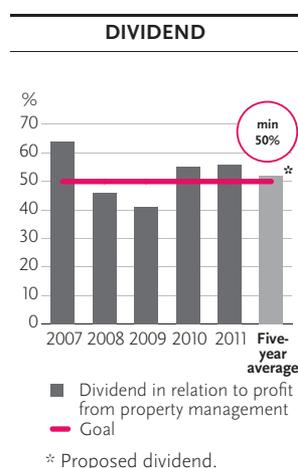
## GOAL FULFILMENT

Klövern has achieved one of the four administrative goals which apply for particular years, growth, and is well on the way to achieving the long-term goal for reduced heat consumption by the end of 2012.

Continuous work is in progress to as soon as possible achieve the three administrative goals that were not met during 2011: the turnover rate, net moving-in and the operating margin.

- During 2011, the turnover rate was greatly affected by two companies' large structural changes which led to their vacating their premises.
- A great focus on letting increases the probability for achieving the goal for net moving-in during 2012.
- There was a sharp improvement in the operating margin during 2011, although it fell short of the goal by only one percentage point. With continued work to raise rental levels, increase the occupancy rate and charging the tenant directly for property costs, there are good prerequisites to meet the goal in 2012.

During 2011, Klöver has achieved three out of four financial goals, i.e. the long-term goal that applies over a five-year period, dividend, and those that apply for a particular year, the equity ratio and the interest coverage ratio. The long-term goal for return on equity was not achieved.



# RESPONSIBLE ENTREPRENEURSHIP

Klövern works for a sustainable development for the benefit of its shareholders, customers and personnel as well as for the environment and the community. Klöver's personnel manage and develop properties where around 50,000 people work.

## Sustainability

A secure and stable working environment leads to personnel feeling satisfaction and a sense of community. Personnel are able to influence their work tasks and feel that they are participating in the business and the development of the company.

Klövern's environmental policy and environmental responsibility are the foundation for the environmental work carried out by the organization. Properties consume large amounts of energy and more efficient use of energy is the most important parameter in environmental work.

Klövern contributes to social responsibility both on a small-scale and more broadly; from participation in community development to collaboration with municipalities, the business sector and sponsoring of local sports associations.

## Environment

Klövern shall contribute to a long-term sustainable environmental development by offering environmentally compliant premises, managed and developed with the minimum possible use of resources and the least possible environmental impact on the basis of reasonable inputs.

### Environmental responsibility

Targeted environmental work takes place continuously in order to achieve steady improvements. Current legislation and environmental requirements, together with the environmental policy and action plan, serve as the basis for this work involving personnel and tenants as well as suppliers and entrepreneurs.

### Environmental work and goals

Klövern's environmental work is well integrated into the everyday work of all personnel. As part of Klöver's environmental work with continuous improvements, the goals are renewed annually in the company's environmental report. The goals are set on the basis of the company's

significant environmental aspects. To minimize our own impact on the environment, Klöver works to make energy and water consumption more efficient by training personnel and through other measures. The company shall also work for more efficient waste management, actively seek environmentally friendly alternatives when choosing materials and focus on informing, training and involving all staff in active, structured and systematic environmental work which prevents pollution and makes continuous improvements.



Klövern's personnel.

### Klövern received environmental certification in 2011

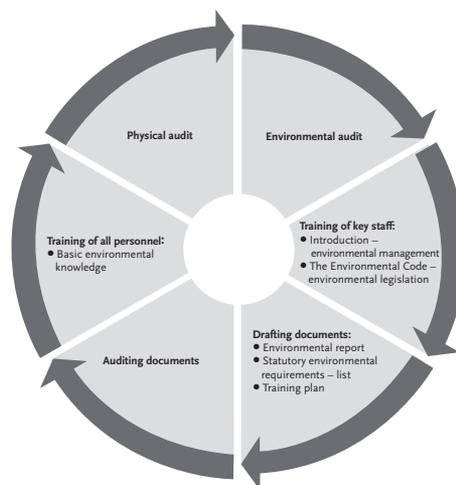
During spring 2011, Klöverna decided to obtain environmental certification for the company. The method with environmental certification is based on the gradual introduction of environmental management systems based on the international standard for environmental management – ISO 14001 – and complies with the national standard requirements for environmental certification – Svensk Miljöbas. Certification has lower documentation requirements than ISO and is focused on introducing concrete environmental improvements. Klöverna had its first audit in December and was subsequently environmentally certified.



Klövern's personnel.

The introduction of environmental certification has provided a structure and a more well-ordered approach to environmental work. The environmental certification consists of six different phases as illustrated here, with the emphasis on environmental audit. During the environmental audit, the company's environmental aspects were identified. This refers to the parts of the business operations, products and services that may have an impact on the environment. During 2012, new goals will be produced within these areas to create continuous improvements.

#### The phases of environmental certification



Klövern's environmental aspects consist of:

1. Energy and water consumption
2. Suppliers and purchasing
3. Chemicals
4. Waste
5. Vehicles, business travel and transport
6. Experience and knowledge.

### Reduced use of energy

During the year, heating consumption has decreased by 8,924 MWh, which corresponds to the annual heat consumption of around 600 detached houses. This means that the properties consume 77 kWh per sq.m. (83).

According to Klöver's environmental goals, adjusted for a normal year, consumption of heating is to decrease by 20 per cent from 75 kWh per sq.m. in 2008 by the end of 2012. By year-end 2011, this reduction totalled 17.6 per cent, of which the reduction during 2011 accounted for 5.6 percentage points.

The total electricity consumption, including part of the tenants' consumption, has decreased by 2,626 MWh (2,453) during the year. The reduction of electricity consumption is a result of a combination of energy saving measures, reduced use of motor warmers and reduced tenant consumption. The properties' average consumption amounted to 50 kWh per sq.m. (51). Electricity con-

sumption has decreased by a total of 17 per cent since the environmental goals were introduced.

The work of reducing electricity consumption is continuing with the focus on the properties that have the highest energy consumption per sq.m.

### Green management

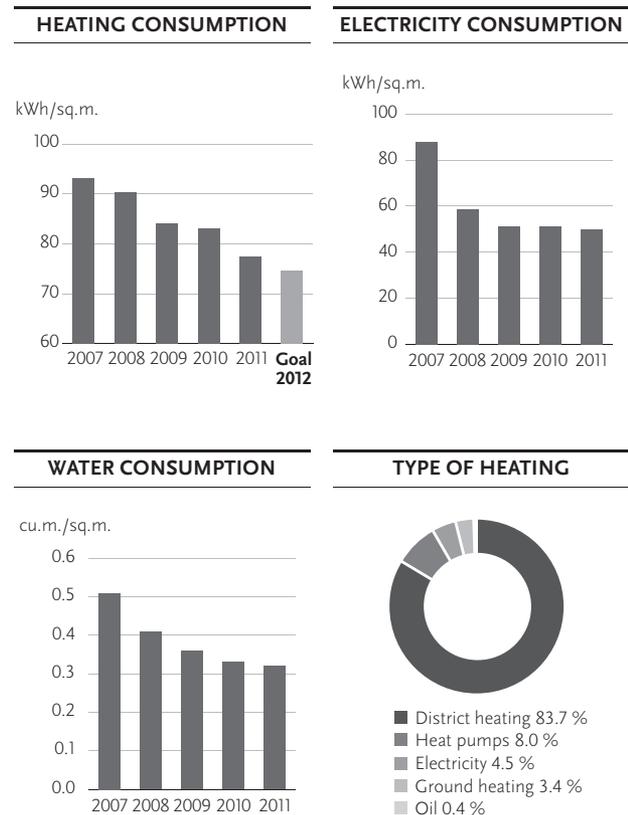
During 2011, Klöver has commissioned a new unique web-based handheld computer system. Technical staff use the handheld computer to read the monthly consumption of media. This information is transferred directly to Klöver's energy system E4.

Tenants can report defects directly to the responsible technician via the website.

Klöver's preventive maintenance plans for all properties can be read through the handheld computer and technicians then receive reminders on current measures.



Klöver's personnel.



As from 2008, consumption is measured for the total heated area in accordance with the reporting requirements in energy declarations (the EC Energy Efficiency Directive).



Västerås Allmogekulturen 1 – Klöver's first Green Building-classified property.

### Environmentally classified buildings

Klövern works with environmental classification of existing and new buildings in accordance with the Green Building classification. Klöver's first Green Building classified property Allmogekulturen 5 in Västerås, was approved in December 2011. The new construction of Ericsson's new offices at Kista, Isafjord 1, is also being built to comply with LEED gold requirements. Klöver is a member of the Sweden Green Building Council, which is the body in Sweden that deals with all classification systems.

### Green tenancy contracts

During 2011, Klöver has produced a concept to be able to offer green tenancy contracts to tenants where both parties systematically and deliberately work to reduce the environmental impact and emissions of carbon dioxide. Collaboration between landlord and tenant where both parties contribute with different inputs, entails, apart from environment gains, also cost savings for the parties.

In December, the first green tenancy contract was signed with Sörmland County Council. The contract has a term of 20 years and covers 3,600 sq.m. at the property Nyköping Mjölklaskan 8 and consists of a health centre and a child and adolescent psychiatry centre. Moving-in takes place in January 2013.

## Personnel

Klövern shall be an attractive employer with competent and committed staff. The key words availability and commitment permeate the flat organization with short decision-making paths. A large measure of independent work and decision-making in all positions leads to commitment and is a driving force. Personnel are always close to the customer, both at the business unit where the tenant is the customer and at the service unit where the business unit, investors and media, among others, are customers.

## Organization

Klövern's local ties are of crucial importance for the relationship with the customer. A decentralized organization and committed staff who take good care of their customers and strive for mutual benefit in their relations is one of Klöverns factors for success.

The Klöverns Group is organised in a service office, which is also the head office, located in Nyköping, and business units in all prioritized cities. The service office is responsible for management functions, personnel, accounting, financing, transactions, rental administration, information and investor relations, as well as for providing business support to the units. At year-end, Klöverns had a total of 132 employees (126).

To work in a committed way close to the customer, Klöverns has organized its operations into three geographic market areas which share highly-qualified resources in, for instance, project operations and letting.

The market areas are East (Kista, Täby and Uppsala), West (Karlstad, Västerås and Örebro) and South (Borås, Linköping, Norrköping and Nyköping). Each market area has an overall manager who is also part of the executive management. The local business units handle operation of the properties and the day-to-day contacts with the customers. Each business unit has a manager in charge who, working closely together with the respective market area manager, sets guidelines for the operations of the unit.



Klövern's personnel.

## Working environment

Klövern works systematically with working environment issues through health and safety officers with the goal of creating a stimulating workplace, where the risk for occupational injuries and work-related ill-health is prevented. During the year, all safety officers have undergone training in working environment adapted with special issues relating to the real estate industry.

Health profile and staff surveys have been offered to all staff for the seventh consequent year. Like previous years, the result shows a good feeling of community and well-being and a high pace of work.

All employees are covered by health insurance with attractive terms as well as receiving an annual grant for keep-fit activities and offered a subsidized lunch.

PERSONNEL	2011	2010	2009	2008	2007	Average
No. of employees at year-end	132	126	123	121	121	125
– of which women/men	58/74	54/72	48/75	51/70	49/72	52/73
– of which employed on collective agreements	32	29	32	30	32	31
Average age, years	45	45	44	44	43	44
Personnel turnover, %	8	10	6	9	14	9
Added value per employee, SEKm	5.6	6.7	6.6	6.4	6.8	6.4
Competence development cost per employee, SEK thousand	20	19	18	18	20	19
Sick leave, %	1.9	2.4	3.3	2.9	2.0	2.5

### Personnel development and recruitment

To be an attractive employer, Klöver invests a lot in staff opportunities for development.

When appointing new managers, Klöver always attempts, as far as possible, to find an internal candidate. During the year, four new business unit managers have been recruited internally.

Klöver carries out annual development interviews and produces an individual development plan with follow-up for every employee.

The company has arranged a large number of internal courses, which offer opportunities for training and developing skills and expertise, as well as exchanging knowledge and experience. During 2011, courses have been arranged in management, sales training, IT, property operation, and the environment.



Klöver's personnel.

### Practical placement system

In order to be an attractive employer and to be able to guide competent young personnel into the organization in a natural way, Klöver has developed various practical placement programmes. During the summer, two trainees were accepted from university property management courses. They participated in the work of the service office at the same time as they worked with their own projects. Their practical placement period concluded with a week at one of the business units. Klöver has successfully developed this practical placement programme over many years.

### Profit-sharing foundation

To promote participation in the business and the development of the company's performance, all personnel are included in Klöver's profit-sharing foundation. Transfers to the foundation are based on a combination of Klöver's result, required return and dividend to shareholders. The allocation may amount to at most one price base amount per employee per year.

During 2011, one price base amount per employee (1), SEK 42,800 (42,400), was set aside.

### Sustainable development of society

Klöver contributes to the development of the environment and society in a long-term sustainable way. It does this by participating in creating a physical environment that promotes growth and thus welfare for society and the individual. A building has an effect on the community throughout its life cycle, from planning, projecting and construction through administration and refurbishment to demolition. The greatest impact on the community is in the sphere of the environment. Our focus on the work of a sustainable development of society is therefore in this area. Klöver's business activities also have a social perspective, for example, we affect people's daily life through our role as employer by being a driving force in urban development in our vicinity and by creating good indoor environments, which make people feel good and enable them to develop.

# CUSTOMERS

Klövern's staff shall make the customer's day easier every day. With availability and commitment, meet the needs of premises and services in Swedish growth regions.

## Availability and commitment

Klövern concentrates on commercial premises within the framework of Business and Science Parks, small enterprise parks and city properties. The company is represented by its own staff in all ten prioritized cities. Having own staff, who are physically present where the tenant is located, guarantees swift service and good knowledge of the market, as well as being an essential foundation of the business concept as a whole. The primary task is to provide premises but it is also important to contribute to strengthening the cities where Klöver operates.

The motto – making the customer's day easier every day – is firmly anchored in the company. Making easier means, of course, doing one's best to solve problems that crop up, but also being proactive, being a step ahead.

This approach to providing premises, with availability and commitment, as well as an endeavour to meet the needs of the customer and not only sell a finished product, provides a good description of how Klöver works. The focus is on the customer.

## Customer structure and contract value

Klövern's business orientation means that 99 per cent of the contract value consists of commercial leases. At the year-end, private companies accounted for 56 per cent (51), listed companies for 28 per cent (33) and public sector activities for 16 per cent (16) of the contract value.

## KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %	Average remaining contract period, years	Number of contracts	Area, 000 sq.m.
LM Ericsson AB	185	13	3.5	28	103
TeliaSonera Sverige AB	29	2	3.1	40	20
Posten Meddelande AB	21	2	3.5	31	19
Orexo AB	21	2	2.8	12	8
Kistamässan AB	20	1	8.7	3	16
Östergötland County Council	16	1	2.1	13	12
Municipality of Linköping	15	1	1.2	16	12
Swedish Transport Agency	14	1	1.3	15	16
ULTRA Education i Norden AB	12	1	3.0	4	9
Municipality of Norrköping	12	1	4.5	26	12
<b>TOTAL</b>	<b>345</b>	<b>25</b>	<b>3.5</b>	<b>188</b>	<b>227</b>

In all, Klöver had 4,949 leases (4,476) with almost 2,900 (2,800) tenants at year-end and the average lease term was 2.8 years (2.8).

The contract value for tenants moving in 2011 and for lease contracts signed, where the tenant had not yet moved in, totalled SEK 197 million (189).

The share of the ten largest customers amounts to 25 per cent (25) at year-end and the average lease term to 3.5 years (3.7).

Klövern's total contract value amounted to SEK 1,380 million (1,325) at year-end.



Klövern's personnel.

### Turnover rate

Limiting the tenant turnover rate has a positive effect on the result by reduced loss of income due to periods of vacancy and lower costs for tenant customizations. According to the goal, the turnover rate for tenants should be at most 7 per cent per year. Structured meetings with customers enables to anticipate needs and increase customer loyalty.

During 2011, tenant turnover rate amounted to 7.9 per cent (6.3), which is attributable to two major tenant vacations which were known in advance. The average for the past five years is 7.4 per cent.

### Net moving-in

The goal of the business plan is for net moving-in to amount to at least one per cent of the rental value per year. Satisfied tenants are a prerequisite for achieving this. Positive net moving-in will gradually increase Klöverns occupancy rate. Letting work has been successful during the year. Tenants moving in amounted to SEK 112 million (99), which is an increase of 13 per cent compared with the previous year. Vacating tenants amounted to SEK -107 million (-83). Among the vacating tenants were Saab Avitronics and SonyEricsson, which had decided to leave Kista. The rental value for them amounted to SEK 27 million.

Klövern's net moving-in, i.e. tenants moving in less vacating tenants during the year, was positive and totalled SEK 5 million (16). The goal of an increase of at least one per cent of the rental value was not achieved, the outcome amounting to 0.3 per cent (1.1).

### Rent losses

Despite the after-effects of the financial crisis and problems in certain industries, Klöverns rent losses continue to be very low. The close collaboration with the customers, together with good knowledge of the local market, is the most important explanation for rent losses continuing to be very low. In 2011, they amounted to 0.2 per cent (0.2) or SEK 3.2 million (3.1) of total income.

### Future moving-in

Klövern has, among other contracts, signed a twenty-year lease contract with Sörmland County Council for almost 3,600 sq.m. of health care premises at the property Mjölklflaskan 8 in Nyköping. Moving-in after refurbishment is expected to take place in January 2013 and the annual rent will be almost SEK 5 million.

Friskis and Svettis in Norrköping have signed a lease contract for 2,900 sq.m. at the property Reläet 9 at Ingelsta in Norrköping. The lease term is 10 years and the annual lease amounts to over SEK 3 million. Moving-in is expected to take place in stages from December 2011.

During the second half of 2012, Ericsson will move into 27,000 sq.m. of new offices at the property Isafjord 1 in Kista. The ten-year lease contract, signed in 2010, includes both new construction and refurbishment total-ling 36,000 sq.m. Moving-in to the 9,000 sq.m. refurbished part of the property started in July 2011. The annual rent will amount to SEK 66 million, of which the space moved into in 2011 accounted for SEK 6 million. Klöverns total investment is estimated at SEK 662 million.



“During the spring of 2012, we are refurbishing our shop at our existing premises at Stora Torget in Borås in close collaboration with Klöverns. This work is simplified by the straightforward and positive contacts between us, which feels good” says Marita Gligic, shop manager at Lindex.

Klövern's investment in the property Nestor 1 in Borås amounts to almost SEK 10 million and includes energy optimization in addition to modern shop premises

#### CONTRACT VALUE BY CUSTOMER CATEGORY



■ Private companies 56 %  
■ Listed companies 28 %  
■ Public sector 16 %



**CINEMA**

The property Kopparhammaren 7 in Norrköping, located at Norrköping Science Park, has undergone large positive changes. During 2011, among other tenants, the municipal cinema Cnema moved into 1,000 sq.m. The cinema is directly adjacent to Norrköping's Visualization Centre.

# REAL ESTATE OPERATIONS

Property portfolio	18
Business and Science Parks	22
Transactions and projects	24
The value of the properties	30



# PROPERTY PORTFOLIO

The value of the properties increased by 10 per cent (12). Net moving-in amounted to SEK 5 million (16) and the rental value increased by SEK 68 million (101). The economic occupancy rate remained at 89 per cent although the area-based occupancy rate increased by one percentage point to 80 per cent.

## Property portfolio and rental value

At year-end 2011, Klöver had a total of 255 properties (250) located in 14 municipalities (14).

The total property value was SEK 14,880 million (13,493), the lettable area was 1,561,000 sq.m. (1,528,000) and the rental value amounted to SEK 1,554 million (1,486) at year-end. The increase in the value of the properties resulted from acquisitions of SEK 315 million (1,067), sales of SEK -48 million (-368), investments of SEK 685 million (464) and changes in value of SEK 435 million (298). The increase in rental value is largely

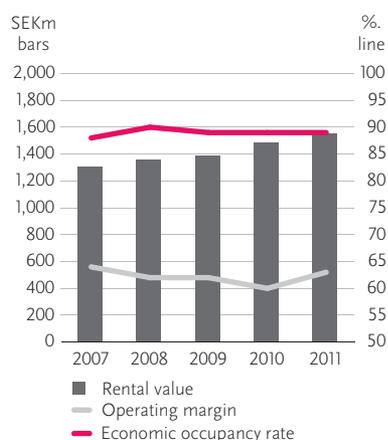
attributable to acquisitions during the year, investments at existing properties and increased index supplements.

## Rental income and average rent

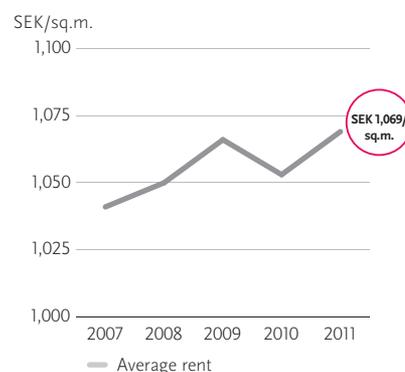
Rental income amounted to SEK 1,343 million (1,233) in 2011. Other income consisting of rental guarantees and early redemption of lease contracts totalled SEK 21 million (10). At year-end, the remaining rental guarantees totalled SEK 15 million (31).

The average rent is calculated on the basis of the contract value and area let and amounted to

### DEVELOPMENT OF PROPERTY PORTFOLIO



### AVERAGE RENT



### AREA AND AVERAGE RENT PER TYPE OF PREMISES

	Offices		Industrial/warehouse		Retail		Other*		Total	
	Total area, 000 sq.m.	Average rent**, SEK per sq.m.	Total area, 000 sq.m.	Average rent**, SEK per sq.m.	Total area, 000 sq.m.	Average rent**, SEK per sq.m.	Total area, 000 sq.m.	Average rent**, SEK per sq.m.	Total area, 000 sq.m.	Average rent**, SEK per sq.m.
Borås	27	869	46	526	5	1,015	6	805	84	686
Linköping	143	1,160	100	513	23	1,725	16	1,116	282	1,015
Norrköping	69	1,304	56	558	28	829	16	1,168	169	994
Nyköping	46	1,049	49	471	20	1,304	18	991	133	915
<b>South</b>	<b>285</b>	<b>1,143</b>	<b>251</b>	<b>517</b>	<b>76</b>	<b>1,244</b>	<b>56</b>	<b>1,060</b>	<b>668</b>	<b>940</b>
Karlstad	109	1,115	49	651	16	1,139	28	1,223	202	1,014
Västerås	48	1,008	108	638	39	1,136	22	861	217	870
Örebro	34	1,046	9	496	6	792	9	896	58	915
<b>West</b>	<b>191</b>	<b>1,075</b>	<b>166</b>	<b>633</b>	<b>61</b>	<b>1,122</b>	<b>59</b>	<b>1,037</b>	<b>477</b>	<b>941</b>
Kista	178	1,653	63	1,236	3	1,100	10	649	254	1,491
Täby	48	1,158	19	855	4	1,020	6	1,219	77	1,080
Uppsala	41	1,455	16	625	3	858	25	2,503	85	1,585
<b>East</b>	<b>267</b>	<b>1,524</b>	<b>98</b>	<b>1,077</b>	<b>10</b>	<b>1,017</b>	<b>41</b>	<b>1,728</b>	<b>416</b>	<b>1,420</b>
<b>TOTAL</b>	<b>743</b>	<b>1,259</b>	<b>515</b>	<b>676</b>	<b>147</b>	<b>1,180</b>	<b>156</b>	<b>1,206</b>	<b>1,561</b>	<b>1,069</b>

\* Consists of education, health care, residential, laboratories, data centre and recreation.

\*\* Calculated on the basis of total contract value for the types of premises offices, industrial/warehouse, retail and other, and the let area.

SEK 1,069 per sq.m. (1,053). The change in the average rent is due to higher rental levels for newly signed lease contracts, renegotiations and the positive development of CPI during 2010. The average rent varies between different market areas depending on the type of property, the location of the properties and the local rental market.

The development of CPI up till the end of October 2011 will affect the contract value by SEK 25 million (14) from 2012. This increase is not included in the rental value as at 31 December 2011.

### Property costs

Property costs increased marginally, to SEK 507 million (498) at year-end 2011, despite a considerably larger portfolio for the full year 2011. Property costs decreased by 5 per cent (6) for a comparable portfolio. The mild winter during November and December had a positive effect on costs. For a comparable portfolio, costs amounted to SEK 337 per sq.m. (356). Heat consumption amounted to 94 per cent (114) of consumption adjusted for a normal year resulting from a higher average temperature and energy saving measures.

Rent losses continue to be very low, totalling SEK 3.2 million on 31 December (3.1), or 0.2 per cent (0.2) of the total income.



Karlstad Skepparen 15.

#### PROPERTY COSTS FOR A COMPARABLE PORTFOLIO, SEK/SQ.M.

	2011	2010
Operating costs	202	225
Maintenance	23	17
Site leasehold fee	15	14
Property tax	43	43
Property administration	54	57
<b>TOTAL</b>	<b>337</b>	<b>356</b>

Relates to properties owned for the whole of 2010 and 2011.

#### TYPE OF PREMISES



■ Offices 55 %  
■ Industry/warehouse 24 %  
■ Retail 10 %  
■ Other 11 %

#### RENTAL VALUE



■ South 37 %  
■ West 27 %  
■ East 36 %

#### AREA



■ South 43 %  
■ West 30 %  
■ East 27 %

Distribution based on rental value.

### Operating surplus

At year-end 2011, the operating surplus amounted to SEK 857 million (745). This increase is partly due to the larger portfolio for the full year and a positive index development but also because of positive net moving-in, a milder winter and persistent work to reduce costs. The operating surplus has increased by 7 per cent to SEK 761 million (710) for a comparable portfolio.

### Operating margin

Klövern's operating margin, including one-off effects, was 63 per cent (60). The operating margin is measured as the operating surplus in relation to income.

An increased occupancy rate normally leads to an increase in the operating margin as operating costs do not increase proportionally with the occupancy rate. The change in the operating margin during 2011 has been affected by increased average rent and lower costs.

### Occupancy rate

The economic occupancy rate, lease contract value in relation to rental value, remains at the same level as before at 89 per cent (89) at year-end 2011. The occupancy rate is not always fully affected by net moving-in as the value of the rent in the new lease often exceeds the value of the previously vacant space. The area-based occupancy rate increased to 80 per cent (79).

### Net moving-in

Net moving-in was positive during the year, despite a couple of major vacations that were known in advance. In particular, during the third quarter, a very strong development of new leases was noted, which is reflected in a positive net moving-in. Klöver's net moving-in amounted to SEK 5 million (16) on an annual basis, based on tenants moving in at SEK 112 million (99) and vacating tenants at SEK -107 million (-83).

Lettings affect the rental value and rental income from the date that tenants move in.

In addition to the tenants moving in, Klöver has signed additional lease contracts during 2011 for SEK 85 million with moving in in 2012 or subsequently. The contract value for tenants moving in together with contracts signed, where the tenant has not yet moved in, amounted to SEK 197 million (189).

### Lease contract structure

In all, Klöver has 4,949 leases (4,476). Of the leases, measured as a proportion of contract value, 24 per cent (22) expire during 2012. The average lease term was 2.8 years (2.8). The average contract value, including supplements, was 69 per cent (70) indexed in relation to the consumer price index (CPI).

NET MOVING-IN



LEASE CONTRACT STRUCTURE



LEASE CONTRACTS BY SIZE



### THE RESULT FOR A COMPARABLE PORTFOLIO

	31.12.2011	31.12.2010
Area, 000 sq.m.	1,361	1,360
Fair value, SEKm	13,451	12,425
Required return, %	7.1	7.2
Economic occupancy rate, %	89	90
Area-based occupancy rate, %	80	80

	2011	2010
SEKm	Jan–Dec	Jan–Dec
Rental income	1,216	1,190
Other income	4	5
Property costs	-459	-485
<b>Operating surplus</b>	<b>761</b>	<b>710</b>

Refers to properties owned during the whole of 2010 and 2011.

### Profit and key ratios

The table shows the result of operating activities, including properties sold during the year and investments made.

The key ratios show the situation at the respective year-end and the figures in the two parts of the table are therefore not wholly comparable.



Nyköping Glödlampan 16 – Klöveräven acquired this over 800 sq.m. property in 2009. A four-year lease contract has been signed with Riksbyggen who moved in in May 2011. The contract value amounts to SEK 780,000.

### PROFIT AND KEY RATIOS PER MARKET AREA AND BUSINESS UNIT

	Profit										Key ratios, 31 December									
	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, SEKm		Investments, SEKm		Fair value, SEKm		Required return, average*, %		Lettable area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Borås	53	45	-20	-20	33	25	62	56	5	6	436	398	7.6	7.8	84	80	56	51	95	97
Linköping	218	155	-74	-55	144	100	66	65	19	33	2,183	2,129	7.2	7.4	282	287	254	258	86	87
Norrköping	122	97	-55	-50	67	47	55	48	117	71	1,271	1,143	7.3	7.2	169	162	149	132	89	87
Nyköping	100	103	-36	-42	64	61	64	59	32	28	928	891	7.6	7.8	133	135	112	109	89	90
<b>South</b>	<b>493</b>	<b>400</b>	<b>-185</b>	<b>-167</b>	<b>308</b>	<b>233</b>	<b>62</b>	<b>58</b>	<b>173</b>	<b>138</b>	<b>4,818</b>	<b>4,561</b>	<b>7.4</b>	<b>7.5</b>	<b>668</b>	<b>664</b>	<b>571</b>	<b>550</b>	<b>88</b>	<b>88</b>
Karlstad	181	182	-64	-67	117	115	65	63	26	42	1,727	1,577	7.1	7.3	202	201	196	190	92	94
Västerås	139	129	-68	-66	71	63	51	49	54	36	1,320	1,234	7.4	7.4	217	218	166	161	86	83
Örebro	49	50	-16	-20	33	30	67	60	3	14	457	428	7.2	7.3	58	58	52	51	94	95
<b>West</b>	<b>369</b>	<b>361</b>	<b>-148</b>	<b>-153</b>	<b>221</b>	<b>208</b>	<b>60</b>	<b>58</b>	<b>83</b>	<b>92</b>	<b>3,504</b>	<b>3,239</b>	<b>7.2</b>	<b>7.4</b>	<b>477</b>	<b>477</b>	<b>414</b>	<b>402</b>	<b>90</b>	<b>90</b>
Kista	325	336	-107	-109	218	227	67	68	396	180	4,945	4,414	6.4	6.5	254	253	369	367	90	92
Täby	71	63	-25	-26	46	37	65	59	11	7	658	560	7.3	7.4	77	67	81	70	95	96
Uppsala	85	73	-40	-43	45	30	53	41	22	47	955	719	8.4	8.5	85	67	119	97	81	78
<b>East</b>	<b>481</b>	<b>472</b>	<b>-172</b>	<b>-178</b>	<b>309</b>	<b>294</b>	<b>64</b>	<b>62</b>	<b>429</b>	<b>234</b>	<b>6,558</b>	<b>5,693</b>	<b>6.8</b>	<b>6.9</b>	<b>416</b>	<b>387</b>	<b>569</b>	<b>534</b>	<b>89</b>	<b>90</b>
Other <sup>1)</sup>	21	10	-2	0	19	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,364</b>	<b>1,243</b>	<b>-507</b>	<b>-498</b>	<b>857</b>	<b>745</b>	<b>63</b>	<b>60</b>	<b>685</b>	<b>464</b>	<b>14,880</b>	<b>13,493</b>	<b>7.1</b>	<b>7.2</b>	<b>1,561</b>	<b>1,528</b>	<b>1,554</b>	<b>1,486</b>	<b>89</b>	<b>89</b>

1) Income consists of rental guarantees and redemption of leases. Costs consist of items that are not directly attributable to normal property operations.

\* Calculated excluding building rights.

# BUSINESS AND SCIENCE PARKS

Business and Science Parks are interactive research environments that contribute to the development of innovation-driving meeting places in Sweden. The physical location increasingly resembles project arenas where researchers, students, entrepreneurs and visitors congregate in large industrial testing and demonstration environments.



Norrköping Kopparhammaren 7 – Norrköping Science Park.

At year-end 2011, there were 33 registered Science Parks in Sweden, according to the trade organization SISP. Together, the parks accommodate over 72,000 people, 5,000 companies and some 40 incubators.

**A Science Park** is a research centre for new technology and communications with links to a university, the business sector and the public sector.

**A Business Park** is a geographically defined place where companies in similar industries collaborate and produce products and services. The intention is to cooperate and develop to establish a common profile and knowledge development to reinforce growth.

An **incubator** is a type of professional advisory centre for young companies, which supports those wishing to develop new ideas with a clear strong growth potential. They work with a systematic and dynamic process to develop people and businesses.

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## Klövern a dominant player in six parks

According to its business concept, Klöver focuses on commercial premises, in particular properties in Business and Science Parks. This accords well with the vision of being able to develop properties together with the customers and, at the next stage, participate in the development of the cities where Klöver has chosen to operate. These are knowledge-intensive and highly creative environments, providing prospects for collaboration and new business transactions.

The rental value of Klöver's Business and Science Parks amounted at year-end 2011 to SEK 612 million (597), which corresponds to 39 per cent (40) of the total rental value. The economic occupancy rate at the parks was 88 per cent (89).

The content of the parks is often governed by the profile areas associated with the respective park.

## Karlstad Business Park

Focus in the park at Kanikenäset has the emphasis on companies producing services. Klöver initiates collaboration with the public sector and university to investigate the possibility of further strengthening the development of premises to clusters within the university's areas of focus.

## Kista Science City

Klövern is one of the major property owners in Sweden's foremost business clusters within ICT (Information, Communication and Technology). In recent years, the exhibition and events centre Kistamässan has been established in Klöver's premises. During 2011, in collaboration with Klöver, the square Arne Beurlings torg and Victoria Tower with hotel and office premises were established adjacent to the fair. Kista's development is continuing at a rapid pace and Klöver is continuing to contribute to its growth.

### Linköping Mjärdevi Science Park

The park is adjacent to the university in one of Sweden's oldest Science Parks, which was established in 1984. Mjärdevi Science Park now accommodates 260 companies and 6,000 people, who work there.

After Klöverns acquisition of Valad's properties in Mjärdevi during 2010, Klöver is now the largest property owner in the park with 30 per cent of the properties. The focus is on hi-tech companies in the telecommunications and image processing industries, among others.

### Norrköping Science Park

High level research and development take place in and around the park. The focus areas are printed electronics, interactive services and visualization. The properties in the park are undergoing continuous development.

The refurbishment of Kopparhammaren 7 which started in 2009 is continuing and now also includes the cinema Cnema and the media lab, which was inaugurated in September 2011.

### Uppsala Business Park

There are some twenty additional companies in the former Pfizer plant compared with last year, making a total of just over sixty companies. The main focus of the park is life science with biochemical manufacturing and research. The larger tenants include Orexo and Kemwell which together lease almost 18,000 sq.m.

### Örebro Business Science Arena

Forskarbyn 2 is Klöverns property which is now part of Örebro Business Science Arena. This area, within Örebro University, is being developed with office and laboratories for companies in distribution logistics, energetic materials and nutrition.

Construction of the new University Square is planned to start in 2012 and the university is then hoping to further enhance its status as a seat of learning in the international competition.



Klöverns personnel.

### Services and additional facilities

The foremost added value for the park's customers is the opportunity for networking with the other companies. Environments, which stimulate communication, innovation and creativity are important. It is also important for the customer that there are service companies offering accounting, legal, financing, insurance advisory and business development within the park.

The offering of services in the parks is also a significant feature. Klöver has signed a collaboration agreement with Sodexo to develop services and additional facilities at Klöverns business parks. The first such facility is Norrköping Science Park where Sodexo from October 2011 onwards operates a restaurant, conference facilities, telephone switchboard and mail processing.

### Development

The trend in the parks is moving towards a more open innovation process which gives the businesses even greater opportunities to develop and collaborate.

Global networks and chains of value are created to facilitate and reinforce business clusters worldwide.

The small and medium-sized companies in the parks are those which will play an important part in regional business development.

# TRANSACTIONS AND PROJECTS

During the year, Klöver has focused primarily on new construction and refurbishment at existing properties. Net acquisitions amounted to SEK 267 million (699) and investments in existing properties to SEK 685 million (464).

## Growth

According to the business plan, the goal is a net growth of at least SEK 1 billion per year. This increase can take place through acquisition and new construction, refurbishment and extensions of existing properties and changes in value.

During 2011, Klöver has primarily focused on new construction and refurbishment projects at existing properties. Net acquisitions amounted to SEK 267 million (699) and investments to SEK 685 million (464), producing an aggregate investment volume of SEK 952 million (1,163). Together with positive changes in value of SEK 435 million (298), net growth was SEK 1,387 million (1,461) and the goal was achieved.

Klöver's acquisition strategy is to continue to increase its property holding in existing cities and to create clusters at these locations. Priority is given to commercial properties in Business and Science Parks, city properties with offices and shops and properties in small enterprise parks.

Sales are focused on the properties that are outside Klöver's prioritized cities. Standalone and completely developed properties in the prioritized cities may also be sold.

## Property transactions

The Swedish property market was strong at the beginning of the year and the volume of transactions in the first six months exceeded the corresponding period last year. During the second half of 2011, transactions slowed down because of the increased turbulence that affected the business environment, in particular the eurozone. The Swedish banks have also restricted the provision of credit and interest margins have increased sharply during the autumn.

Despite this slackening off, the volume of transactions was at the same level as during 2010. The total volume in Sweden amounted to SEK 104 billion (103), according to DTZ Sweden.

## Acquisitions

During the year, Klöver has made acquisitions in a number of the prioritized cities. In Uppsala, the property Boländerna 33:2 was taken possession of on 1 September. The lettable area amounts to 19,000 sq.m. and the pur-

chase price was SEK 194 million. Four properties were acquired in Täby in May, which are adjacent to Klöver's existing properties in the municipality. The lettable area are 9,000 sq.m. and the purchase price amounted to SEK 60 million.

A total of 8 properties (38) were acquired in 2011 at a price of SEK 315 million (1,067) with a lettable area of 37,000 sq.m. (160,000).

## PROPERTIES ACQUIRED DURING 2011

	No. of properties	Lettable area, 000 sq.m	Rental value, SEKm	Price, SEKm
Borås	1	4	3	22
Karlstad	1	–	0	16
Norrköping	1	5	4	23
Täby	4	9	9	60
Uppsala	1	19	24	194
<b>TOTAL</b>	<b>8</b>	<b>37</b>	<b>40</b>	<b>315</b>

Detailed information can be found in the property specifications.

## Sales

Klöver has sold five properties (9) with a total lettable area of 5,000 sq.m. (27,000). The sales price was SEK 48 million (368) and the sales have led to positive realised changes in value of SEK 5 million (26). The sales were intended to further concentrate the property portfolio. All sold properties are in prioritized cities although they have a high vacancy rate or are plots for development of property types that are not included in the categories that Klöver focuses on. Two of the properties sold have undergone property formation during the year.

## Refinement gain from improvement of sold properties

The realized change in value of sold properties is based on the difference between the properties' fair value at the last closing of the books and the price that the property was sold for. The worked-up unrealized changes in value from previous years are included in the fair value of the properties and are therefore not visible in the realized change in value.

Klöver has invested SEK 22 million (313) in the properties sold this year during its period of ownership. The sales price of the properties totalled SEK 48 million (368), which produces a refinement gain of SEK 26 million (55).

**PROPERTIES SOLD DURING 2011**

	Property	Type of premises	Lettable area, 000 sq.m.	Rental value, SEKm	Price, SEKm
Linköping	Glasfatet 4	Retail	1	1	10
Linköping	Pagoden 2	Industry/warehouse	4	2	13
Norrköping	Malmen 7	Site	–	0	16
Nyköping	Hermelinen 9	Retail	0	1	5
Nyköping	Lansen 14	Site	–	0	4
<b>TOTAL</b>			<b>5</b>	<b>4</b>	<b>48</b>

**Project activities**

Klövern's project activities are focused on developing existing properties, letting vacant space, energy-saving measures and new production on building rights.

Klövern's project volume has expanded during the past few years.

During 2011, Klövern's project organization has been reinforced with the overall aim of improving quality and cost effectiveness.

Most projects are of relatively limited size. Of the over 200 projects in process at the year-end, only ten projects have an estimated investment exceeding SEK 10 million.

Klövern is also investing in energy optimization, which has an impact on both the environment and operating costs. At the end of the year, 20 energy projects were in process. The estimated energy saving amounts to 4,100 MWh, equivalent to 3.4 per cent of Klövern's total consumption.

The prerequisites for carrying out new construction continue to be good, which accords well with increased demand on the part of tenants for flexibility and quality. Producing new modern office environments, preferably in Business or Science Parks or adjacent to travel interchanges will be a profitable transaction for Klövern.

**PROJECTS IN PROGRESS OVER SEK 50 MILLION AS AT 31 DECEMBER 2011**

	Property	Type of project	Lettable area, sq.m.	Project area, sq.m	Vacancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Rental value after project*, SEKm	Expected completion date, year
Kista	Isafjord 1	Offices/customer centre	57,512	36,000 <sup>1)</sup>	0	662	275	42	133	2012
Västerås	Ringborren 15	Offices/retail	17,996	11,911	10	52	50	8	16	2013
<b>TOTAL PROJECTS OVER SEK 50 MILLION</b>			<b>75,508</b>	<b>47,911</b>		<b>714</b>	<b>325</b>	<b>50</b>	<b>149</b>	

1) Of which 27,000 sq.m. is for a new building and 9,000 sq.m. is for refurbishment of an existing building.

**PROJECTS IN PROGRESS SEK 10–50 MILLION AS AT 31 DECEMBER 2011**

	Property	Type of project	Lettable area, sq.m.	Project area, sq.m	Vacancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Rental value after project*, SEKm	Expected completion date, year
Kista	Lidarände 1	Offices	19,195	3,700	0	43	3	6	27	2012
Nyköping	Mjölklaskan 8	Office/health care	8,035	3,560	7	38	38	3	9	2013
Norrköping	Kopparhammaren 2	Education	36 537	3,585	10	28	15	3	41	2012
Kista	Helgafjäll 3	Office	14,467	3,890	0	27	1	7	25	2012
Norrköping	Reläet 9	Cym facility/leisure	32,154	2,900	25	24	4	2	17	2012
Västerås	Klas 8	Office/retail	5,268	5,268	5	19	10	4	8	2012
Linköping	Dahlia 18	Office/energy	4,644	4,644	1	18	2	1	7	2012
Borås	Nestor 1	Retail/energy	2,419	1,148	9	10	10	1	4	2012
<b>TOTAL PROJECTS SEK 10–50 MILLION</b>			<b>122,719</b>	<b>28,695</b>		<b>207</b>	<b>83</b>	<b>27</b>	<b>138</b>	

**PROJECTS IN PROGRESS BELOW SEK 10 MILLION AS AT 31 DECEMBER 2011**

	Estimated investment, SEKm	Remaining investment, SEKm	Expected completion date, year
<b>TOTAL PROJECTS BELOW SEK 10 MILLION</b>	<b>366</b>	<b>180</b>	<b>2012–</b>

**TOTAL PROJECTS IN PROGRESS AS AT 31 DECEMBER 2011**

**1,287**      **588**

\* According to external valuation

### Projects during 2011

During the year, a large number of projects took place at existing properties. In all, SEK 685 million (464) was invested.

In addition to the projects completed during 2011, a large number of major and minor projects are still in process. At year-end 2011, a total of 214 projects (149) were in process with estimated expenditure totalling SEK 1,287 million (1,456). In all SEK 588 million (819) remains to be invested in these projects. For projects exceeding SEK 50 million, investment often takes place in stages in connection with new leases being signed.



#### Nyköping Mjölkskolan 8

At Mjölkskolan 8, refurbishment is taking place of an old health centre into modern premises for health care and adolescent psychiatry. Klöver has signed a twenty-year lease with Sörmland County Council. The lease is for 3,600 sq.m. and the annual rent is almost SEK 4.9 million. The total investment amounts to SEK 38 million and moving-in is expected to take place at the beginning of 2013.



#### Norrköping Reläet 9

During the autumn, parts of Ericsson's former industrial premises at Ingelsta were converted into a training facility for the keep fit organization Friskis & Svettis. The 2,900 sq.m. premises have been wholly renovated and let on a ten-year lease.

The property is very accessible with good parking available. Moving-in began in mid-December 2011. The investment is expected to amount to SEK 24 million.



#### Västerås Ringborren 15

A major project at the property Ringborren 15 in the Hälla trading area has started during the year. This area which is north-east of Västerås city centre has become more popular and attracted an increasing number of companies. As part of the project, offices, retail and warehousing premises are being created as well as a new access road to the property. The project affects almost 12,000 sq.m. and investment is calculated at SEK 52 million.

Investment is taking place in stages in connection with new letting and is expected to be completed during 2013.



#### Västerås Klas 8

Klas 8 is a centrally located property on Västerås main pedestrian street. The project includes refurbishment of the façade, the external environment to increase the attractiveness of the block and adaptation of premises. During the year, among other tenants, the municipal housing company Mimer has moved in to over 500 sq.m. on a seven-year lease with an annual rent of almost SEK 620,000. Furthermore, a five-year lease contract has been signed with Global Interior centre in Västerås AB for 750 sq.m. In all, the project consists of 5,300 sq.m. with an estimated investment of SEK 19 million.



#### Kista Helgafjäll 3

In the middle of the year, Klöver signed a new lease with Ericsson with a term of just over four years for around 4,000 sq.m. at the property Helgafjäll 3. The premises have been adapted to modern standard with a new layout, new external surfaces and installation of active chilled beams. The total investment is expected to amount to SEK 27 million.



#### Kista Isafjord 1

During 2010, Klöver and Ericsson concluded a ten-year lease contract, according to which parts of the available building rights within Isafjord 1 will be used for a coming new construction of 27,000 sq.m. offices. The newly produced premises will be directly adjacent to existing premises where Ericsson's head office is located. The project has proceeded according to plan during 2011.

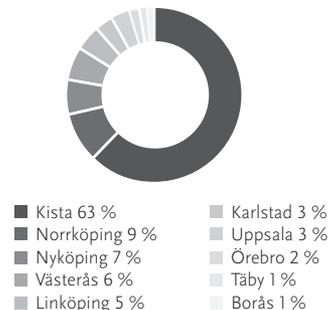
In addition, 9,000 sq.m. of existing buildings are being refurbished for new activities. The previously vacant industrial premises will be used for offices and customer centres. This part was taken into use during the third quarter of 2011.

Klöver is applying a well-planned environmental awareness in the project, in compliance with the Green Building Requirements and the LEED gold level, which entails high cost and environmental efficiency. Klöver's investment is estimated at SEK 662 million with a total annual rent of SEK 66 million, of which SEK 6 million was moved into during 2011. Moving-in to the newly produced premises is planned to take place in the second half of 2012.

### Projects completed in 2011

Some major projects have been completed during 2011. In Norrköping, projects at the properties Kopparhammaren 7 and Stjärnan 15 and 16 have been completed. Kopparhammaren 7, which is located at Norrköping Science Park has been converted from former industrial premises into top modern conference premises and an arts cinema. The largest tenant is the municipality of Norrköping, which has signed a 15-year lease for the Cnema cinema. Stjärnan 15 and 16, which are immediately adjacent to Norrköping travel interchange have been converted into a modern office property with private and public sector tenants. The estimated total investment for two projects amounts to SEK 133 million. At the property Fyrislund in Uppsala, 2,000 sq.m. of warehouse premises have been developed into offices, biotech production and modern warehouse premises. The largest tenant is Boehringer Ingelheim. The investment amounted to SEK 28 million.

#### PROJECT VOLUME





Uppsala Fyrislund 6:6 – Fyrislund 6:6 is located at the entrance to Uppsala with a total lettable area of almost 58,000 sq.m. and estimated building rights of 100,000 sq.m. Together with the municipality of Uppsala, Klöverns is investigating the possibility of creating additional building rights at the property.

## Building rights

Klöverns is working actively to make use of existing building rights and create new ones. The work of creating new building rights has intensified during 2011, in particular building rights in Business and Science Parks and travel interchanges. At Business and Science Parks, Klöverns has or is planning building rights in Karlstad, Kista, Linköping, Norrköping, Uppsala and Örebro. The same applies in the vicinity of or adjacent to planned travel interchanges in Karlstad, Linköping, Norrköping, Uppsala, Västerås and Örebro.

The building rights consist of building rights according to the local plan and assessed building rights, the majority consisting of offices. Assessed building rights means Klöverns's assessment based on the local and overview plans for the area. In all, assessed and planned building rights totalled 936,000 sq.m. (611,000) at year-end. Of these 355,000 (229,000) were included in local plans. The increase in building rights has mainly taken place in Linköping and Karlstad. The value of the building rights as at 31 December 2011 was SEK 497 million (425), which corresponds to SEK 531 per sq.m. (696).

## BUILDING RIGHTS

	Total building rights, 000 sq.m. GA*	Building rights included in local plans, 000 sq.m. GA*	Assessed building rights, 000 sq.m. GA*
Borås	2	1	1
Linköping	224	108	116
Norrköping	22	22	–
Nyköping	55	18	37
<b>South</b>	<b>303</b>	<b>149</b>	<b>154</b>
Karlstad	251	15	236
Västerås	81	41	40
Örebro	16	–	16
<b>West</b>	<b>348</b>	<b>56</b>	<b>292</b>
Kista	172	137	35
Täby	7	7	–
Uppsala	106	6	100
<b>East</b>	<b>285</b>	<b>150</b>	<b>135</b>
<b>TOTAL</b>	<b>936</b>	<b>355</b>	<b>581</b>

\* GA, gross area refers to the area of measurable parts of one or more floors limited by the outside of surrounding parts of buildings.



The future Uppsala – the Suttung Block.

#### Uppsala – the Suttung block

The area around the travel interchange in Uppsala continues to develop. A completely new housing area is being built on the east side of the new Stationsgatan. Klöverns properties Kungsängen 10:1 and 10:2 are on the west side adjacent to the travel interchange, one of Uppsala's best locations. A new local plan enables new production of 10,000 sq.m. of offices and/or a hotel at the properties. After the extension is completed, Klöverns will be able to offer a total of almost 20,000 sq.m. of premises.



The future Kista Gardens.

#### Kista Gardens

The Kista Gardens block is being constructed adjacent to Kistamässan with a clear focus on the interaction between people and the environment. This affects everything from choice of building materials to design and from content to energy consumption. The vision is to make Kista Gardens a central part of Kista, a living area with a natural diversity. There is a local plan for the area, which makes possible new construction of up to 140,000 sq.m.



The future Karlstad – Kanikenäset.

#### Karlstad Kanikenäset

During 2011, intensive work has been in progress to create new building rights for, among other things, apartments and offices at Kanikenäset in Karlstad Business Park. Klöverns is expected to obtain infill building rights within the existing portfolio and new building rights on land owned by the municipality. The plan will shortly be exhibited and it is hoped that it will gain legal force by the year-end 2012/2013. When a local plan has been adopted for the whole area, Klöverns is expected to obtain 245,000 sq.m. of building rights, of which 184,000 sq.m, in the form of infill at existing properties.

In the area, Klöverns already owns the properties Barkassen 7 and 9 and Kanoten 9 and 10. In June 2011, Klöverns acquired the site Pinassen 2 from the municipality of Karlstad.

# THE VALUE OF THE PROPERTIES

The fair value of the properties was SEK 14,880 million (13,493) at the year-end. The changes in value amounted to SEK 435 million (298), of which realized changes in value amounted to SEK 5 million (26) and unrealized changes in value SEK 430 million (272).

The mood on the property market has been positive during the larger part of 2011. The volume of transactions was at almost the same level as the previous year. Properties were regarded as a good type of asset in an investment perspective. There has been high demand for good quality. A greater difference has been noted in the required return for good and less good properties. Properties in good locations with stable cash flows have had a positive value development.

## Changes in value of properties

Klövern's property portfolio had a positive change in value of 3 per cent (2) during the year. At year-end 2011, the average required yield for Klöverns properties was 7.1 per cent (7.2), excluding land and building rights.

During the first six months of the year, the required yields decreased slightly for properties in good locations. During the second half of 2011, required yields were almost completely still. Overall, the average required yield for Klöverns has decreased slightly during the year.

The unrealized changes in value have to a large extent arisen as a result of positive net moving-in and increased rental levels and thus also increased market rents, lower operating costs mainly owing to energy optimizations at properties and to a lesser extent decreasing yield requirements.

## SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on profit, SEKm
Direct yield	0.5 % point	- 962/+ 1,071
Rental income	SEK 50/sq.m.	+/- 1,101
Operating cost	SEK 25/sq.m.	-/+ 550
Economic vacancy rate	1.0 % point	-/+ 219

FAIR VALUE, SEKm	2011	2010
Fair value as at 1 January	13,493	12,032
Acquisitions	315	1,067
Investments	685	464
Sales	-48	-368
Changes in value, unrealized	430	272
Changes in value, realized	5	26
<b>FAIR VALUE AS AT 31 DECEMBER</b>	<b>14,880</b>	<b>13,493</b>

## PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2011

	Fair value, SEKm	No. of properties	Rental value <sup>1)</sup> SEKm	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement*, average, %
Borås	436	16	56	95	84	7.85 – 10.30	6.50 – 8.30	7.6
Linköping	2,183	49	254	86	282	7.00 – 12.00	5.75 – 10.00	7.2
Norrköping	1,271	20	149	89	169	6.75 – 12.00	6.00 – 10.00	7.3
Nyköping	928	31	112	89	133	7.00 – 12.00	6.10 – 10.00	7.6
<b>South</b>	<b>4,818</b>	<b>116</b>	<b>571</b>	<b>88</b>	<b>668</b>	<b>6.75 – 12.00</b>	<b>5.75 – 10.00</b>	<b>7.4</b>
Karlstad	1,727	47	196	92	202	7.00 – 11.00	6.25 – 9.00	7.1
Västerås	1,320	27	166	86	217	7.90 – 11.00	5.90 – 9.00	7.4
Örebro	457	10	52	94	58	7.90 – 10.50	5.90 – 8.50	7.2
<b>West</b>	<b>3,504</b>	<b>84</b>	<b>414</b>	<b>90</b>	<b>477</b>	<b>7.00 – 11.00</b>	<b>5.90 – 9.00</b>	<b>7.2</b>
Kista	4,945	24	369	90	254	6.75 – 10.00	6.20 – 8.00	6.4
Täby	658	27	81	95	77	8.25 – 9.75	6.85 – 7.75	7.3
Uppsala	955	4	119	81	85	8.25 – 9.75	6.85 – 7.75	8.4
East	6,558	55	569	89	416	6.75 – 10.00	6.20 – 8.00	6.8
<b>TOTAL</b>	<b>14,880</b>	<b>255</b>	<b>1,554</b>	<b>89</b>	<b>1,561</b>	<b>6.75 – 12.00</b>	<b>5.75 – 10.00</b>	<b>7.1</b>

1) The rental value includes the lease contract value for the areas let and assessed market value for vacant space. The market rent for vacant space is assessed on the basis of the existing state of the vacant space, i.e. before any refurbishments and adaptations.

\* Assessed excluding building rights.

### Valuation model

Klövern reports investment properties at their fair value. Every quarter, 100 per cent of the properties are valued, of which 20–30 per cent are valued externally and the rest internally. This means that every property in the portfolio is externally valued once during a rolling 12-month period and three times internally.

The yield-based valuations are carried out using the cash flow method, i.e. based on forecasts of future cash flows. The direct yield requirements of the properties have been assessed on the basis of the unique risks of each property as well as transactions made at the respective location according to the location price method.

All external valuations have been carried out in accordance with international valuation standard. Savills have valued one property during the year. Other external valuations have been performed by DTZ Sweden.

Klövern uses yield-based valuation according to the cash flow method both for external and internal valuations.

+ Rent payments  
– Operating payments  
= Operating surplus  
– Deduction for investments  
= Property cash flow

- The property's cash flow is discounted to present-day value using the cost of capital/discount rate.
- The residual value of the properties is assessed by perpetual capitalization whereupon the direct yield requirement is used. The residual value is then discounted by the cost of capital.

- The value of any building rights and undeveloped land is added to the present value.
- The normal period of calculation is five years.
- The development of inflation has been assessed at two per cent (The Riksbank's inflation target).

### Basis for valuation

Every assumption about a property has been assessed individually based on the available material about the property and the market information and experience-based assessments of the external valuers.

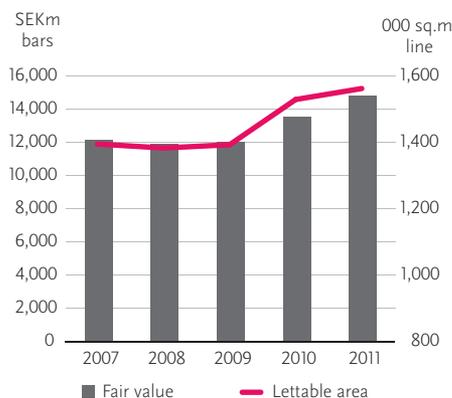
### Rent payments

The current lease contracts, as well as known lettings and vacations, provide the basis for an assessment of the property's rent payments. The external valuers have, in collaboration with Klöverns managers, made an individual assessment of the market rent for these vacant areas, and the vacant areas at the end of the term of the contract. The external valuers also assess the long-term vacancy of the respective property.

### Operating payments

Operating payments consist of payments for the normal operation of the properties, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating payments is based on the property budgets and outcome during the years that Klöverns has owned the properties and the valuers' experiences of comparable properties. The maintenance level of the properties is assessed based on its present state, ongoing and budgeted maintenance measures and the assessment of future maintenance requirements by the external valuers.

THE PROPERTIES' VALUE AND AREA



Linköping Paletten 1.

### Investment requirements

The property's investment requirements are assessed by the external valuers based on the condition of the properties. In the event of large vacancies, the property, the need for investments often increases.

### Calculation of residual value

The required yield for each property has been assessed on the basis of the unique risk for each property. This can be divided into two parts, a general market risk and a specific property risk. Market risk is associated with the general state of the economy and is affected, in among other ways, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, the type of property, area efficiency, the standard of the premises, the quality of the installations, site leasehold, type of tenant, and the nature of the lease.

In a theoretical perspective, the cost of capital is set by risk-free real interest rate being added to inflation expectations and a risk factor. The cost of capital is calculated individually for every property.

### Residual value

Residual value consists of the operating surplus during the remaining economic lifetime, which is based on the year after the last calculation year. Residual value is calculated for every property by perpetual capitalization of the estimated market-based operating surplus and the assessed market required yield. The required return consists of the risk-free rate together with the unique risk of each property. The properties' unique risk is assessed on the basis of the external valuers' market databases, experiences and transactions made according to the location price method in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to current value.

### Calculation periods

The calculation periods are mainly five years. The exception is properties with substantial contracts and a remaining contract term exceeding five years. In that case, a calculation period corresponding to the remaining contract term plus at least a year has been selected.

### Building rights and plots

At the properties where there are unutilized building rights and plots, these are valued on the basis of the location price method or a current value based on the estimated market value for development of building rights and plots. All values of building rights and plots have been assessed by the external valuers.

### Inspection of the properties

All properties are inspected within a three-year period. Where major refurbishment, new tenants moving in or other circumstances that have a significant effect on the value take place, new inspections are made based on the external values.

### SUMMARY

<i>Value date</i>	31 December 2011
<i>Fair value</i>	SEK 14,880 million
<i>Calculation period</i>	Five years
<i>Direct yield for assessment of residual value</i>	Between 5.75 and 10.00 per cent
<i>Cost of capital/discount rate</i>	Between 6.75 and 12.00 per cent
<i>Long-term vacancy</i>	Normally between 5 and 10 per cent
<i>Inflation</i>	Two per cent (The Riksbank's inflation target)

# MARKETS & SPECIFICATION OF PROPERTIES

Markets	34	Market area West	44
Market area South	36	• Örebro	44
• Borås	36	• Karlstad	46
• Linköping	38	• Västerås	48
• Norrköping	40	Market area East	50
• Nyköping	42	• Täby	50
		• Uppsala	52
		• Kista	54

Kista Arne Beurlings Square – Arne Beurlings Square has been created at the eastern end of Kistagången, adjacent to Kistamässan and the Victoria Tower hotel. Arne Beurling was a mathematician, who made it possible, using mathematical methods, to decode German telecommunications through Sweden in the 1940s.

# MARKETS

At the beginning of 2011, the Swedish economy was characterized by optimistic expectations. However, already during the spring, the first indications came that growth was starting to slacken.

## Swedish property market

The Swedish business sector developed well during 2011 and gross domestic product (GDP) increased by 3.9 per cent. The number of employed in the economy as a whole increased by 2.1 per cent and unemployment fell, according to the Employment Service by 0.3 per cent.

During the second half of 2011, there was increased uncertainty about the public finances of several European countries. The focus was on Greece but other countries such as Italy, Spain, Portugal and Ireland, also had problems with their public finances. This together with political turbulence in North Africa and the Middle East, among other places, has changed the economic prospects and thus also the forecasts.

Growth in Sweden is expected to be relatively weak during 2012. The central government debt crisis in Europe, but also to some extent public finance problems in the United States, leads to uncertainty that dampens the level of economic activity in other countries. Swedish exports are accordingly expected to decrease leading to rising unemployment.

The underlying inflationary pressure in the Swedish economy is still low. In December, inflation, measured as the annual change in the consumer price index (CPI), was 2.3 per cent, which is a reduction from November when it was 2.8 per cent. The reduction in inflation has taken place on a broad front and not been associated with any particu-

lar good or service. Prospera's forecast for February 2012 indicates an inflation rate of 1.4 per cent.

Given the dampening of economic activity and an expected fall in inflation, the Riksbank decided in December to cut the repo rate to 1.75 per cent. The repo rate has been subsequently reduced by 0.25 percentage points to 1.50 per cent. The liquidity of the bank market decreased at the end of 2011, which has led to higher margins for borrowing.

Investors look for secure cash flows, which has made residential property and premises (schools, homes for the aged, etc.) with long leases into the most sought after categories of property. Offices, together with retail and modern logistics properties, are also in demand. Large cities and important regional cities are the most attractive markets. Properties should also be in a good location.

There is a risk of the decline in the Swedish economy having a negative effect on the property market. It may impact on both the demand for premises and rental development. However, in early 2012 there are no signs of a weakened property market.

## Property transactions

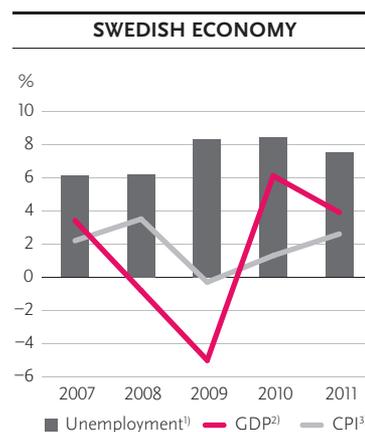
Activity in the transaction market has been high. During 2011, properties changed hands for around SEK 100 billion, which is on a par with the level for 2010. Despite increased uncertainty about the state of the economy in

GDP – ANNUAL PERCENTAGE CHANGE			
	Sweden <sup>1)</sup>	Euro area <sup>2)</sup>	USA <sup>2)</sup>
2010	6.1	1.8	3.0
2011	3.9	1.6	1.7
2012F	0.7	0.2	1.9
2013F	2.1	1.4	2.4
2014F	3.2	2.3	3.2

1) Statistics Sweden, Riksbank (F).

F = Forecast.

2) IMF.



1) Statistics Sweden, per cent of the labour force.

2) Statistics Sweden.

3) Statistics Sweden, annual average.

general, there is still a relatively high investment appetite for properties. Purchasers can be found mainly among institutions and medium large Swedish real estate companies. Foreign investors have again shown interest in Sweden. Many companies and funds have acquired capital and have explicit plans to invest in Sweden in 2012. However, loan providers are demanding a higher level of self-financing for property investments than before.

Major transactions during 2011:

- Diös acquired Norrvidden AB corresponding to around 840,000 sq.m. from Skrindan for SEK 5.8 billion.
- Kefrens Properties' attention attracting auction of around 160 properties which yielded SEK 4.1 billion.
- Hemfösa acquired the so-called Landic VIII structure corresponding to 300,000 sq.m. for SEK 2.3 billion.
- Norrporten sold, to the newly established Fastighets AB Liliun, a 105,000 sq.m. property portfolio mainly in Linköping for SEK 1.4 billion.
- In Västerås, Boulton Gallerian and Punkt were sold to Carlyle, two shopping malls with 45,000 sq.m. for SEK 850 million.

### Klövern's markets

Klövern focuses on expanding cities in central Sweden. In the light of the state of the economy, the important regional cities are relatively strong. These markets are less affected by economic uncertainty than the big cities. Their rental levels are more stable and not as volatile. In recent

years, all ten prioritized cities have had a positive trend with increased population growth. Klöver is one of the largest commercial property owners in the majority of the ten cities, which is a clear competitive advantage, due to all the contact areas it provides. The turbulence in other countries has mainly affected the real estate industry through the bank sector.



### POPULATION, EMPLOYMENT AND UNEMPLOYMENT

	Population 2011 <sup>1)</sup> , number	Change in population, 1 year, %	Change in population, 10 years, %	Employment <sup>2)</sup> , number	Of which public sector <sup>3)</sup> , %	Unemployment <sup>4)</sup> , %	Change in unemployment 1 year, %
Borås	103,981	0.7	6.8	52,355	32	8.5	0.0
Karlstad	86,446	0.9	7.1	47,581	34	9.7	-0.2
Stockholm*	863,110	2.0	14.3	589,796	17	6.7	-0.4
Linköping	147,354	0.6	9.9	72,732	32	9.1	-0.2
Norrköping	130,646	0.5	6.3	58,686	30	12.4	0.1
Nyköping	51,956	0.8	5.4	22,596	34	8.7	-0.2
Täby	64,445	1.1	7.0	22,885	14	3.1	-0.3
Uppsala	199,898	1.1	11.9	91,222	39	6.4	-0.5
Västerås	138,428	1.0	8.3	65,684	26	10.2	-0.4
Örebro	136,841	1.0	9.6	68,772	36	9.9	0.0
<b>ALL SWEDEN</b>	<b>9,476,105</b>	<b>0.7</b>	<b>6.4</b>	<b>4,392,720</b>	<b>29</b>	<b>8.6</b>	<b>-0.3</b>

1) Refers to November 2011.

2) Refers to December 2011.

3) Year-end 2010/2011 RAMS statistics, Statistics Sweden.

4) Refers to December 2011. According to the Employment Service (open jobseekers and jobseekers in programmes with activity support, proportion of the register-based labour force 16-64).

\* Because of the lack of information for Kista, Stockholm has been used.

Source: Statistics Sweden and National Labour Market Board (AMS).

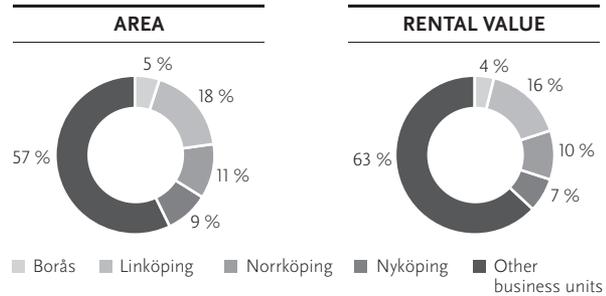
# MARKET AREA SOUTH



Market Area South consists of the business units Borås, Linköping, Norrköping and Nyköping.

South is Klöverns largest market area, regardless of whether measuring the number of properties, area or rental value. The major part of the properties is offices in Linköping and Norrköping. This is reflected in Klöverns average rental levels in the respective city where Linköping has the highest average rent level and Borås the lowest.

However, Borås has a very high economic occupancy rate of a full 95 per cent while Nyköping and Norrköping had 89 per cent and Linköping 86 per cent at year-end 2011.



## MARKET AREA SOUTH AS AT 31 DECEMBER 2011

	Lettable area, 000 sq.m.	Rental value, SEKm	Economic occupancy rate, %	Average rent <sup>1)</sup> SEK/sq.m.	Assessed market rent*, SEK/sq.m.	Assessed vacancy rate*, %
<b>Borås</b>						
Offices	27	23	92	869	850 – 1 300	5 – 10
Industry/warehouse	46	23	97	526	500 – 700	5 – 8
Retail	5	5	100	1,015	1,200 – 2,500	1 – 4
Other <sup>2)</sup>	6	5	94	805	–	–
<b>Total Borås</b>	<b>84</b>	<b>56</b>	<b>95</b>	<b>686</b>	–	–
<b>Linköping</b>						
Offices	143	151	85	1,160	1,200 – 1,600	6 – 10
Industry/warehouse	100	44	75	513	400 – 600	7 – 10
Retail	23	38	97	1,725	2,300 – 4,000	2 – 4
Other <sup>2)</sup>	16	21	96	1,116	–	–
<b>Total Linköping</b>	<b>282</b>	<b>254</b>	<b>86</b>	<b>1,015</b>	–	–
<b>Norrköping</b>						
Offices	69	78	88	1,304	1,150 – 1,600	6 – 10
Industry/warehouse	56	25	77	558	400 – 600	5 – 8
Retail	28	22	93	829	2,300 – 4,000	5 – 8
Other <sup>2)</sup>	16	24	99	1,168	–	–
<b>Total Norrköping</b>	<b>169</b>	<b>149</b>	<b>89</b>	<b>994</b>	–	–
<b>Nyköping</b>						
Offices	46	45	91	1,049	900 – 1,300	5 – 8
Industry/warehouse	49	22	68	471	400 – 600	10 – 15
Retail	20	26	99	1,304	1,500 – 2,300	5 – 10
Other <sup>2)</sup>	18	19	93	991	–	–
<b>Total Nyköping</b>	<b>133</b>	<b>112</b>	<b>89</b>	<b>915</b>	–	–
<b>Total South</b>	<b>668</b>	<b>571</b>	<b>88</b>	<b>940</b>	–	–
<b>TOTAL KLÖVERN</b>	<b>1,561</b>	<b>1,554</b>	<b>89</b>	<b>1,069</b>	–	–

1) Estimated according to contract value and let area.

2) Consists of education, health care, housing and gym/leisure facilities.

\* Source: Forum Fastighetsekonomi AB.

## BORÅS

Borås's population is steadily increasing and amounted at the year-end to 104,000 inhabitants. The municipality is located in a densely-populated area with 1.5 million people within a 100 km radius.

Due to its predominant position in distance trading, among other sectors, Borås is an important distribution hub. The University of Borås with 15,000 students is very important for the municipality's development.

The property market is characterized by warehouse and logistics properties. A number of major property owners are represented in the municipality.

Although Borås complies with many of the criteria for being an attractive property market, activity on the market has been at a low level. Rental levels for new lease contracts for modern office premises in good locations amount to SEK 1,300 per square metre.

### Important events

- A total of five Borås properties were included in the so-called Kefren auction, totalling 22,000 sq.m. The aggregate sales price was SEK 72 million. Hemfosa purchased two of these properties.
- In January, Klöverns acquired the property Niten 6 for SEK 22 million with 4,000 sq.m. of retail and work-shop premises.
- HSB Göta acquired 14 residential properties with a total of 107 apartments and 7,400 sq.m. The vendor was Byggcenter i Borås Fastighets AB.

### KLÖVERN'S MAJOR TENANTS IN BORÅS

Friskis & Sveltis
Municipality of Borås, Property Management Office
Södra Älvsborg Hospital
Lindex Sverige AB
Boarding AB
Corresponds to 19 per cent of Klöverns total rental value in Borås.



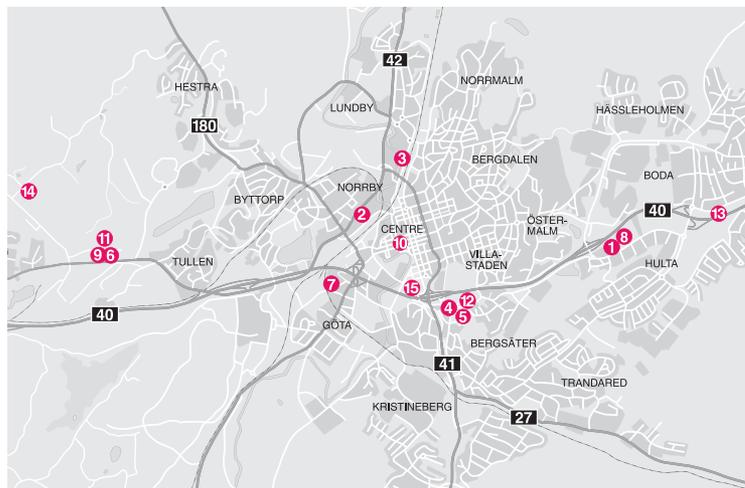
The future Borås Nestor 1.

### LIST OF PROPERTIES IN BORÅS

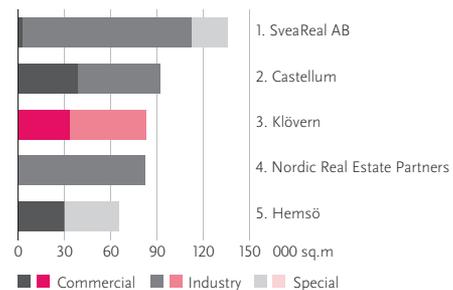
No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/warehouse	Retail	Other*				
1	Ekholma 7	Hultag. 15-17		2000/2001	Industry/warehouse	2,135	3,015			5,150	3.3	100	14.8
2	Gjutaren 10	Norrby Tvärg. 7, etc.		1966/1966	Industry/warehouse	1,735	7,205			8,940	4.2	86	14.2
3	Grävlingen 5	Skaraborgsv. 21		1887/1990	Office	6,740		625		7,365	7.0	91	48.3
4	Katrinedal 2	Katrinedalsg. 14, 16, etc.		1955/1988	Other	1,895	2,482	1,181	3,019	8,577	6.7	98	36.0
5	Katrinehill 8	Åsboholmsg. 16		1959/1959	Office	5,113	1,301			6,414	4.8	95	24.0
6	Kuggen 1	Verkstadsq. 14		1992/1996	Industry/warehouse		1,872			1,872	1.2	100	6.1
-	Kyrkängen 9	Kyrkog. 2, Mark		1929/1985	Retail			653		653	0.9	100	4.1
7	Laxöringen 1	Bockasjög. 10		1943/1960	Office	1,392	1,385			2,777	1.5	100	8.7
8	Milen 7	Solvarvsg. 4, 6		1969/1989	Industry/warehouse	2,405	7,543			9,948	5.7	100	21.4
9	Muttern 2	Verkstadsq. 12		1963/1989	Industry/warehouse	442	1,842			2,284	1.4	99	5.6
10	Nestor 1	Lilla Brog. 17, etc.		1963/1963	Retail	1,081		1,148	190	2,419	3.3	92	23.8
11	Niten 6	Verkstadsq. 2-4		1974/1974	Industry/warehouse		2,308	1,750		4,058	2.9	100	6.4
12	Näckrosen 3	Katrinedalsg. 1, 3, etc.		1990/1990	Office	3,908	1,360			5,268	5.3	87	29.2
13	Raklinjen 2	Källbäcksvägsq. 6, 8		1968/1970	Industry/warehouse		7,823			7,823	3.7	100	13.3
14	Rotorn 3	Masking. 4		1972/1975	Industry/warehouse		3,037			3,037	1.4	97	6.0
15	Uranus 16	Bryggareg. 18, 20		1949/1960	Industry/warehouse		4,696	2,494		7,190	3.2	100	11.8
<b>TOTAL</b>						<b>26,846</b>	<b>45,869</b>	<b>5,357</b>	<b>5,703</b>	<b>83,775</b>	<b>56.5</b>	<b>95</b>	<b>273.7</b>

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

■ Acquisitions during 2011.



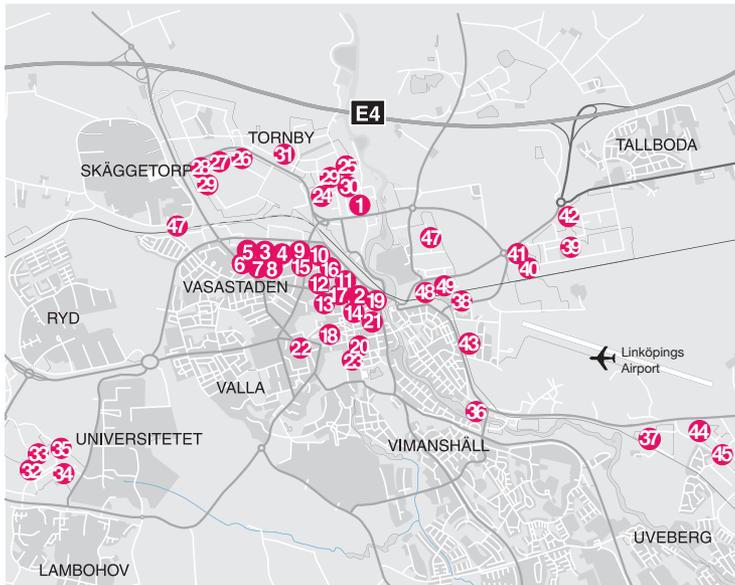
### MAJOR PROPERTY OWNERS IN BORÅS



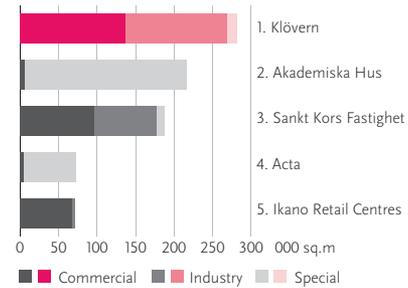
The commercial area in Borås amounts to 2,910,000 sq.m.

Source: Byggstatistik AB.

## LINKÖPING



### MAJOR OWNERS OF COMMERCIAL PREMISES – LINKÖPING



The commercial area in Linköping amounts to 2,950,000 sq.m.

Source: Byggstatistik AB.

There has been a positive trend for a long time in the City of Linköping. The university, university hospital, large public sector and a competitive business sector are an important basis for development.

The city's two major employers are SAAB and Ericsson. There are a lot of other industry-leading companies in, for example, the IT and telecom sector.

The population of Linköping has been rising for 30 years. The municipality expects to have 170,000 inhabitants in ten years compared with the present population of 147,000. Preparations are being made to construct a completely new travel interchange. A new city district will be developed in stages around this travel interchange, with mixed housing, offices and cultural facilities. Linköpingsbo 2016 will create a place for meetings with the focus on collaboration and participation. The goal is to create an attractive city to live and establish businesses in.

The rental market for offices has been relatively strong, with fewer vacancies and rising rents. Parts of the market for offices are, however, sensitive to the state of the economy.

During the year, Klöver has, in particular, focused on the acquisition of 31 properties from Valad, which were taken possession of in October 2010. The portfolio resem-

bles many of Klöver's previous acquisitions with some vacancies and a high potential.

### Important events

- Fastighets AB LE Lundberg acquired the block Dykaren 17, more generally known as the Gyllen shopping mall, from Diligentia for SEK 259 million. The lettable area amounted to 6,000 sq.m.
- Norrporten sold a portfolio of 105,000 sq.m. of properties to Lilium for SEK 1.4 billion, 68,000 sq.m. being properties in Linköping.
- Corallen is investing SEK 100 million in a newly produced business park of 10,000 sq.m. in Tornby.
- During the first quarter of the year, Klöver has sold the properties Glasfatet 4 and Pagoda 2 with a total area of 5,000 sq.m. for SEK 23 million.

### KLÖVERN'S MAJOR TENANTS IN LINKÖPING

Municipality of Linköping

Östergötland County Council

ULTRA Education i Norden AB

Lawson Software Sweden AB

Danske Bank

Corresponds to 17 per cent of Klöver's total rental value in Linköping.

LIST OF PROPERTIES IN LINKÖPING

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				Area, total
1	Ackordet 10	Industrig. 15		1954/1954	Retail	959	88	3,418		4,465	3.5	45	22.0
2	Amor 1	Platensg. 26		1929/1990	Office	3,292				3,292	4.5	100	29.3
3	Antennen 15	Mellang. 9		1986/1986	Office	7,712	2,149	1,933		11,794	8.0	80	43.2
4	Antennen 16	Bangårdsg. 6		1986/1986	Office								1)
5	Antennen 23	Industrig. 11		1986/1986	Office								1)
6	Antennen 24	Industrig. 11		1947/1972	Office								4.7
7	Antennen 5	Bangårdsg. 4		1954/1988	Industry/warehouse	928	1,875			2,803	1.1	72	6.8
8	Antennen 6	Industrig. 9		1954/1988	Industry/warehouse								2)
9	Antennen 9	Allag. 4-6		1948/1988	Office	2,428	2,242	1,622		6,292	4.7	88	16.7
10	Beridaren 12	Platensg. 29, etc.		1929/1959	Office	3,911	345	95		4,351	5.0	92	28.9
11	Brevduvan 17	Kungsg. 20, etc.		1916/1978	Office	7,220	106		277	7,603	9.2	85	27.2
12	Brevduvan 20	Åg.31, S:t Larsg. 24		1990/1990	Office	3,404	72	509	38	4,023	5.4	100	45.2
13	Brevduvan 21	Klosterg. 19, Åg. 33-37		1991/1991	Office	8,938	68	348	234	9,588	12.5	100	106.0
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1-3		1958/1992	Office	8,032	55	1,528	831	10,446	14.0	100	91.2
15	Bävern 13	Hertig Karlsg. 2, etc.		1981/1981	Office	5,456	395			5,851	6.9	89	36.2
16	Bävern 2	Platensg. 25		1940/1940	Other				996	996	0.9	98	Spec. prop.
17	Dahljan 18	S:t Larsg. 30, etc.		1963/1963	Retail	1,778	319	2,249	298	4,644	7.7	99	45.1
18	Dahljan 20	Tanneforsg. 3		1962/1962	Retail	576	346	1,991	168	3,081	6.7	100	45.4
19	Decimalen 16	Repslagareg. 25, etc.		1968/1968	Office	2,264	747	1,669		4,680	9.2	99	62.6
20	Domaren 13	Tanneforsg. 8, etc.		1966/1971	Retail	580	306	1,971		2,857	8.2	99	59.2
21	Däckeln 3	Klosterg. 35, etc.		1977/1977	Retail	127	196	1,815	660	2,798	5.7	100	42.4
22	Elefanten 17	Barnhemsg. 2, etc.		1978/1985	Office	6,298				6,298	9.1	99	53.2
23	Epåletten 14	Nyg. 35		1989/1989	Office	1,418	173			1,591	2.1	99	14.3
24	Ganymeden 7	Roxeng. 9, 11		1963/1973	Industry/warehouse	3,332	9,594	606	1,393	14,925	5.9	60	33.1
25	Garvaren 9	Florag. 10, etc.		1946/1960	Office	3,743	524			4,267	2.8	64	10.8
26	Glasberget 1	Attorpsg. 7-23		1989/1992	Office	7,363	895	1,350		9,608	8.1	82	43.9
27	Glasbiten 1	Attorpsg. 2		1977/1977	Industry/warehouse		4,160			4,160	4.1	100	10.9
28	Glasbiten 7	Roxtorpsg. 9		1973/1989	Industry/warehouse	4,151	7,461			11,612	5.7	16	42.7
29	Guvernören 13	N Oskarsg. 18		1968/1971	Industry/warehouse	1,024	1,897		360	3,281	1.7	80	6.6
30	Gymnasten 2	Roxeng. 7		1977/1977	Office	1,772		310		2,082	2.0	99	9.7
31	Gården 1	Gottorpsg. 1		1987/1987	Office	1,449				1,449	1.0	74	6.6
32	Idégivaren 1	Teknikringen 4		1989/1989	Office	3,846				3,846	4.0	87	26.8
33	Idélåran 1	Teknikringen 2, etc.		1986/1999	Office	15,635			22	15,657	17.6	75	85.4
34	Idéskissen 1	Teknikringen 3		1984/1984	Other				4,726	4,726	5.7	100	Spec. prop.
35	Idétävlingen 4	Wallenbergsg. 4, etc.		1990/2001	Office	20,479	1,034	670	345	22,528	25.4	78	163.5
36	Kvarnen 4	Nya Tanneforsv. 96		1935/1955	Retail	1,812	193	2,919		4,924	3.3	89	21.2
37	Kättaren 7	Låskolvsg. 4		1971/1972	Industry/warehouse	140	14,750			14,890	5.0	99	26.0
38	Magasinet 1	Hagalundsv. 3		1929/1929	Industry/warehouse		635			635	0.2	100	1.7
39	Magneten 2	Finnög. 12	S	1980/1980	Industry/warehouse	102	6,145			6,247	3.3	88	16.9
40	Masugnen 1	Torvingeg. 1		1975/1975	Retail		391	663		1,054	0.7	100	2.8
41	Masugnen 2	Torvingeg. 3		1972/1977	Industry/warehouse		3,461			3,461	2.2	100	6.6
42	Megafonen 4	Finnög. 10	S	1980/1980	Industry/warehouse								3)
43	Mekanikern 22	G Tanneforsv. 17, etc.		1947/1998	Industry/warehouse	4,354	13,585	2,962		20,901	13.6	98	35.3
44	Navbössan 1	Låsblecksg. 7, 9		1980/1983	Industry/warehouse		11,209			11,209	5.1	70	25.6
45	Navhålet 3	Låsblecksg. 5		1991/1991	Industry/warehouse	1,911	4,589			6,500	3.1	42	16.9
46	Oboisten 2	Barhällsg. 1, 10		1952/1952	Industry/warehouse	756	8,781	568		10,105	3.5	20	18.4
47	Paletten 1	Gumpekullav. 8, etc.		1980/1980	Office	5,339	341	8		5,688	5.0	95	25.8
48	Tannefors 1:89	Hagalundsv. 3		1986/1986	Industry/warehouse		1,071			1,071	0.5	100	3.1
49	Tannefors 1:90	Hagalundsv. 3		Plot	Other								
<b>TOTAL</b>						<b>142,529</b>	<b>100,198</b>	<b>23,262</b>	<b>16,290</b>	<b>282,279</b>	<b>253.9</b>	<b>86</b>	<b>1,419.9</b>

1) Taxed together with Antennen 15.

2) Taxed together with Antennen 6.

3) Taxed together with Magneten 2.

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

## NORRKÖPING



Norrköping Kabeln 1 – In August, Klöveren acquired the property consisting of 4,000 sq.m. of offices.

Norrköping was previously dependent on a few large industrial companies. This picture has now changed. The business sector also includes many small businesses in a variety of industries, in particular in the trade and service sectors. The establishment of Campus Norrköping, which is part of Linköping University, has also been an important stimulant for the development of the city.

The geographical location and good communications have made the city one of the most important places in the country for the logistics business.

Norrköping's population is increasing although not at the same rate as a number of other comparable cities. The population is now 131,000 with the forecast indicating a rise to 140,000 in ten years' time.

The city has an active property market with a lot of transactions. Investments in the existing property portfolio also take place regularly. The rental levels for offices have been still for a long time, although they have now started to rise. New lease contracts for wholly modern offices are being signed at around SEK 1,600 per sq.m.

During the year, Klöveren has completed large parts of the refurbishment of Kopparhammaren 7 in Industrielandskapet. In September, Cnema was inaugurated, the municipality's film and media educational activity, and the number of visitors has already exceeded expectations.

Klöveren and Sodexo have signed a collaboration agreement for service and additional facilities according to which Sodexo undertakes to take care of the provision of services in Klöveren's business parks. The first location is Norrköping Science Park where from October 2011 Sodexo is operating a restaurant, conference and additional facilities such as a telephone switchboard and mail processing.

### Important events

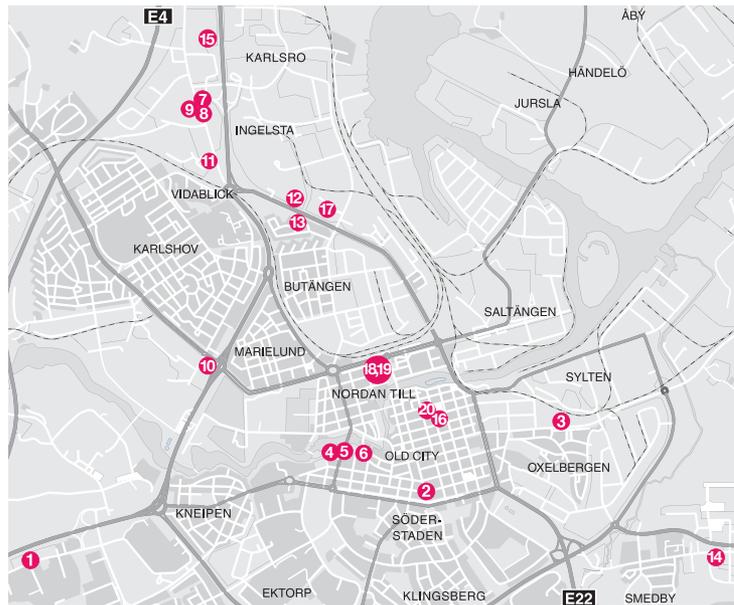
- Klöveren signed a ten-year lease contract with Friskis & Svettis for 2,900 sq.m. of modern gym premises at Reläet 9 at Ingelsta in Norrköping.
- Rikshem acquired the so-called Malmstaden Borg portfolio from the Danish PG Living for SEK 1.3 billion. This portfolio consists of 2,249 apartments.
- A local property company acquired the centrally located residential and retail property Konstantinopel 16 for SEK 18 million, corresponding to SEK 7,700 per sq.m.
- During the year, Klöveren sold the property Malmen 7 and acquired Kabeln 1. The property sold consisted of a plot and the acquired property consists of just over 5,000 sq.m.

LIST OF PROPERTIES IN NORRKÖPING

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Basfiolen 9	Moa Martinsons g. 10	S	1983/1983	Office	1,206	58			1,264	1.2	88	4.2
2	Diket 10	Drottningg. 66, Nyg. 93		1968/1968	Office	3,114	137	1,364	266	4,881	7.9	96	47.9
3	Kabeln 1	Bangårdsg. 5, etc.		1940/1993	Office	2,955	2,280		132	5,367	4.0	93	13.7
4	Kopparhammaren 2	N Grytsg. 8, 10, 14		1929/1999	Office	23,383	4,215	3,916	5,023	36,537	37.6	83	184.2
5	Kopparhammaren 7	Kungsg. 56, etc.		1929/1929	Office	3,381	121		990	4,492	5.7	96	Spec. prop.
6	Kvarnholmen 4	Dalsg. 7		1993/1993	Office	8,149			1,616	9,765	14.7	100	78.4
7	Malmen 5	Kopparg. 18		1969/1982	Industry/warehouse	839	2,573	576		3,988	2.9	78	10.4
8	Malmen 6	Kopparg. 10		1963/1963	Industry/warehouse		6,900			6,900	2.1	0	11.4
9	Malmen 8	Kopparg. 10		Plot	Other						0.9		1.8
10	Omformaren 7	Hagag. 10		1951/1968	Industry/warehouse	85	5,160	4,178	3,065	12,488	6.9	98	16.1
11	Platinan 1	Platinag. 1		1988/1988	Retail			4,375		4,375	3.2	100	10.4
12	Reläet 9	Ståthögav. 48		1960/1993	Industry/warehouse	2,889	24,700	1,621	3,021	32,231	17.5	76	41.4
13	Ritsaren 10	Industrig. 7-9, etc.		1964/1986	Retail	586	209	4,851		5,646	4.6	98	11.7
14	Rotfjärilen 1	Svärmareg. 1, 3		1992/1993	Office	4,350	1,414			5,764	5.2	86	20.1
15	Silvret 2	Kopparg. 28		1988/1988	Industry/warehouse		6,866			6,866	3.0	100	25.1
16	Skeppet 13	Hospitalsg. 26		1929/1993	Retail		12	2,493	1,067	3,572	4.5	100	30.1
17	Statorn 10	Malmg. 4		1938/1978	Industry/warehouse	1,392	1,758	1,440	19	4,609	3.2	100	15.0
18	Stjärnan 15	Slottsg. 114, 116		1958/1958	Office	8,628	224	2,571	792	12,215	12.5	85	45.8
19	Stjärnan 16	Slottsg. 114, 116		1958/1958	Office								22.0
20	Svärdet 8	Hospitalsg. 17 etc.		1967/1976	Office	7,693		365	40	8,098	11.4	99	63.6
<b>TOTAL</b>						<b>68,650</b>	<b>56,627</b>	<b>27,750</b>	<b>16,031</b>	<b>169,058</b>	<b>149.0</b>	<b>89</b>	<b>653.3</b>

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

■ Acquisitions during 2011.



MAJOR OWNERS OF COMMERCIAL PREMISES – NORRKÖPING



The commercial area in Norrköping amounts to 3,360,000 sq.m.

Source: Byggstatistik AB

KLÖVERN'S MAJOR TENANTS IN NORRKÖPING

- TeliaSonera Sverige AB
  - Municipality of Norrköping
  - Public Employment Service
  - Ahlsell Sverige AB
  - Social Insurance Agency
- Corresponds to 26 per cent of Klövern's total rental value in Norrköping.

## NYKÖPING



Nyköping Spånten 7 – Modern retail premises have been erected in the Spelhagen district during 2010 and 2011, totalling 1,280 sq.m.

The geographical location of the county town of Nyköping adjacent to the E4 highway and close to Stockholm is an important explanation for the municipality's success in developing its business sector and population. Good rail links, Skavsta airport, and the closeness to the port of Oxelösund have also been contributory factors.

The municipality profiles itself as an attractive place to live and plans to have 700 new inhabitants every year. This means that just over 300 new housing units must be built annually. A large number of new housing projects are therefore underway. The population of the city is 52,000.

The business sector is dominated by small businesses. Larger private employers are Schneider Electric, Swenox, and ABB Cewe-Control.

The property market is characterized to some extent by local players. The rental market for offices is well balanced. However, there is a surplus of retail premises in peripheral locations.

In Nyköping, Klöver is continuing the development of the Spelhagen area, primarily for trade retail outlets and cultural facilities.

### Important events

- Svea fastigheter acquired the IBIS hotel with 4,300 sq.m. and 96 rooms. The hotel is located adjacent to the E4 highway. The vendor was Home Properties.
- During the fourth quarter, Klöver sold a block of land that had been separated from the properties Hermelinen 9 and Lansén 14 for residential construction.
- Klöver signed a 20-year lease contract with Sörmland County Council for 3,600 sq.m. at Mjölklaskan 8 in Nyköping. The annual rent amounts to SEK 4.9 million and the premises include a health centre and an adolescent psychiatry clinic.
- The municipality of Nyköping has signed a lease for acquisition of the property Vägporten 2 comprising the Social Insurance Agency. The price is estimated at SEK 54 million with an area of 10,000 sq.m.

### KLÖVERN'S MAJOR TENANTS IN NYKÖPING

Municipality of Nyköping
Stora Hotellet i Nyköping AB
Sörmland County Council
Länsförsäkringar Södermanland
Tax Agency

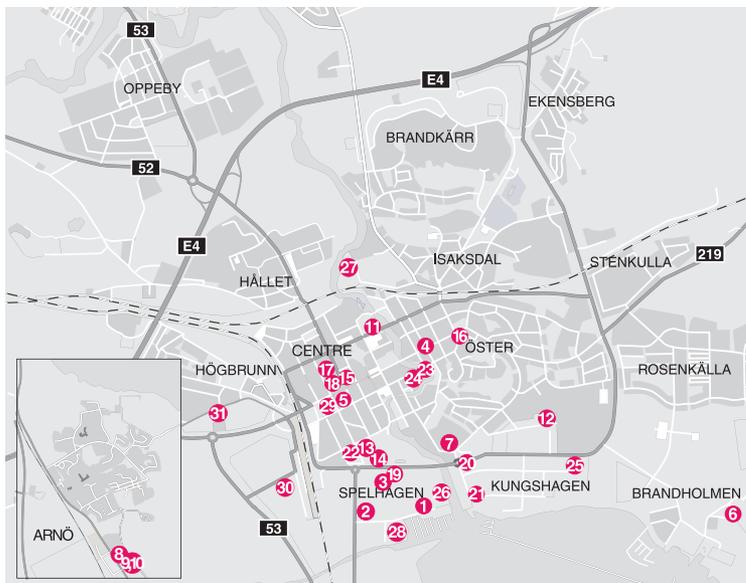
Corresponds to 26 per cent of Klöver's total rental value in Nyköping.

LIST OF PROPERTIES IN NYKÖPING

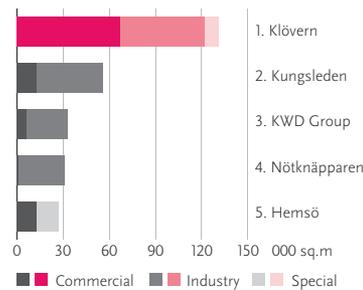
No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Ana 11	Gästabudsv. 2, etc.		1940/1978	Industry/warehouse	12,261	23,543	4,943	40,747	24.9	71	113.4	
2	Ana 12	Spelhagsvgäen 1		1984/1984	Industry/warehouse		2,710	520	3,230	2.0	94	5.7	
3	Ana 13	Nyckelv. 14			Plot							0.7	
4	Bagaren 20	Ö Storg. 5, St Anneg. 6		1962/1962	Retail	400		802	1,883	2.0	100	12.4	
5	Biografen 19	V Storg. 18, 20, etc.		1929/1987	Retail	170	19	1,531	2,576	3.5	100	24.3	
6	Brandholmen 1:9	Pontong. 11		1962/1970	Industry/warehouse	251	7,460	97	7,808	3.7	95	15.9	
7	Brädgården 3	Folkkungav. 1			Plot					0.1	100	0	
8	Fabrikatet 1	Materialv. 3		1980/1980	Industry/warehouse	555	1,830	819	4,719	3.5	84	7.7	
9	Fabrikatet 4	Materialv. 3			Plot							0.2	
10	Fabrikatet 5	Materialv. 3			Plot							0.1	
11	Fors 11	Repslagareg. 43		1929/1987	Office	8,624	2,060	506	11,190	11.8	96	54.6	
12	Furan 2	Domänv. 11		2001/2001	Other		17	3,807	3,824	4.6	100	Spec. prop.	
13	Glödlampan 16	Bagareg. 2, 4, Hamnv. 6		1929/1929	Retail	243		570	813	0.9	95	3.5	
14	Glödlampan 17	Bagareg. 2, 4, Hamnv. 6		1929/1929	Office	435			435	0.3	100	1)	
15	Gripen 1	V Storg. 25		1929/1986	Retail	475		691	1,166	1.6	99	10.9	
16	Hermelinen 7	Ö Storg. 36, etc.		1929/1981	Other	725		1,345	2,070	2.3	96	8.0	
17	Hotellet 18	Brunnsg. 35		1940/1940	Retail			487	822	0.7	100	4.4	
18	Hotellet 26	V Storg. 19		1981/1981	Retail			4,824	4,824	8.0	100	48.0	
19	Jarlen 1	Nyckelv. 14		1899/2003	Office	680			680	0.9	100	4.5	
20	Kungshagen 1:6	Ö Skeppsbron 1, etc.		1929/1989	Other	332		325	741	1.5	97	Spec. prop.	
21	Lansen 13	Gasverksv. 2, etc.		1977/1991	Office	3,887	548	1,869	6,304	6.7	99	34.8	
22	Mjölklaskan 8	Bagareg. 3, etc.		1929/1940	Other	2,731	1,785	157	3,770	8,443	6.0	68	Spec. prop.
23	Nyköpings Bruk 1	V Kvarng. 64		1929/1983	Office	1,875		270	2,145	2.5	97	12.7	
24	Nyköpings Bruk 7	V Kvarng. 62		1910/1991	Office	1,638	205		1,843	1.8	99	10.4	
25	Skölden 2	Gasverksv. 15		1989/1989	Office	1,962	73		2,035	1.7	98	8.2	
26	Spelhagen 1:7	V Skeppsbron 6		1929/1929	Industry/warehouse		5,567		5,567	1.7	65	6.5	
27	Spinnerkan 2	Periodgången 11		1929/1969	Office	4,210			4,210	2.8	71	5.9	
28	Spånten 7	Spelhagsv. 4, 6, 8		2009/2009	Retail			1,280	1,280	1.3	100	2.5	
29	Standard 17	V Storg. 2-6, 8, 10, etc.		1969/1993	Retail	3,057		3,566	6,623	9.9	100	54.7	
30	Stensötan 5	Ildbäcksv. 8 B		1971/1985	Retail	1,128	1,370	2,420	4,918	3.5	100	8.2	
31	Säven 4	Norrköpingsv. 9		1987/1987	Industry/warehouse		1,853		1,853	2.3	100	Spec. prop.	
<b>TOTAL</b>						<b>45,639</b>	<b>49,040</b>	<b>20,637</b>	<b>18,090</b>	<b>133,406</b>	<b>112.5</b>	<b>89</b>	<b>458.2</b>

1) Taxed together with Glödlampan 16.

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.



MAJOR OWNERS OF COMMERCIAL PREMISES – NYKÖPING



The commercial area in Nyköping amounts to 1,060,000 sq.m.

Source: Byggstatistik AB.

# MARKET AREA WEST

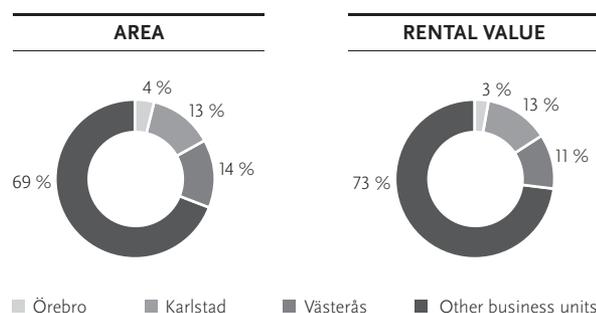


Market Area West consists of the business units Örebro, Karlstad and Västerås.

Väst is Klöverns middle market area, at least measured in terms of the number of area. If rental value is compared, then Väst is Klöverns smallest market area. Karlstad and Örebro are typical white collar cities and this can also be seen from Klöverns property portfolio where the major part of the area consists of offices.

In Västerås, however, industrial and warehouse premises predominate. This is reflected in Klöverns average rent levels in the respective city where Karlstad and Örebro have a higher average rent level than Västerås.

Västerås has a clearly higher vacancy rate, in particular for industrial and warehouse premises, than both Örebro and Karlstad. The aggregate occupancy rate for Västerås is 86 per cent, after an increase of three percentage points compared with the previous year. The occupancy rate is 94 per cent in Örebro and 92 per cent in Karlstad.



## MARKET AREA WEST AS AT 31 DECEMBER 2011

	Lettable area, 000 sq.m.	Rental value, SEKm	Economic occupancy rate, %	Average rent <sup>1)</sup> SEK/sq.m.	Assessed market rent*, SEK/sq.m.	Assessed vacancy rate*, %
<b>Karlstad</b>						
Offices	109	111	90	1,115	1,150–1,500	4–5
Industry/warehouse	49	30	95	651	500–700	8–13
Retail	16	18	100	1,139	2,000–3,900	3–8
Other <sup>2)</sup>	28	37	90	1,223	–	–
<b>Total Karlstad</b>	<b>202</b>	<b>196</b>	<b>92</b>	<b>1,014</b>	–	–
<b>Västerås</b>						
Offices	48	46	88	1,008	1,150–1,300	4–7
Industry/warehouse	108	54	76	638	400–600	8–12
Retail	39	44	95	1,136	1,800–3,500	3–4
Other <sup>2)</sup>	22	22	86	861	–	–
<b>Total Västerås</b>	<b>217</b>	<b>166</b>	<b>86</b>	<b>870</b>	–	–
<b>Örebro</b>						
Offices	34	34	96	1,046	1,200–1,600	5–8
Industry/warehouse	9	5	96	496	500–700	5–10
Retail	6	3	58	792	2,000–3,700	2–5
Other <sup>2)</sup>	9	10	99	896	–	–
<b>Total Örebro</b>	<b>58</b>	<b>52</b>	<b>94</b>	<b>915</b>	–	–
<b>Total West</b>	<b>477</b>	<b>414</b>	<b>90</b>	<b>941</b>	–	–
<b>TOTAL KLÖVERN</b>	<b>1,561</b>	<b>1,554</b>	<b>89</b>	<b>1,069</b>	–	–

1) Estimated according to contract value and let area.

2) Consists of education, health care, residential, laboratory and gym/leisure facilities.

\* Source: Forum Fastighetsekonomi AB.

## ÖREBRO

Örebro has a varied business sector, a large public sector, a university and a university hospital. Together this creates good prerequisites for the development of the municipality. The strategic location has also contributed to Örebro being an attractive place for transport operations.

The population is 137,000 and it is assumed that this will rise to just over 150,000 in ten years' time. The

increase is expected to lead to a strong increase in residential construction.

The local market in Örebro can best be described as relatively well balanced. Vacancies are comparatively low and new premises have been built such as the judicial centre Rättscentrum. In the retail sector, the out-of-town shopping area Marieberg has expanded with new premises.

Office rents in new lease contracts and in good locations are SEK 1,300–1,500 per sq.m. and have been at this level for a couple of years. The level is slightly higher for wholly modern offices.

At the property Oxbacken 7, Klöver has signed a new five-year lease contract with WSP. The existing premises have been renovated into modern offices and a 200 sq.m. extension has been constructed.

### Important events

- NCC is going to build 12,000 sq.m. of research and educational premises at the university hospital. This project is estimated to cost SEK 250 million and be ready in the autumn of 2013.
- Brinova rented a warehouse property of 12,000 sq.m. to a logistics company with a four-year lease. The property is close to the E20 highway south of Örebro.

- The municipally owned Örebroporten is developing the Gustavsvik area together with ten local actors to include both residential and commercial premises.

### KLÖVERN'S MAJOR TENANTS IN ÖREBRO

Swedish Transport Agency
Posten Meddelande AB
Apoteket AB
WSP Sverige AB
Sigma IT & Management Sweden AB

Corresponds to 49 per cent of Klöver's total rental value in Örebro.



Örebro Oxbacken 7.

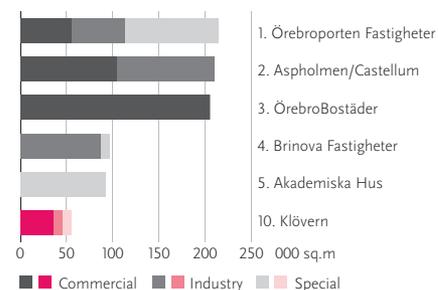
### LIST OF PROPERTIES IN ÖREBRO

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Barkenlund 11	Vasastrand 11		1934/1989	Office	2,484	347			2,831	4.0	97	24.7
2	Forskarbyn 2	Forskarv. 1, 3		1998/1998	Office	5,113	33	136		5,282	6.7	91	26.5
3	Fåraherden 1	Riag. 1,3		1992/1992	Office	1,765	5		752	2,522	3.0	100	17.1
4	Importören 2	Skvadronv. 5		1970/1970	Industry/warehouse	1,055	1,510	570		3,135	1.7	52	5.1
5	Lantmannen 2	Radiatorv. 7, etc.		1972/1974	Industry/warehouse	1,096	3,886	3,485	1,700	10,167	5.7	91	19.8
-	Nejlilan 13	Fredsg. 30, Katrineholm		1951/1951	Retail	19	186	1,500	861	2,566	1.3	51	Spec. prop.
6	Olaus Petri 3:234	Ö Bang. 7		1979/1979	Other	1,964	2,462	9	4,683	9,118	9.5	100	Spec. prop.
7	Oxbacken 7	Krontorpsg. 1		1981/1988	Office	2,587				2,587	2.5	97	11.8
8	Pigan 1	Riag. 53		1992/1992	Office	931				931	0.8	100	Spec. prop.
9	Vindhjulet 3	Tunnlandsg. 1, 3, 5		1970/1970	Office	16,682	947		1,366	18,995	17.0	98	74.0
TOTAL						33,696	9,376	5,700	9,362	58,134	52.2	94	179.0

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.



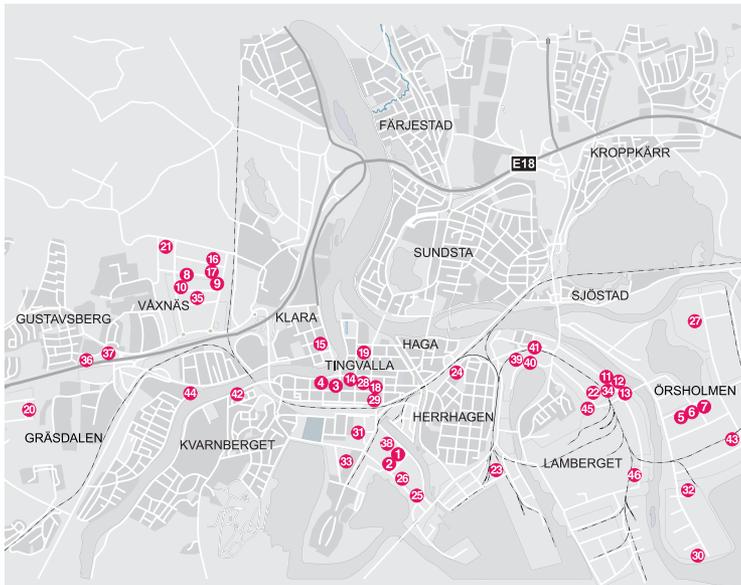
### MAJOR OWNERS OF COMMERCIAL PREMISES – ÖREBRO



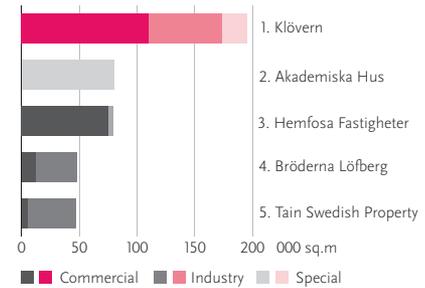
The commercial area in Örebro amounts to 2,920,000 sq.m.

Source: Byggstatistik AB.

## KARLSTAD



### MAJOR OWNERS OF COMMERCIAL PREMISES – KARLSTAD



The commercial area in Karlstad amounts to 2,090,000 sq.m.

Source: Byggstatistik AB.

Karlstad's population is steadily increasing and the city now has 86,000 inhabitants. Forecasts indicate that this increase will continue.

Karlstad's business sector is relatively varied although the pulp, paper and packaging industry predominates with over 250 companies.

The municipality is developed strongly in the visits industry. The new congress and culture centre Karlstad CCC, inaugurated in 2011, has had a great impact. Karlstad Airport and the hotel industry are both reporting record earnings.

The property market in Karlstad quickened during 2011. A lot of transactions, including large ones, were made. The local players were most active as purchasers while a number of foreign property owners chose to leave Karlstad.

The rental market for office premises has developed positively. At present, most demand is for modern premises and good locations. The rental level for new lease contracts is rising slightly and is between SEK 1,200 and SEK 1,500 per sq.m. for good locations and modern premises.

Klövern's organization has been reinforced during the year and letting work has been successful. As well as letting, work is in process to develop existing buildings and to create new ones.

### Important events

- Hemfosa acquired the 75,000 sq.m. office property Karolinen for SEK 1 billion. The vendor was Dan Costache Patriciu.
- Wermlands Invest acquired two central properties from Hagviken Invest AB for almost SEK 60 million. These properties are equivalent to 5,000 sq.m. and are mostly residential.
- Ruds Gärd acquired Gruvan 1 in the centre from Danish K/S Karlstad Bymidte II for SEK 66 million. The lettable space amounted to 5,000 sq.m. with residential care, housing and premises.
- Klöver'n acquired the property Pinassen 2 from the municipality of Karlstad for SEK 16 million. This property, which consists of a plot, includes a building right for 15,000 sq.m. It is located in the Kanikenäset area where Klöver'n's plan include construction of a new office block.

### KLÖVERN'S MAJOR TENANTS IN KARLSTAD

TeliaSonera Sverige AB

Municipality of Karlstad

Tieto Sweden AB

Värmland County Council

ULTRA Education i Norden AB

Corresponds to 62 per cent of Klöver'n's total rental value in Karlstad.

LIST OF PROPERTIES IN KARLSTAD

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Barkassen 7	Lagergrens g. 2, 4		1990/1990	Office	11,735	32	569		12,336	16.3	99	83.4
2	Barkassen 9	Lagergrens g. 8		1991/1991	Office	6,758	398			7,156	8.2	71	53.4
3	Björnen 7	Järnvägsg. 7		1965/1965	Office	1,380	212	398	1,285	3,275	5.1	98	36.6
4	Björnen 13	Fredsg. 10		1906/1962	Office	3,800	3,600		40	7,440	7.2	97	27.2
5	Blåsten 3	Stormg. 6		1975/1975	Industry/warehouse	473	1,622			2,095	1.3	94	4.2
6	Blåsten 4	Stormg. 8		1975/1979	Office	2,341	66			2,407	1.9	98	5.6
7	Brisen 4	Sunnanvindsg. 8		1973/1978	Office	1,045				1,045	1.1	100	3.1
8	Bromsen 1	Blockg. 6		1967/1967	Retail	729		861		1,590	1.1	100	3.9
9	Bromsen 6	Ramg. 7		1967/1977	Industry/warehouse	1,660	1,742	204		3,606	3.2	100	7.5
10	Bromsen 13	Spärrg. 12		1967/1967	Retail								1.6
13	Bälgen 9	Sågverksg. 33		1959/1988	Office	2,780				2,780	2.1	92	2.6
11	Bälgen 10	Sågverksg. 35		1959/1988	Office								1)
12	Bälgen 11	Elverumsg. 7		1959/1991	Office								8.2
14	Druvan 13	Tingvallag. 17		1947/1947	Retail	1,881	77	1,968	348	4,274	6.1	100	40.9
15	Ekorren 11	Malmtorgsg. 6		1929/1992	Office	4,083	380		2,068	6,531	6.9	92	Spec. prop.
16	Fjädern 14	Kolvig. 1		1966/1971	Retail	1,352		2,685		4,037	2.8	88	6.5
17	Fjädern 16	Bromsg. 4		1991/1991	Office	2,704		1,653		4,357	3.1	72	18.0
18	Freja 13	Drottningg. 6		1965/1976	Office	3,536	149	2,059	936	6,680	8.4	94	45.0
19	Gripen 11	Herrgårdsg. 20		1962/1986	Other	1,508		162	2,715	4,385	5.0	96	Spec. prop.
20	Grästegen 2	Stråg. 3		1990/1990	Office	2,688				2,688	1.9	53	8.3
21	Gångjärnet 2	Blockg. 29	S	1964/1974	Industry/warehouse	158	2,814			2,972	2.1	100	6.9
22	Hammaren 21	Gjuterig. 27, 29		1990/1990	Industry/warehouse	774	1,172			1,946	1.3	100	5.4
23	Herrhagen 1:10	Hamnpirsg. 4	S	1986/1987	Other		475		1,040	1,515	1.2	99	1.5
24	Hybelejen 17	Verkstadsg. 20		1929/1985	Office	2,894	54			2,948	2.8	98	13.2
25	Kanoten 9	Kanikenäsbanken 12		1990/1990	Office	8,894				8,894	9.0	100	55.2
26	Kanoten 10	Lagergrens g. 7		1989/1989	Office	8,924	722	434		10,080	14.6	93	82.2
27	Kulingen 4	Östanvindsg. 17		1976/1976	Industry/warehouse		7,522	450		7,972	4.2	100	15.5
28	Mercurius 3	V Torgg. 10–12		1929/1939	Retail	711	74	1,820		2,605	4.1	94	28.0
29	Monitorn 9	Ö Torgg. 2		1993/1993	Office	3,077	46	219		3,342	4.5	85	26.2
30	Passadvinden 3	Regnvindsg. 17		1990/1990	Industry/warehouse	305	3,375			3,680	2.4	95	9.0
31	Pinassen 2	Tullhusg.		Plot	Other						0.1	100	22.4
32	Regnvinden 1	Dagvindsg. 7		1981/2005	Industry/warehouse	4,436	5,423	125		9,984	7.2	94	30.2
33	Skepparen 15	Orrholmmsg. 4, 6, etc.		1954/1954	Other	2,192	270		19,587	22,049	25.1	86	Spec. prop.
34	Släggan 13	Sågverksg. 20		1981/1981	Industry/warehouse	370	814	568		1,752	1.0	100	4.1
35	Spärren 7	Rattg. 6		1968/1968	Office	709	671	488		1,868	1.3	81	3.4
36	Stolpen 1	Ventilg. 5		1964/1964	Office	3,971	73		285	4,329	3.0	50	7.9
37	Stolpen 6	Ventilg. 1		1991/1991	Office	410	50	175		635	0.6	95	2.3
38	Styrmannen 5	Hamntorget 1–3		1991/1991	Office	6,931	267			7,198	8.6	100	46.4
39	Sågen 1	Faktorig. 13, etc.		1986/1986	Office	3,223				3,223	2.2	90	9.4
40	Sågen 2	Faktorig. 15		1988/1988	Office	1,611				1,611	1.1	100	6.3
41	Sågen 9	Lantvärnsg. 8		1972/1972	Industry/warehouse	938	1,402			2,340	1.3	54	4.5
42	Sälgen 6	Älvg. 39		1929/1949	Office	1,574				1,574	2.1	100	7.6
43	Tornadon 2	Blekeg. 9		1975/1975	Industry/warehouse	303	12,854			13,157	7.7	94	20.6
44	Tvätten 3	Romstadsv. 2		1929/1986	Office	2,050	499			2,549	2.1	94	10.4
45	Tängen 15	Gjuterig. 28		1991/1991	Retail	984		990		1,974	1.4	100	5.7
46	Ugnen 1	Sågverksg. 32		1989/1989	Industry/warehouse	821	877			1,698	1.0	79	4.4
–	Uroxen 14	Kungsg. 28, Kristinehamn		1954/1954	Office	1,675	1,288		40	3,003	2.7	96	Spec. prop.
<b>TOTAL</b>						<b>108,388</b>	<b>49,020</b>	<b>15,828</b>	<b>28,344</b>	<b>201,580</b>	<b>196.4</b>	<b>92</b>	<b>784.7</b>

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

■ Acquisition during 2011.

1) Taxed together with Bälgen 9.

## VÄSTERÅS



Västerås Inge 10.

The population of Västerås has been rising strongly for ten years. The forecast indicates that this increase will continue although at a somewhat slower pace. In 2030, the population is expected to be 150,000 compared with 138,000 at present. Västerås is now Sweden's sixth largest municipality in terms of population.

The city still has substantial manufacturing industry although other industries have developed positively, for example, industrial information technology.

Mälardalen University, with 7,000 students, has also meant a lot for Västerås's development. With the expansion of the out-of-town retail area, Erikslund and improvements to city shopping, the city has become one of the most important places in Mälardalen for shopping.

Västerås is now a city which has adapted to the general development of society. The prospects are therefore good for an active and positive property market. An indication of this is that investors have shown an increased interest in the city for a number of years now.

No changes have taken place in Klöverns property portfolio in the city during the year. The focus has been on the renovation of the property Klas 8 in the centre and the development of the property Ringborren 15 in the Hälla shopping area which has been refurbished for logistics, warehousing and retail outlets.

### Important events

- Carlyle purchased the shopping malls Punkt and Gallerian with 45,000 sq.m., from Boulbee for SEK 850 million.
- Dombrom acquired five homes for the elderly consisting of almost 20,000 sq.m. for SEK 303 million from the municipal housing company Mimer.
- Hemfosa sold the 5,000 sq.m. industrial property Energin 8.
- Kungsleden signed a ten-year lease contract with Westinghouse for 14,000 sq.m. at Finnslätten. The annual rent amounts to SEK 16 million.
- Klöverns signed a seven-year lease contract with the municipal housing company Mimer at the property Klas 8. The premises at Sigmatorget consist of a 500 sq.m. modern customer centre on two floors. The rental value amounts to SEK 620,000.

### KLÖVERN'S MAJOR TENANTS IN VÄSTERÅS

City of Västerås

MälarEnergi AB

Comfort Hotel Västerås AB

H & M Hennes & Mauritz Sverige AB

D.Sjölanders Mekaniska AB

Corresponds to 18 per cent of Klöverns total rental value in Västerås.

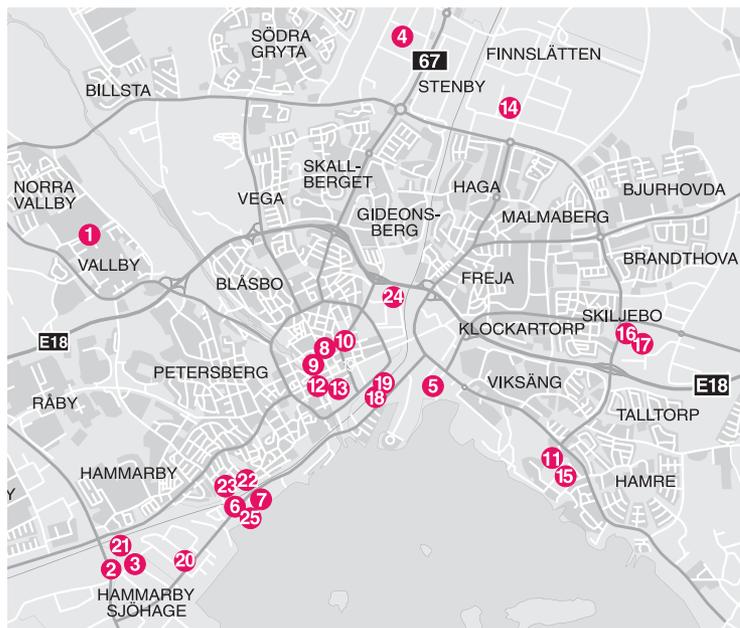


Västerås Verkstaden 11.

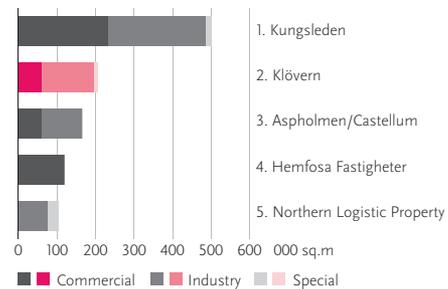
LIST OF PROPERTIES IN VÄSTERÅS

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Allmogekulturen 5	Svalgängen		1966/1991	Office	5,579	2,141	5,501	1,711	14,932	9.0	79	49.6
2	Bogserbåten 1	Saltängsv. 22			Plot								0.4
3	Briggen 3	Saltängsv. 14, 16		1963/1973	Industry/warehouse		5,162			5,162	5.6	97	11.7
–	Drotten 2	V Långg. 6, Köping		1988/1988	Office	2,020	1,445		8	3,473	3.8	96	14.8
4	Friedningen 18	Elledningsg. 5		1988/1988	Industry/warehouse		940			940	0.4	100	3.1
5	Gastuben 5	Björnöv. 8		1943/1943	Retail		1,080	2,442		3,522	2.6	92	1.7
6	Gustavsvik 13	Sjöhagsv. 3, 5, 7, etc.		1957/1962	Industry/warehouse	7,889	16,517	450	5,000	29,856	17.1	88	51.8
7	Icander 1	Stensborgsg. 1		1987/1987	Retail			2,992	8	3,000	1.2	100	8.3
8	Inge 10	Smedjeg. 8		1939/1960	Retail	528	265	3,532	1,550	5,875	6.2	97	46.2
9	Klas 8	Smedjeg. 13		1956/1956	Retail	1,066	146	2,761	1,277	5,250	5.1	85	36.3
10	Kol 13	Kopparbergsv. 25		1955/1955	Industry/warehouse	609	2,336	1,801	99	4,845	5.6	71	Spec. prop.
11	Kryssen 3	Regattag. 7–31, 33–53		1940/1980	Industry/warehouse	3,571	11,757	220	3,936	19,484	11.0	53	35.5
12	Leif 19	Hantverkarg. 2		1929/1964	Retail	5,672	613	12,864	1,701	20,850	33.2	96	223.8
13	Manfred 6	Erik Hahrs gata 2		1929/1987	Office	2,725	183		1,369	4,277	5.2	99	34.1
–	Nifelhem 6	Stora Gatan 12, Köping		1967/1967	Retail	527	760	804	592	2,683	2.1	80	7.5
14	Omformaren 6	Betongg. 1, etc.		1962/1985	Industry/warehouse	2,267	6,889		705	9,861	7.0	96	25.2
15	Regattan 46	Regattag. 8–28 etc.		1940/1970	Industry/warehouse	1,838	11,000	111		12,949	6.6	94	31.2
16	Ringborren 13	Tallmätarg. 7	S	1930/1962	Industry/warehouse	1,727	1,843			3,570	1.6	100	8.7
17	Ringborren 15	Tallmätarg. 8, etc.		1960/1990	Industry/warehouse	4,997	9,504	447	2,924	17,872	11.4	55	30.9
18	Sigurd 3	Sigurds. 27, 29, etc.		1932/1989	Industry/warehouse	2,337	5,054	2,547		9,938	9.7	93	27.2
19	Sigurd 7	Sigurds. 23		1929/1929	Industry/warehouse		3,213			3,213	0.5	0	4.1
20	Sjöhagen 12	Sjöhagsv. 14		1952/1980	Industry/warehouse	329	6,729			7,058	4.4	96	13.4
21	Skonerten 2	Saltängsv. 18	S	1966/1986	Industry/warehouse	242	4,478			4,720	1.9	11	13.8
22	Stensborg 2	Sjöhagsv. 2		1957/1977	Office	755	134			889	0.9	88	3.3
23	Stensborg 4	Sjöhagsv. 4		1989/1989	Other		18		1,526	1,544	1.5	81	Spec. prop.
24	Verkstaden 11	Metallverksg. 19, etc.		1929/1956	Industry/warehouse	2,260	15,235	2,660		20,155	10.6	98	18.5
25	Västerås 2:5	Stensborgsg. 4		1982/1989	Office	1,450				1,450	1.5	90	6.1
TOTAL						48,388	107,442	39,132	22,406	217,368	165.7	86	707.2

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.



MAJOR OWNERS OF COMMERCIAL PREMISES – VÄSTERÅS



The commercial area in Västerås amounts to 2,920,000 sq.m.

Source: Byggstatistik AB.

# MARKET AREA EAST

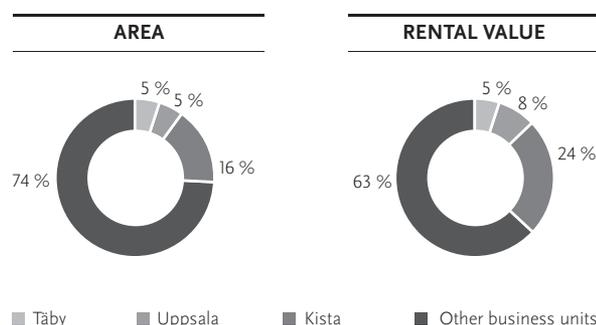


Market Area East consists of the Täby, Uppsala and Kista business units.

East is Klöverns largest market area measured in fair value. If rental value is compared, East is almost at the level of the largest market area South. This is due to the high rental levels in Kista and Uppsala, combined with Kista's focus on offices. The fact that Kista is also the second largest business units in terms of area also has an effect.

Täby is also focused on office premises while Uppsala has a clear focus on life science together with offices, especially in Klöverns large property Fyrislund 6:6 in Uppsala Business Park.

In Uppsala, the occupancy rate has risen by three percentage points during the year to 81 per cent. Kista and above all Täby have high occupancy rates of 90 and 95 per cent respectively.



## MARKET AREA EAST AS AT 31 DECEMBER 2011

	Lettable area, 000 sq.m.	Rental value, SEKm	Economic occupancy rate, %	Average rent <sup>1)</sup> SEK/sq.m.	Assessed market rent*, SEK/sq.m.	Assessed vacancy rate*, %
<b>Kista</b>						
Offices	178	255	89	1,653	1,300–2 900	5 – 8
Industry/warehouse	63	73	91	1,236	600 – 900	3 – 7
Retail	3	3	94	1,100	800–1,600	1 – 4
Other <sup>2)</sup>	10	38	94	649	–	–
<b>Total Kista</b>	<b>254</b>	<b>369</b>	<b>90</b>	<b>1,491</b>	–	–
<b>Täby</b>						
Offices	48	53	93	1,158	1,100–1,400	2 – 5
Industry/warehouse	19	15	96	855	700 – 900	5–10
Retail	4	4	100	1,020	700–1,300	1 – 3
Other <sup>2)</sup>	6	9	99	1,219	–	–
<b>Total Täby</b>	<b>77</b>	<b>81</b>	<b>95</b>	<b>1,080</b>	–	–
<b>Uppsala</b>						
Offices	41	53	83	1,455	1,500–2,300	9–11
Industry/warehouse	16	10	69	625	900–1,300	7–11
Retail	3	2	56	858	900–1,300	3
Other <sup>2)</sup>	25	54	81	2,503	–	–
<b>Total Uppsala</b>	<b>85</b>	<b>119</b>	<b>81</b>	<b>1,585</b>	–	–
<b>Total East</b>	<b>416</b>	<b>569</b>	<b>89</b>	<b>1,420</b>	–	–
<b>TOTAL KLÖVERN</b>	<b>1,561</b>	<b>1,554</b>	<b>89</b>	<b>1,069</b>	–	–

1) Estimated according to contract value and let area.

2) Consists of education, health care, housing, laboratory and exercise/motion facilities.

\* Source: Forum Fastighetsekonomi AB.

## TÄBY

Täby, with a population of 64,000 people is located 15 km north of central Stockholm.

Täby Centre is one of the largest shopping centres in Sweden in terms of turnover. At present, it is being substantially enlarged from 160 to 230 shops.

Extensive changes are being made in the area around the centre, where, among other things, new housing is being built.

Arninge is the second largest workplace area in Täby. It is intended that Arninge should develop into a mixed city neighbourhood with more service and 3,000 housing units.

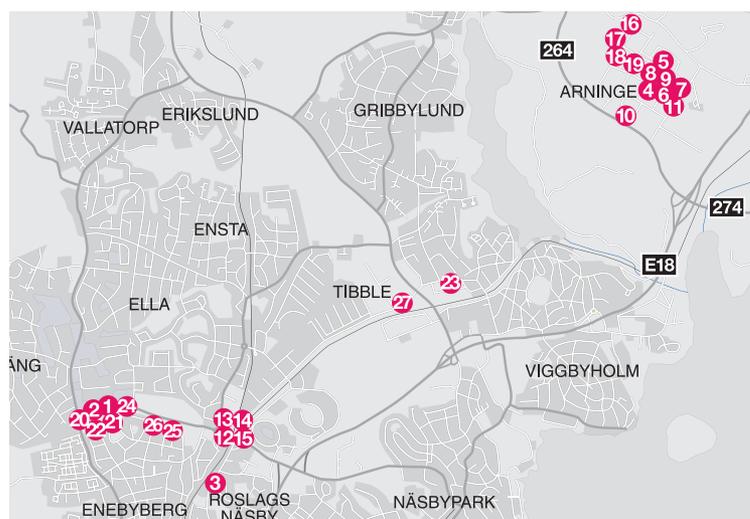
LIST OF PROPERTIES IN TÄBY

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Kannringen 1	Enhagslingan 2, 4		1988/1988	Office	4,095				4,095	4.8	88	30.9
2	Kannringen 2	Enhagslingan 6, 8		1991/1991	Office	1,983	34			2,017	2.6	100	13.5
3	Karborren 13	Kanalv. 15, 17		1981/1981	Office	12,496	295		1,410	14,201	17.3	99	93.4
8	Linjalen 7	Måttbandsv. 4		1989/1989	Industry/warehouse		800			800	0.5	100	4.2
9	Linjalen 8	Måttbandsv. 6		1989/1989	Industry/warehouse		600			600	0.5	100	2.9
4	Linjalen 60	Måttbandsv. 12		1991/1991	Office	2,844	950			3,794	4.0	96	24.7
5	Linjalen 61	Tillverkarv. 9		1990/1990	Industry/warehouse		778			778	0.8	100	5.6
6	Linjalen 65	Måttbandsv. 8, 10		1989/1989	Retail		600	750		1,350	1.1	100	6.1
7	Linjalen 66	Linjalv. 9, 11		1990/1990	Industry/warehouse		3,815	108		3,923	3.2	100	20.0
10	Lodet 2	Tumstocksv. 9, 11		1990/1990	Office	5,088	3,339	70	6	8,503	8.0	90	47.7
11	Mätstängen 2	Linjalv. 6, Kundv. 5		1991/1991	Office	3,834				3,834	4.3	100	26.2
12	Roslags-Näsby 24:44	Stockholmsv. 100, 102		1965/1965	Retail		530	2,181		2,711	3.0	100	11.4
13	Roslags-Näsby 24:45	Stockholmsv. 100, 102		1965/1965	Retail								1)
14	Roslags-Näsby 25:7	Stockholmsv. 100, 102		1965/1965	Retail								1)
15	Roslags-Näsby 25:8	Stockholmsv. 100, 102		1965/1965	Retail								1)
16	Smygvinkeln 9	Ritarslingan 22		1991/1991	Industry/warehouse		960			960	0.5	100	4.6
17	Smygvinkeln 10	Ritarslingan 20		1991/1991	Industry/warehouse	197	630			827	0.8	100	4.8
18	Smygvinkeln 11	Ritarslingan 18		1991/1991	Office	927	714	258		1,899	1.8	100	11.2
19	Smygvinkeln 12	Ritarslingan 16		1992/1992	Office	1,010	554			1,564	1.6	100	14.2
20	Svängjulet 1	Enhagslingan 23, 25		1990/1990	Other	756	467	445	2,544	4,212	4.3	100	Spec. prop.
21	Svängjulet 2	Enhagslingan 5, etc.		1989/1989	Office	1,660	12		1,323	2,995	3.8	100	19.6
22	Svängjulet 3	Enhagslingan 15, etc.		1991/1991	Office	4,335	579			4,914	5.5	95	29.3
23	Tryckaren 3	Reprov. 6, etc.		1945/1992	Office	1,585	1,426		585	3,596	3.9	94	15.9
24	Ventilen 1	Enhagslingan 1		1987/1987	Office	2,193	589	219		3,001	3.1	86	23.1
25	Växellådan 1	Enhagsv. 7		1978/1983	Office	2,341	346		176	2,863	3.0	77	20.1
26	Växellådan 3	Enhagsv. 9		1978/1978	Office	1,335	565			1,900	1.5	62	9.6
27	Åkerby 10	Kemistv. 6		1975/1989	Office	784			417	1,201	1.4	78	8.5
TOTAL						47,463	18,583	4,031	6,461	76,538	81.3	95	447.5

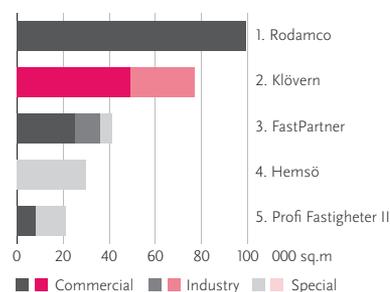
1) Taxed together with Roslags-Näsby 24:44.

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

■ Acquisition during 2011.



MAJOR OWNERS OF COMMERCIAL PREMISES – TÄBY



The commercial area in Täby amounts to 800,000 sq.m.

Source: Byggstatistik AB.

KLÖVERN'S MAJOR TENANTS IN TÄBY

- Täby Friskola AB
- Mekonomen BilLivet AB
- NCH Europe Inc. (USA) (Swedish branch)
- Stockholm County Council
- Municipality of Täby

Corresponds to 42 per cent of Klöver's total rental value in Täby.

## UPPSALA



Uppsala Boländerna 33:2 – In September, Klöver acquired the 18,500 sq.m. property, consisting of six buildings.

Uppsala is one of the most rapidly growing municipalities in Sweden with a population of 200,000.

Work is primarily available in the public sector, in particular in education and health care. The labour market is thus less sensitive to cyclical fluctuations than in many other places. Uppsala's labour market can be said to be part of Greater Stockholm's labour market. Unemployment is therefore relatively low.

The market for rented offices is characterized by stability. During almost the whole of the 2000s, rental changes have been relatively moderate regardless of the state of the economy. However, a gradual increase can be noted, in particular for centrally located and modern flexible offices.

In central locations, rental levels for new lease contracts are around SEK 1,900–2,300 per sq.m.

The level is slightly higher for newly produced offices. The vacancy rate for the whole of Uppsala's office market is estimated at eight per cent.

New production of office premises is at present limited. Production is in process around the new travel interchange at the central station. The development of Campus Ultuna is in process on the outskirts of Uppsala.



Uppsala Fyrislund 6:6.

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### KLÖVERN'S MAJOR TENANTS IN UPPSALA

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Orexo AB

Municipality of Uppsala

Kemwell AB

Uppsala Vatten & Avfall AB

Uppsala County Council

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Corresponds to 42 per cent of Klöver's total rental value in Uppsala.

LIST OF PROPERTIES IN UPPSALA

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				
1	Boländerna 33:2	Kungsängsv. 15 etc.		1991/1991	Office	17,573	344	86	359	18,362	24.1	86	139.6
2	Fyrislund 6:6	Rapsg. 7		1921/2003	Other	17,946	14,156	1,697	23,768	57,567	84.0	81	308.6
3	Kungsängen 10:1	Bävernsgränd 17, etc.		1920/1966	Office	5,624	1,597	591	952	8,764	10.8	66	70.3
4	Kungsängen 10:2	Bävernsgränd 17, etc.		1920/1966	Office								
TOTAL						41,143	16,097	2,374	25,079	84,693	118.9	81	518.5

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.

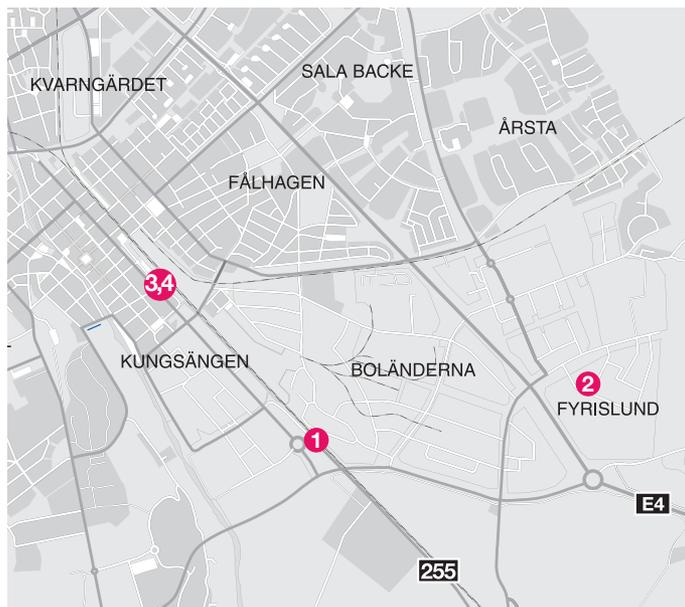
■ Acquisition during 2011.

In September, Klöver acquired Boländerna 33:2. This property consists of 18,500 sq.m. and has an occupancy rate of 85 per cent. The addition of the office property is a good complement to the business unit.

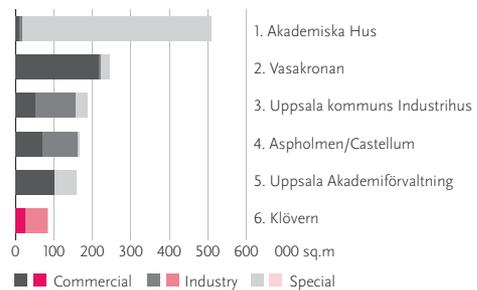
Klöver is continuing to develop Uppsala Business Park in Fyrislund, where the occupancy rate during the year increased by three percentage points to 81 per cent after having been 50 per cent at the time of acquisition in 2006. During 2011, Orexo AB had rented additional space and now rents a total of 7,600 sq.m. with a contract value of almost SEK 21 million. Klöver has also signed a four-year lease contract with Boehringer Ingelheim. The area amounts to 15,000 sq.m. and the rental value to almost SEK 3 million.

Important events

- Dombrom purchased 500 sheltered housing units and 1,000 dwellings from Uppsalahem for SEK 3 billion. At the same time, Uppsalahem acquired 51 per cent of the shares in Studentstaden AB from Dombrom.
- Donald Ericsson Fastigheter acquired a 7,800 sq.m. retail property in Granby from the Danish NorCap.
- SPP Fastigheter acquired the 24,000 sq.m. police building. The vendor was RBS Nordisk Renting.
- Klöver acquired Boländerna 33:2 from Niam Nordic Fund IV, an 18,500 sq.m. office property for SEK 194 million.
- Aspholmen acquired three properties in Boländerna consisting of 11,300 sq.m. from Woodstock for SEK 81 million.



MAJOR OWNERS OF COMMERCIAL PREMISES – UPPSALA



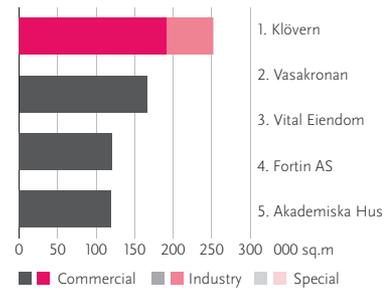
The commercial area in Uppsala amounts to 2,680,000 sq.m.

Source: Byggstatistik AB.

## KISTA



### MAJOR OWNERS OF COMMERCIAL PREMISES – KISTA



The commercial area in Uppsala amounts to 1,300,000 sq.m.

Source: Byggstatistik AB.

Kista is located between Stockholm Centre and Arlanda Airport, at the intersection of the E18 and E4 highways. There are good communications with buses, metro and local commuter trains in the area. In the past few years, the infrastructure has also been improved.

During the past 15 years, Kista has developed from an industrial area into one of the world's most innovative areas for information technology. Almost 70,000 people now work in the area. Over the years, Ericsson has been an important player in Kista. Other large international companies operating from Kista include Microsoft, TeliaSonera and IBM.



Kista Helgafjäll 2.

The standard of buildings and premises affects the rents for commercial premises more than the micro position within Kista. The rental level for office premises in Kista is considered to be between SEK 1,600 and SEK 2,200 per sq.m. for buildings with an attractive location and good standard. Rental levels for modern offices in a somewhat poorer location are in the range of SEK 1,200–1,800 per sq.m. Newly signed lease contracts at Victoria Tower have a rental level of SEK 2,900 per sq.m.

The labour market in Kista is sensitive to the state of the economy, which in turn affects the occupancy rate in the area. Over time, the vacancy rate has fluctuated and has been periodically around 20–25 per cent. Ericsson's decision to locate its head office at Kista together with the general upswing in the IT sector reversed the negative trend and the vacancy rate has slowly improved in recent years. It is now estimated to be 10 per cent.

### KLÖVERN'S MAJOR TENANTS IN KISTA

Telefonaktiebolaget L M Ericsson  
Kistamässan AB  
Nokia Siemens Networks AB  
Posten Meddelande AB  
20:20 Mobile (SWE) AB

Corresponds to 62 per cent of Klöver's total rental value in Kista.

FASTIGHETSFÖRTECKNING, KISTA

No	Property	Address	Site leasehold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				Area, total
1	Alptanäs 2	Torshamnsg. 7, etc.	S	1981/1981	Office	3,030	100			3,130	4.8	99	16.2
2	Alptanäs 3	Torshamnsg. 1, 3, 5	S		Plot						0.5	100	0.7
3	Borg 1	Torshamnsg. 16	S	1977/1977	Office	1,411				1,411	2.5	100	Spec. prop.
4	Borg 2	Strömög. 3	S	1981/1981	Industry/warehouse		4,655			4,655	5.0	100	23.6
5	Borg 3	Strömög. 5	S	1978/1978	Industry/warehouse		1,800			1,800	2.0	100	8.9
6	Borg 6	Strömög. 7, etc.	S	1980/1980	Industry/warehouse	1,244	5,104	105		6,453	6.6	93	34.0
7	Geysir 1	Österög. 4	S	1979/1979	Industry/warehouse		5,110			5,110	5.4	100	26.6
8	Geysir 2	Österög. 2	S	1980/1980	Industry/warehouse	2,580	4,426	165		7,171	6.2	89	32.4
9	Gullfoss 3	Österög. 1, 3	S	1979/1983	Office	5,530	1,993			7,523	9.2	87	40.4
10	Gullfoss 5	Viderög. 6	S	1979/1983	Office	3,654				3,654	4.0	90	21.9
11	Helgafjäll 1	Torshamnsg. 22, 24 etc.	S	1979/1979	Office	9,460	2,275			11,735	12.5	29	112.0
12	Helgafjäll 2	Torshamnsg. 28 etc.	S	1981/1981	Office	25,940	1,158			27,098	25.7	60	223.0
13	Helgafjäll 3	Torshamnsg. 36, 38, 40	S	1980/1990	Industry/warehouse	3,965	10,502			14,467	24.7	100	70.8
14	Helgafjäll 4	Torshamnsg. 42, 44, 46	S	1998/1998	Office	16,778	18			16,796	33.5	100	210.0
15	Helgafjäll 5	Kistagången 2, 4, etc.	S	1978/1988	Office	14,238	189	1,580	17	16,024	24.5	95	174.0
16	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54		2001/2002	Office	24,414	30		6	24,450	49.6	100	311.0
17	Isafjord 1	Torshamnsg. 21, 23 etc.		1976/2008	Office	39,556	8,422		9,534	57,512	82.7	91	607.2
18	Knarrarnäs 3	Färög. 5,7	S	1985/1985	Office	6,927	234			7,155	12.4	91	73.4
19	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21	S	1985/1985	Office	6,961	636	488		8,085	10.7	68	63.0
20	Knarrarnäs 9	Knarrarnäs. 15	S	1984/1986	Office	4,748	119		3	4,870	9.7	92	63.0
21	Lidarände 1	Torshamnsg. 18		1979/2008	Industry/warehouse	2,855	16,406	685		19,946	30.6	99	124.0
22	Röros 1	Norgeg. 1	S	1985/1985	Office	2,824	28			2,852	3.6	71	20.9
23	Skaftå 1	Torshamnsg. 19			Plot								0
-	Slaggetlet 2	Voltav. 4, Bromma		1929/1975	Office	1,775	205			1,980	2.2	100	11.6
<b>TOTAL</b>						<b>177,884</b>	<b>63,410</b>	<b>3,023</b>	<b>9,560</b>	<b>253,877</b>	<b>368.6</b>	<b>90</b>	<b>2,268.6</b>

\* Consists of education, health care, residential, laboratory and gym/leisure facilities.



Kista Lidarände 1 – Kistamässan.

Over 115,000 people live and work in the city neighbourhood of Kista. The shopping mall, Kista Galleria, one of the largest shopping malls in Stockholm, is also located here. It has been refurbished in recent years and now has around 180 shops, restaurants and a cinema.

Kista is an area, which has undergone continuous development, which will also continue for the immediate future. It is being developed into a more urban environment. Around 3.000 new housing units, offices, streets and public meeting spaces are being built. Next in turn is the office complex NOD, the residential areas Kista-höjden, Kista Äng and Kista Torn with apartments and a library.

Klövern's refurbishment of the property Lidarände 1 for Kistamässan, shops and offices, the refurbishment and new construction of Isafjord 1 for Ericsson together with the development of Arne Beurlings Square and the construction of Victoria Tower have created an important new meeting place for business in Kista.



The Isafjord block in Kista.

Klövern's project with the refurbishment and new construction of the property Isafjord 1 for Eriksson started during 2010. Of a total of 36,000 sq.m., tenants have moved into refurbished premises with 9,000 sq.m. of offices and a customer centre in the summer of 2011. The new construction of 27,000 sq.m. of offices is expected to be ready for occupation during the latter half of 2012. The ten-year contract lease signed in 2010 has an annual rent that will total SEK 66 million, of which SEK 6 million will be moved into during the third quarter of 2011. Klöverns investment is estimated at SEK 662 million.

Victoria Tower, with its 34 floors of hotel and offices, was inaugurated in September. The spectacular 120 metre building has been designed by Wingårdh Arkitekter and has been nominated for Mipim Awards in the category "Best Hotels & Tourism Resorts". The prize will be awarded in mid-March. Other nominations are Six Senses Con Dao in Vietnam and The Bulgari Hotel & Residences in the U.K. Klöverns is in the process of letting the ten floors of offices in the upper part of the building.

### Important events

- Sagax purchased a property on Torshamnsgatan from RBS Nordisk Renting for SEK 198 million. The property consists of 10,000 sq.m. of industrial premises.
- Atrium Ljungberg started the first phase of the 15,000 sq.m. NOD block. A lease contract has been signed with Stockholm University for over 7,000 sq.m.
- Kungsleden AB acquired the 7,300 sq.m. office property from Office Management for around SEK 148 million. The major part of the premises are offices and they are let by the vendor on a ten-year lease.
- During 2011, Klöverns made a large letting to Ericsson at the property Helgafjäll 3. The lease contract is for just over four years and almost 4,000 sq.m. of office premises. The property is accordingly fully let.

"Kista is a city of science – a creative melting pot where thousands of businesses, researchers and students work together to develop and grow. In fact, few places in the world can show such a high concentration of competence, innovation and business potential in ICT (Information and Communications Technology). There are now over 1,000 businesses, 6,800 university students and 1,100 PhDs in ICT in Kista Science City. 90 per cent of ICT companies are export companies, a figure which is very high compared with other industries. This clearly demonstrates the great importance of Kista Science City and the ICT industry for growth in the Stockholm region", says Åke Lindström, Market Director at Kista Science City.



## FINANCE

FINANCE

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Karlstad Druvan 13 – Centrally located property of almost 4,300 sq.m. The largest tenant is Svenska Handelsbanken AB which rents 1,100 sq.m.

# FINANCING

Klövern's average interest rate increased during 2011 owing to rising short-term market rates, higher bank margins and increased hedging in the form of interest rate swaps. By the beginning of 2012, Klöver'n had already refinanced half of the credit facilities that matured during the year.

## The credit market

The Riksbank increased its policy rate, the repo rate, on three occasions during the first half of the year but subsequently reduced it once towards the end of the year in conjunction with the accelerating crisis, above all in the Euro zone, and the ensuing downward adjustments of growth forecasts. At the beginning of the year, the repo rate was 1.25 per cent and at year-end 1.75 per cent. Access to liquidity in the bank market decreased at the end of 2011 leading to increased margins.

The year was characterized by rising short-term market rates throughout the year, while long market rates initially rose and then fell again until the end of the year. However, both short and long market rates are at historically low levels.

## Financial management

Financial management shall support the company's core activities by keeping the long-term cost of borrowed capital at a minimum. The tasks of the finance function are to manage the existing debt, take care of new borrowing for investments and acquisitions, to improve the efficiency of cash management and to limit the financial risks. The work of Klöver'n's finance function is governed and controlled by the financial policy which is adopted by the Board once a year. Financial policy establishes the allocation of responsibility in financial matters and rules relating to reporting, follow-up and control. Financial matters of strategic importance are dealt with by Klöver'n's Board.

## Raising of capital

Running a real estate company is capital intensive. The total amount of assets, which is substantially the same as the value of the properties, is financed with equity, loan capital and other capital. The distribution between the three parts depends on various factors such as the cost of the different forms of finance, the direction of the property portfolio and the risk aversion of the shareholders and lenders. Equity is normally the most expensive form of finance of the three for a company of Klöver'n's kind and other capital the cheapest.

On 31 December 2011, Klöver'n's assets amounted to SEK 15,390 million (14,072). Equity accounted for SEK 4,740 million (4,515) of the asset value, loan capital for SEK 9,345 million (8,517) and other capital for SEK 1,305 million (1,039).

## Equity

Klövern's share of equity in proportion to total capital, the equity ratio, is 31 per cent (32). The cost of equity is the same as the return on equity, which consists of net profit in relation to average equity. As net profit is affected not only by the operating profit but also by changes in value of both properties and derivatives, the level of return varies sharply from year to year. The goal from 2011 is for return on equity over time to amount to the risk-free rate, measured as a five-year government bond yield, plus at least nine percentage points.

### RAISING OF CAPITAL



- Loan capital 61 %
- Equity 31 %
- Other capital 8 %

### FIXED INTEREST AND TIED-UP CAPITAL

Maturity year	Fixed interest		Tied-up capital	
	Loan volume, SEKm	Interest rate, %	Contract volume, SEKm	Utilized, SEKm
Loan maturity	4,545	4.0	–	–
2012	–	–	4,640	3,798
2013	–	–	3,279	3,279
2014	–	–	2,335	2,099
2015	1,400	4.2	–	–
2016	1,400	5.0	–	–
2017	1,000	4.5	–	–
2018	500	4.1	–	–
2019–	500	3.9	169	169
<b>TOTAL</b>	<b>9,345</b>	<b>4.2</b>	<b>10,423</b>	<b>9,345</b>

### Loan capital

Loan capital consists of interest-bearing liabilities. As interest-bearing liabilities are normally a cheaper form of finance than equity, there is an incentive to have a relatively high share of loan capital, within the given risk mandates.

The interest-bearing liabilities accounted for 61 per cent (61) of the total financing at year-end. Practically all loans are based on the variable Stibor rate, which makes it possible to change the capital structure without having to pay early redemption charges. With a view to reducing the interest rate risk, Klöverner has chosen to swap just over half of the volume, SEK 4,800 million (3,800) for fixed interest with a long maturity. 33 per cent (54) of the variable loans of SEK 4,545 million (4.648), which in principle is the rest of the debt, is protected against sharp interest rate rises by an interest cap.

During the year, SEK 2,644 million (3,487) of existing loans have been refinanced and SEK 563 million (637) raised in new loans.

In addition to existing loans, Klöverner had unused credit and overdraft facilities of SEK 1,078 million (1,424), of which SEK 583 million (637) was immediately available for use with existing collateral. The unused loan facilities are distributed among three different lenders and are subject to renegotiation in 2012 and 2014 respectively. All financing takes place in Swedish kronor. At year-end 2011, liquid funds amounted to SEK 11 million (36).

### Other capital

Other capital consists mainly of deferred tax, accounts payable, prepaid income, derivatives and accrued expenses. The financing form Other capital amounted to SEK 1,305 million (1,039) and consisted of 8 per cent (7) of Klöverner's total financing as at 31 December.

### Average interest rate and fixed interest

Klöverner's average borrowing rate for the interest-bearing liabilities rose during the year. At year-end, Klöverner's average interest rate was 4.2 per cent (3.6) after an increase of 0.6 percentage points during the year. During the same period, Stibor with three months' maturity rose by 0.7 percentage points. Approximately half of the increase in Klöverner's average interest rate is attributable to the rise in short-term market rates. The remainder is attributable to new financing, higher margins when refinancing, and additional acquisitions of interest rate swaps to hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest caps, as well as costs for revolving credit facilities and overdraft facilities, Klöverner's average borrowing rate was 3.9 per cent (2.8) at the year-end. The average period of tied-up capital, taking into consideration interest rate derivatives, was 2.7 years (2.4).

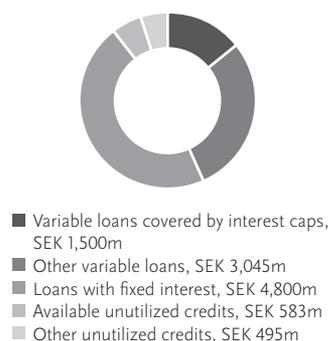
### Tied-up capital

At the year-end, the average period of tied-up capital was 1.9 years (2.0). In recent years, Klöverner has permitted the period of tied-up capital to fall below the target of at least three years because of the banks' high margin requirements. The goal of a period of tied-up capital for the whole credit portfolio of at least three years is still in effect. During 2012, loans mature totalling SEK 4,390 million (2,453), excluding overdraft facilities, of which SEK 2,190 million (361) has been renegotiated in early 2012.

### Derivatives

Klöverner uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 6,300 million (6,300) at year-end, corresponding to 67 per cent (74) of the interest-bearing liabilities.

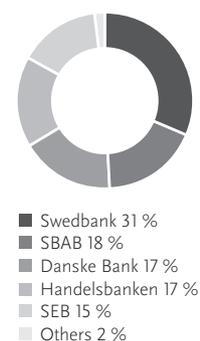
LOAN FACILITIES



LEVERAGE AND AVERAGE INTEREST RATE



LENDERS



Klövern has only two types of derivatives: interest rate swaps and interest caps.

Interest rate swaps entail an agreement between two parties to exchange interest payments with one another. Klövern has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, especially with three months' maturity, and fixed interest is paid varying between 2.5 and 3.9 per cent.

At year-end 2011, the volume of swaps was SEK 4,800 million (3,800). The interest rate swaps entail that 51 per cent of the interest-bearing liabilities has fixed interest. No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Handelsbanken and Swedbank.

One third of the remaining interest-bearing liabilities are protected by interest caps which totalled SEK 1,500 million (2,500 million) at year-end. The interest caps protect against rising variable interest rates by providing an interest income when the pre-selected variable market rate in the form of Stibor with a certain maturity passes the strike level. A premium is paid to the bank for the interest cap, which is expensed during the time to maturity of the cap and increases Klövern's average borrowing rate. The counterparty for the interest caps is Swedbank

#### Valuation of derivatives

The value of the interest caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2011, the change in value of the derivatives, which are unrealized in their entirety but which affect the statement of income and the balance sheet, amounted to SEK -1 million (-2) for the interest rate caps and SEK -224 million (25) for the swap agreements. The fair value at year-end amounted to SEK 0 million (5) for the interest caps and SEK -242 million (-18) for the interest rate swaps. The aggregate change in value for the derivatives during the year was SEK -225 million (23) and the value at year-end was SEK -242 million (-13).

#### Creditors and collateral

The loan portfolio is distributed among six lenders: Danske Bank, Handelsbanken, SBAB, SEB, Swedbank and Sörmlands Sparbank. Klövern's choice to have many providers of credit has been regarded as positive both by Klövern and the credit providers.

Property mortgages of SEK 10,429 million (9,763) have been provided as collateral for interest-bearing securities. In addition, Klövern has provided a pledge in the

form of shares in property-owning subsidiaries and parent company guarantees from Klövern AB.

#### Covenants and risk-taking

Klövern's financial risk taking and position can be seen by, among other things, the key ratios equity ratio, interest coverage ratio and leverage. There are set limit values, known as covenants, in credit agreements with banks and credit institutions specifically for these three key ratios. Klövern's own goals comply well with the banks' requirements. Klövern's goal is for the equity ratio to be between 25 and 35 per cent. The banks usually have 25 per cent as a lower limit. Klövern's goal is for the interest coverage ratio to amount to at least 1.5 multiples, which complies with the banks' requirements. Klövern has no goal of its own for leverage but the banks normally have a limit of 75 per cent, although somewhat higher demands have been seen for leverage during the year. Klövern meets all of the banks' goals and requirements by a broad margin. The equity ratio was 31 per cent (32), the interest coverage ratio 2.2 multiples (2.8) and the leverage 63 per cent (63).

#### DERIVATIVE AGREEMENTS

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<i>Nominal interest rate swaps</i>				
Swedbank	600	3.1	2.8	-18
Handelsbanken	800	3.1	2.8	-25
Danske Bank	400	4.1	3.0	-19
Swedbank	1,000	4.9	3.9	-94
Danske Bank	1,000	5.1	3.1	-58
Swedbank	300	6.6	2.7	-11
Swedbank	200	6.6	2.7	-7
Swedbank	300	9.7	2.5	-6
Danske Bank	200	9.7	2.5	-4
<b>Total swaps</b>	<b>4,800</b>	<b>5.1</b>	<b>3.1</b>	<b>-242</b>

Motpart	Amount, SEKm	Remaining time to maturity, years	Strike level,* %	Market value, SEKm
<i>Räntetak</i>				
Swedbank	250	0.2	4.50	0
Swedbank	250	0.2	4.50	0
Swedbank	500	2.0	4.50	0
Swedbank	500	2.3	4.25	0
<b>Total interest caps</b>	<b>1,500</b>	<b>1.5</b>	<b>4.4</b>	<b>0</b>
<b>TOTAL</b>	<b>6,300</b>	<b>4.2</b>		<b>-242</b>

\* The strike level is the pre-set interest rate level at which interest income is received to compensate for increased interest expense.

#### New financing forms after the end of the year

In January 2012, Klövern's shareholders received preference shares in a bonus issue. Preference shares are also included as part payment in the offer to Dagon's shareholders. At the beginning of 2012, Klövern also issued bond loans totalling SEK 820 million.

Uppsala Boländerna 33:2 – Klöveräven acquired the 18,500 sq.m. property, consisting of six buildings, in September 2011.



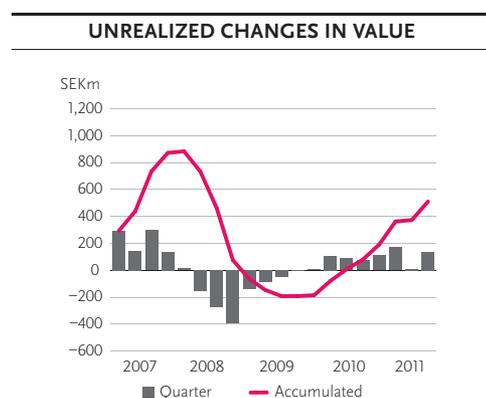
# RISK AND SENSITIVITY

A real estate company is exposed to various risks and opportunities in its business. Internal rules and policies have been adopted to limit exposure to various risks.

## The value of the properties

### Risk

A great risk and opportunity for Klöver's properties lie in changes in value. Changes in value are affected by factors such as how well Klöver succeeds in improving and developing properties and by the contract and customer structure. External changes such as the general state of the economy, interest rates, the local balance between supply and demand, loan financing and the required yield, also have an impact. The required yield is affected to a great extent by the risk-free rate and the properties' unique risk. Property values are less volatile for concentrated portfolios in good locations in comparison with those in less attractive locations.



### Management

Klöver has often acquired properties with a high vacancy rate in order to develop and improve them. Klöver has a high level of expertise in property and project development. Due to Klöver's local organization, which is close to the customer, long-term relationships have been established with tenants, which reduce the risk of new vacancies. The customer structure is well diversified with 16 per cent in the public sector, 28 per cent in listed companies and 56 per cent in private companies. Klöver has a concentrated portfolio with 99 per cent of the rental income at the ten prioritized cities.

### Exposure

#### CHANGE IN VALUE, PROPERTIES

	-10%	-5%	0	+5%	+10%
Change in profit before tax, SEKm	-1,488	-744	0	744	1,488
Equity ratio, %	25	28	31	33	35
Leverage, %	70	66	63	60	57

## Financing

### Risk

Just under two-thirds of Klöver's activities are financed by borrowing from banks and credit institutions. Consequently, Klöver is exposed to financing and interest rate risks. Through Klöver using various derivatives to manage its interest rate risks, the company is also exposed to the risk of change in value of these derivatives.

### Management

The financing risk is managed by goals in the financial policy for maturities on tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. The goal for the tied-up capital is for the interest-bearing liabilities to be at least three years, although at year-end it amounted to 1.9 years. Refinancing has extended the period of tied-up capital to around 2.5 years at the beginning of 2012. The problems in the financial market in recent years with restricted liquidity, in particular, for long-term capital, mean that compliance with the goal for tied-up capital would have made Klöver's borrowing significantly more expensive. Klöver has deliberately chosen a shorter period of tied-up capital in order to avoid locking in high margins for a longer period of time. Tied-up capital for the various loans shall also be distributed over several years. There should not be a maturity exceeding 35 per cent of the total interest-bearing liabilities in any single year. However, this goal was exceeded in 2011. A spread of borrowing among many lenders reduces the financing risk. Klöver has six different credit institutions and the goal of a maximum of 50 per cent of Klöver interest-bearing liabilities is not exceeded for any counterpart. At the beginning of 2012, Klöver broadened the forms of finance by issuing preference shares and two bond loans.

Klöver has chosen to protect itself against rising interest rates by exchanging variable loans for fixed loans through interest rate swaps. The total volume of swaps is SEK 4,800 million. Fixed-interest loans thus account for just over half of the loan portfolio. In addition, Klöver has entered into SEK 1,500 million of interest caps which state a set maximum level for the variable base rate for the chosen volume. When the market rate exceeds the strike levels, interest income is received to compensate for the higher interest expense.

When the agreed interest for derivatives deviates from the market rate, there is a change in value that affects the company's statement of income and balance sheet. However, the change in value does not have an effect on the cash flow. On maturity, the value of the derivatives used by Klöver is always zero.

### Exposure

FINANCIAL GOALS AND OUTCOME AS AT 31 DECEMBER 2011 ACCORDING TO FINANCIAL POLICY		
	Goal	Outcome
Interest coverage ratio	Shall amount to at least 1.5 multiples.	2.2 multiples
Equity ratio	Should be between 25 and 35 per cent	31 %
Interest rate risk	At least 50 per cent of the total loan volume shall have fixed interest or be hedged by interest caps.	67 %
Base risk	Tied-up capital is to be at least 3 years.	1.9 years
	At most 35 per cent of the total liability is to mature during the same year.	41 %
Refinancing risk	At most 50 per cent of the capital requirement in relation to time and the same lender.	31 %

### Environment

#### Risk

According to the Environmental Code, those who engage in activities that contribute to pollution are also responsible for subsequent treatment. If the person carrying out the activity cannot carry out or pay for this treatment of a property, the party that has acquired the property, and who, at time of acquisition, knew of or should have detected the pollution is responsible. This means that demands can, in certain conditions, be directed at Klöver for land decontamination or subsequent treatment for the existence or suspicion of pollution in the ground, water areas, or groundwater to put the property in such a state as follows from the Environmental Code.

#### Management

A thorough analysis of any environmental risks is carried out in connection with every acquisition.

#### Exposure

Klöver does not carry out any activity that requires a special environmental licence, although property administration and property development can have an impact on the environment.

At present, however, there is no knowledge of any important environmental demands which can be directed at Klöver.

### Property costs

#### Risk

There is a risk in properties with neglected maintenance of large and expensive repair costs. Energy accounts for 30 per cent of Klöver's property costs and consumption and energy costs can rise sharply if control is poor. Weather deviations from what is regarded as normal can also affect the total outcome. Seasonal variations in weather mean that energy costs are not evenly distributed over the year. Normally, for example, around 40 per cent of the year's heating consumption takes place during the first quarter of the year.

#### Management

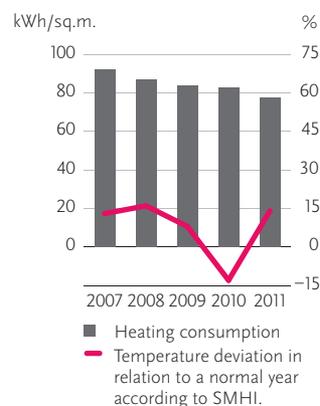
Through its local organization, Klöver has a very good control of its properties. An ambitious maintenance programme with preventive measures reduces the number, and costs of, unanticipated repairs. A major investment has been made for energy-optimized investments. Klöver works actively to follow up energy consumption and takes steps to reduce it.

#### Exposure

The influence of the weather during a particular year can be measured as a deviation from a "normal year". If a particular year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 2 million with the present consumption.

In the past two years, Klöver has placed an increasing focus on tenants paying the actual cost of energy consumption and not a standard charge, which has also reduced the risk for Klöver.

#### HEATING CONSUMPTION AND TEMPERATURE IN RELATION TO A NORMAL YEAR



During 2011, the temperature deviated by +14 per cent compared with a normal year.

## Rental income and occupancy rate

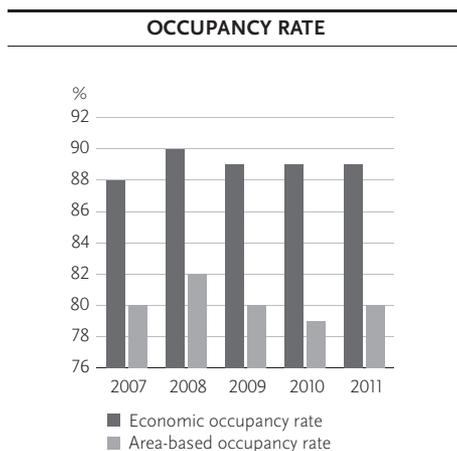
### Risk

There is a risk of vacating tenants in all property management. When tenants change, there may arise costs for adaptation of new tenant and vacancy periods.



### Management

At year-end 2011, Klöver had a total of 4,949 lease contracts (4,476) with over 2,900 companies (2,800) in many different branches of business activity. The tenant turnover rate exceeded the desired maximum limit slightly at 7.9 per cent (6.3) compared with 7.0 per cent owing to a few large vacating tenancies that were known in advance. The turnover rate is measured as vacation in SEK during the year in relation to average lease contract value. The average lease term in Klöver's stock was 2.8 years (2.8).



At year-end, Klöver had an economic occupancy rate of 89 per cent (89) and an area-based rate of 80 per cent (79).

Klöver makes a credit rating in connection with all new letting. On the basis of a credit rating, certain leases are complemented with guarantees, a deposit or a bank guarantee. All rents are paid in advance. Despite this, there is a risk of tenants suspending payments or otherwise not performing their obligations, which has a negative impact on Klöver's result. Due to the frequent dialogue with tenants, Klöver has very low rent losses. These amounted to SEK 3.2 million (3.1) or 0.2 per cent (0.2), of Klöver's total income during 2011.

### Exposure

The largest tenant is Ericsson, which mainly leases large office areas in Kista. Ericsson has, inter alia, located its head office with the group executive management at Kista. The managements of Ericsson's three business areas, Global Services, Multimedia and Networks, and parts of R&D activities are also located at Kista. In 2010, Ericsson signed a ten-year lease contract for 36,000 sq.m., of which the major part is for a new office building, which is being built in Kista. The building, which has a total lease contract value of SEK 66 million, is expected to be completed in the summer of 2012. Ericsson's total contract value amounted at year-end 2011 to SEK 185 million, which corresponds to 13 per cent of Klöver's total contract value.

The second largest tenant is TeliaSonera with a contract value of SEK 29 million at year-end 2011. This activity consists mainly of offices, located in Karlstad, Linköping and Norrköping, among other places.

### KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %	Average remaining contract period, years	Number of contracts	Area, 000 sq.m.
LM Ericsson AB	185	13	3.5	28	103
TeliaSonera Sverige AB	29	2	3.1	40	20
Posten Meddelande AB	21	2	3.5	31	19
Orexo AB	21	2	2.8	12	8
Kistamässan AB	20	1	8.7	3	16
Östergötland County Council	16	1	2.1	13	12
Municipality of Linköping	15	1	1.2	16	12
Swedish Transport Agency	14	1	1.3	15	16
ULTRA Education i Norden AB	12	1	3.0	4	9
Municipality of Norrköping	12	1	4.5	26	12
<b>TOTAL</b>	<b>345</b>	<b>25</b>	<b>3.5</b>	<b>188</b>	<b>227</b>

## Tax

### Risk

Klövern's self-evident intention is to comply with laws and regulations, not least within the area of taxation. However, lack of clarity concerning the interpretation of rules, and in certain cases changed rules with retroactive effect, means that Klöver, like other companies, cannot always anticipate the tax outcome of its actions.

### Management

Klövern uses tax expertise from a number of reputable firms.

### Exposure

During 2011, Klöver had three ongoing tax disputes of greater importance; Klöver had requested an additional loss carryforward of SEK 4,993 million. The Supreme Administrative Court (SAC) decided, however, in September not to grant leave to appeal for Klöver's claim. This issue is thus finally settled. The SAC's decision did not have any effect on the statement of income or the balance sheet. The second issue concerned a tax surcharge of SEK 493 million without the matter having been considered on its merits. The SAC decided during 2011 in favour of the Tax Agency that it is legally possible to impose such a surcharge. However, the SAC referred the matter of the provision of incorrect information back to the Administrative Court, where it is expected to be considered during 2012. The third issue concerned the upward adjustment of tax for the 2008 income year, when the Tax Agency decided to increase Klöver's taxation by



Norrköping Kopparhamaren 7.

approximately SEK 77 million, which can entail a tax expense of around SEK 21 million. Klöver has appealed to the Administrative Court.

## Other risks

### Operating risks

Operating risks means the risk of incurring losses due to deficient routines, insufficient control, and/or improper actions. Good internal checks and external checks by auditors, administrative systems that are appropriate for their purpose, competence development and access to reliable valuation models are methods to reduce the operating risks. In this connection, Klöver works continuously to monitor the company's administrative security and control.

### Personnel

Personnel risk is the risk of not being able to meet Klöver's need of skilled personnel. The company works actively for internal career paths and internal training and also actively endeavours to maintain the company's reputation as an attractive employer.

The executive management has a period of notice of six months. Other personnel have a three-month period of notice if notice is given by the employee. This provides sufficient time for recruitment in the event of notice being given.

During 2011, Klöver had a staff turnover of 8 per cent (10).

### Sensitivity analysis

The sensitivity analysis is based on the Group's earning capacity and balance sheet on 31 December 2011. The sensitivity analysis shows the effects on the Group's profit before tax after full impact of each of the parameters in the table below. Interest-bearing liabilities and lease contracts extend over several years, which means that changes do not have full impact during a single year but only in a longer perspective.

#### SENSITIVITY ANALYSIS

	Change	Annual effect on profit before tax, SEKm
Economic occupancy rate	+/- 1 % point	+/- 16
Rental income	+/- 1 %	+/- 13
Property costs	+/- 1 %	-/+ 5
Klövern's average borrowing rate	+/- 1 % point	-/+ 93

# THE KLÖVERN SHARE AND THE SHAREHOLDERS

During the year, the Klöver share price has decreased by –24 per cent (48) to SEK 25.90 (34.00). The decline was larger than for the Stockholm stock exchange, but on a par with the decline for real estate company shares.

The Stockholm stock exchange as a whole, measured as the All-Share index, fell by –17 per cent (23) and NASDAQ OMX Stockholm Real Estate index decreased by –16 per cent (40) during the year.

## Share price movements and turnover

Klövern's share price was SEK 25.90 (34.00) at year-end 2011, which is equivalent to a capitalization of SEK 4,165 million (5,467), based on the number of outstanding shares. The highest listing of the share during the year was SEK 35.10 on 5 April and the lowest SEK 22.00 at the beginning of August.

During the year, 84.2 million (81.6) Klöver shares were traded, corresponding to 333,000 shares (323,000) per day for a total of SEK 2,464 million (2,256), which is an indication of high liquidity. The turnover rate was 52 per cent (51).

## Share capital and number of shares

The Klöver share has been listed on NASDAQ OMX Stockholm Mid Cap since 2003. On 31 December 2011, the share capital of Klöver amounted to SEK 832,721,630. No changes in the share capital have taken place since 2006.

The share's quotient value was SEK 5 per share and the total number of registered shares was 166,544,326 at

year-end 2011. Each share, apart from repurchased shares, confers one vote. The share's ID on NASDAQ OMX Stockholm is SSE19459, the ISIN code is SE0000331225 and the short name KLOV.

At an Extraordinary Shareholders Meeting on 12 January 2012, Klöver decided on a bonus issue of preference shares to Klöver's shareholders. All shareholders in Klöver received one (1) preference share per forty (40) common shares without any additional requirement. The number of preference shares issued then totalled 4,163,609. The shares started to be traded on 30 January 2012. The ISIN code is SE0004390037 and the short name KLOV PREF.

## Repurchase

Since 2007, the Board of Directors of Klöver has been authorized by the Annual General Meeting to repurchase shares up to maximum of ten per cent of the total number of registered shares. Accordingly, Klöver, up to 2008, has repurchased a total of 5,741,463 shares, corresponding to 3.4 per cent of the total number of registered shares. This is intended, inter alia, to continuously adapt the company's capital requirements and thus contribute to increased shareholder value. No further repurchases have taken place since 2008 but the shares are still held by the company.

## MAJOR LISTED REAL ESTATE COMPANIES AS AT 31 DECEMBER 2011

Company	Share price, SEK	Market capitalization <sup>1)</sup> , SEKm	Share price development 2011, %	P/E ratio	Proposed dividend, SEK/share	Direct yield <sup>2)</sup> , %	Total yield 2011, %
Hufvudstaden, A-share	70.05	15,383	–11	10	2.45	3.5	–8
Castellum	85.30	14,672	–7	20	3.70	4.3	–3
Wallenstam, B-share	63.50	10,922	8	15	1.20	1.9	10
Atrium Ljungberg, B-share	73.25	9,758	–15	11	2.60	3.5	–13
Fabege	53.90	8,915	–31	8	3.00	5.6	–28
Wihlborgs	91.00	6,994	–7	11	3.75	4.1	–3
Kungsleden	46.00	6,279	–25	10	2.60	5.7	–22
Balder, B-common share	25.30	5,177	–14	5	0.00	0.0	–14
Klövern	25.90	4,313	–24	9	1.25	5.8 <sup>3)</sup>	–19
Sagax, common share	165.00	3,201	–3	47	4.00	2.4	–1
Corem Property Group, common share	20.00	2,300	–13	neg	0.50	2.5	–11
Diös	28.50	2,130	–26	6	1.10	3.9	–22

1) Based on the total number of registered shares (including repurchased shares).

2) Calculated according to proposed dividend.

3) Including payment during 2012 for bonus issue preference shares.

Source: Year-end report 2011.

## Dividend

Klövern's dividend, in the long term, shall exceed 50 per cent of the profit from property management. When assessing the size of the dividend, the company's investment alternatives, financial position and capital structure shall be taken into account.

At an Extraordinary Shareholders Meeting on 12 January 2012, it was decided to pay a dividend for preference shares of SEK 2.50, the record day being 30 March.

The Board of Directors proposes to the Annual General Meeting of Shareholders that dividend shall be SEK 1.25 per share (1.50) for the common share and SEK 10, divided into four quarterly payments of SEK 2.50, for the preference share. It is expected to pay dividend to common shareholders on 25 April, the record day being 20 April. The record day for preference shareholders is the last weekday of every quarter and dividend is normally paid three bank days later. The first record day is 29 June 2012. All record days and payment dates are shown in the Calendar at klovern.se.

## Yield

Real estate companies pay a relatively high dividend as a rule and the same applies to direct yield. The proposed dividend in 2012 of SEK 1.25 per common share and SEK 10 per preference share, corresponds to a direct yield of 5.8 per cent (4.4) if the dividend on the preference shares issued in the bonus issue is included. During 2011, the share's total return, including dividend of SEK 1.50

per share has been -19 per cent (54). During the past five years, the Klöver common share has given an average total return, measured including paid dividend, of around 6 per cent. (15).

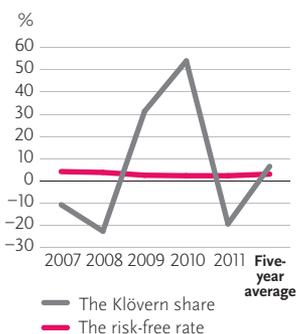
## Return on equity

Klövern's goal for return on equity over a business cycle was raised in 2011 from the risk-free rate plus seven percentage points to the risk-free rate plus seven percentage points. The risk-free rate was 2.3 per cent during 2011. The return on equity achieved was 10.1 per cent in 2011. During the past five-year period, the average return on equity was 9.5 per cent, which is less than goal for the average of 10.4 per cent.

## Dividend's share of profit from property management

Klövern's goal is that dividend over time should amount to 50 per cent of the profit from property management. According to the present proposal, dividend during 2012 for the common shares existing at the year-end and the preference shares issued in the bonus issue, for which the Extraordinary Shareholders Meeting decided on a dividend of SEK 2.50 during the first quarter of 2012, amounts to 52 per cent (55) of the profit from property management in 2011. During the past five years, this would correspond to an average dividend amounting to 52 per cent (52) of profit from property management.

TOTAL RETURN



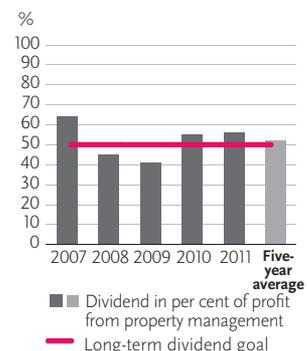
The share's price trend and dividend paid during the same year in relation to share price at the beginning of the year.

RETURN ON EQUITY



Net profit in relation to average shareholders' equity.

DIVIDEND AS A SHARE OF PROFIT FROM PROPERTY MANAGEMENT



### Equity and net worth

Net worth is the value of the company's assets less the value of liabilities. Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities and investment properties which are valued at fair value. Total equity amounted at year-end 2011 to SEK 4,740 million (4,516) and equity per share to SEK 29.47 (28.08) after an increase of SEK 1.39 during the year.

On the liabilities side of the balance sheet, there is a deferred tax liability of SEK 673 million (508), which includes the difference between the fair values and tax values of the properties and derivatives (temporary differences, although excluding acquired temporary differences) as well as derivatives. The tax liability is realized when and if derivatives are sold and the properties are sold as separate properties. If, however, companies are sold, with the properties as assets, no tax effect arises. In Klöver's case, practically all properties are in corporate form, which, in all probability, means that only a minor part of the total deferred tax liability will be paid.

The difference between the tax value and the fair value of the properties is SEK 5,666 million (4,701). Given an assumption that the fair deferred tax liability amounts to 5 per cent, instead of the 13 per cent which they are booked at, the deferred tax liability would be reduced by

SEK 453 million (277). On the basis of the above reasoning, SEK 453 million (277) would be added to equity, which would entail an increase of net worth of SEK 2.82 (1.72) per share. After adjustment, equity per share would amount to SEK 32.29 (29.80)

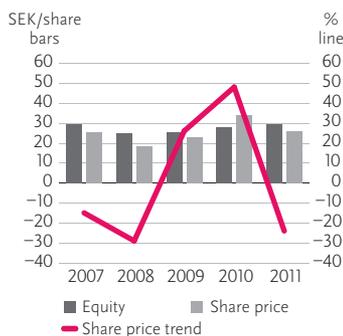
NET WORTH, 31 DECEMBER 2011	SEKm	SEK/share
Equity according to the balance sheet	4,740	29.47
Adjustment of the deferred tax liability	453	2.82
Adjusted net worth	5,193	32.29

### Ownership

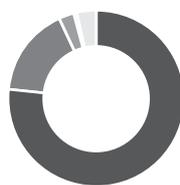
At year-end 2011, there were 27,213 shareholders (27,554) in Klöver. The ten largest shareholders represented 63.0 per cent (60.5) of the total number of outstanding shares corresponding to a market capitalization of SEK 2,629 million (3,307). 84.1 per cent (83.1) of the total number of shares were held by Swedish shareholders.

Two owners (2), Corem Property Group and Arvid Svensson Invest, had, as at 31 December 2011, a shareholding exceeding 10 per cent. During the year, Investment AB Öresund declared sale of its shareholding and Brinova Fastigheter AB, Corem Property Group AB and Rutger Arnhult via companies declared purchase of shares. All of the declarations were made during the first half of the year.

#### EQUITY AND THE SHARE PRICE



#### SHAREHOLDER CATEGORIES



- Private owners 76.7 %
- Financial companies 16.4 %
- Other financial companies 0.2 %
- Public sector 2.6 %
- Interest organizations 0.7 %
- Repurchased own shares 3.4 %

#### DISTRIBUTION OF SHARES BY COUNTRY



- Sweden 83.8 %
- USA 4.6 %
- UK 4.3 %
- Luxembourg 3.0 %
- Switzerland 1.4 %
- Other countries 2.9 %

### OWNERSHIP AND MAJOR SHAREHOLDERS

	No. of shares, thousands	Shares of votes and equity, %	Change 2011, % points
<b>31 December 2011</b>			
Corem Property Group	32,200	20.0	1.3
Arvid Svensson Invest	24,159	15.0	0.0
Rutger Arnhult via companies*	10,502	6.5	5.9
Brinova Inter	9,861	6.1	1.9
Länsförsäkringar Funds*	5,570	3.5	-0.1
Swedbank Robur Funds*	4,576	2.8	-0.4
Länsförsäkringar Södermanland	4,545	2.8	0.1
JP Morgan Chase NA	3,496	2.2	0.7
BNP Paribas Securities	3,357	2.1	1.2
Handelsbanken Funds*	3,259	2.0	1.0
<b>Total major shareholders</b>	<b>101,525</b>	<b>63.0</b>	<b>11.6</b>
Other shareholders	59,278	37.0	-11.6
<b>Total no. of outstanding shares</b>	<b>160,803</b>	<b>100.0</b>	<b>0.0</b>
Repurchased own shares	5,741		
<b>TOTAL NO. OF REGISTERED SHARES</b>	<b>166,544</b>		

\* Owner group.

### THE KLÖVERN SHARE DURING A FIVE-YEAR PERIOD

	2011	2010	2009	2008	2007
Share price at year-end, SEK	25.90	34.00	22.90	18.20	25.50
Capitalization, outstanding shares, SEKm	4,165	5,467	3,682	2,929	4,227
Profit from property management per share, SEK	2.66	2.73	3.07	2.17	2.32
Earnings per share, SEK	2.89	3.76	1.48	-2.92	7.36
Equity per share, SEK	29.47	28.08	25.58	25.09	29.36
Dividend, common share, SEK	1.25*	1.50	1.25	1.00	1.50
Dividend, preference share, SEK	10.00*	-	-	-	-
Direct yield <sup>1)</sup> , %	5.8*	4.4	5.5	5.5	5.9
Total return, %	-19.4	54.0	31.3	-22.7	-10.8
No. of registered shares, million	166.5	166.5	166.5	166.5	166.5
No. of outstanding shares, million	160.8	160.8	160.8	160.8	165.8
Average outstanding shares, million	160.8	160.8	160.8	163.2	166.4

\* Proposed dividend.

1) The direct yield for 2011 has been calculated including dividend during 2012 for the preference shares issued as a bonus issue.

### SHARE PRICE TREND 2004-2011



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### PRESS RELEASES 2011

17.02.2011	Year-end report 2010
08.03.2011	Annual report 2010
17.03.2011	Notice of Annual General Meeting of Shareholders
18.04.2011	Interim Report January – March 2011
18.04.2011	Decisions at Annual General Meeting of Shareholders
22.06.2011	Tax supplement case starts again in the lowest instance
01.07.2011	Klövern acquires in Uppsala
07.07.2011	Interim Report January – June 2011
16.08.2011	Gustaf Hermelin to leave post as CEO at year-end
30.08.2011	Klövern lets to Friskis & Sveltis in Norrköping
08.09.2011	The SAC will not hear Klöverns petition for a loss carryforward
04.10.2011	Klövern signs a framework agreement with Sodexo
20.10.2011	Interim Report January – September 2011
06.12.2011	Klövern makes an offer for Dagon
06.12.2011	Notice of Extraordinary Shareholders' Meeting
06.12.2011	Roger Arnhult new CEO of Klöver from 1 January 2012
22.12.2011	Klövern lets to the County Council in Nyköping

### DISTRIBUTION OF SHAREHOLDING

Shareholding	No. of shareholders	Holding, %	Change in 2011, % points
10,000,001 –	3	35.0	0.4
1,000,001 – 10,000,000	23	35.1	-0.4
100,001 – 1,000,000	86	18.0	-0.6
10,001 – 100,000	306	5.5	0.1
1,001 – 10,000	2,291	4.2	0.5
1 – 1,000	24,504	2.2	0
<b>TOTAL</b>	<b>27,213</b>	<b>100.0</b>	<b>0</b>

Excluding owner group. including repurchased shares.



Västerås Klas 8.

# TAX

Klövern's tax loss carry forwards amounted to SEK 1,510 million at year-end 2011. With the present earning capacity, the company is not expected to have to pay current tax for the next nine years.

Klövern reports tax expenses in the form of current and deferred tax, calculated on the basis of current tax rate of 26.3 per cent.

## Current tax

Current tax in the statement of income is calculated on the taxable profit after utilization of any approved tax loss carryforwards. Current tax can also include tax owing to reassessment of previous years and tax from companies acquired during the year. The taxable profit means profit for the year after taking into account, inter alia, the deductible depreciation in the tax return and the direct deductions for tax purposes of certain investments. Current tax is the tax paid and thus, unlike deferred tax, has an effect on the cash flow.

## Deferred tax

Deferred tax in the statement of income means a schematic calculation of possible future tax. The deferred tax consists of the net of the change in the items deferred tax asset and deferred tax liability in the balance sheet. Deferred tax can be both positive and negative.

Deferred tax asset, i.e. the granted and approved tax loss carryforwards multiplied by the tax rate, is reported on the asset side of the balance sheet.

Tax loss carryforwards are used to reduce the taxable profit. The tax asset is realised apace with use of the tax loss carryforwards. The possibility of using the tax loss carry forwards can be limited depending on the possibilities for tax purposes of evening out profit between group companies.

Deferred tax liability, calculated on the difference between the fair value of properties and derivatives and their tax value (temporary differences) is reported on the liabilities side of the balance sheet. Acquired temporary differences on acquisition of companies, which are recognised as asset acquisitions, are not included. The tax liability is realized when and if the property is sold as a separate property. If, however, a company is sold, with the property as an asset, no tax effect arises. In Klöverns case, practically all properties are sold in corporate form.

## Tax during 2011

Klövern's current tax amounted to SEK 0 million (–4) million during 2011. Deferred tax amounted to SEK –173 million (–151) based on change of the deferred tax asset of SEK –8 million (–13) and deferred tax liability of SEK –165 million (–138). With the remaining tax loss carryforwards of SEK 1,510 million (1,542), the company is not expected to have to pay tax for the next nine years with the present earning capacity.

## Tax disputes

In 2011, Klöverns has three ongoing tax disputes of greater importance:

- **A request for an additional tax loss carryforward of SEK 4,933 million.**  
The Supreme Administrative Court (SAC) decided in September not to grant leave to appeal for Klöverns claim for an additional tax loss carryforward. This issue has thus been finally settled. The SAC's decision did not have any effect on Klöverns statement of income or balance sheet.
- **A tax supplement of SEK 493 million without consideration of the matter on its merits.**  
A tax surcharge of SEK 493 million was imposed on Klöverns in the spring of 2006 despite the request for reconsideration being withdrawn and thus never subject to a negative decision from the Tax Agency. In 2011, the SAC decided in favour of the Tax Agency and considered that it was possible to impose a tax surcharge even if the application for a deduction had been withdrawn and the matter had not been considered on its merits. At the same time, the SAC referred the matter of incorrect information in the application for a deduction back to the Administrative Court, where the case is expected to be heard during 2012.
- **Upward adjustment of taxation for the 2008 income year.**  
The Tax Agency in an audit of taxation for the 2008 income year has decided to increase Klöverns taxation by around SEK 77 million, which may entail a tax expense of around SEK 21 million. Klöverns has appealed against the decision to the Administrative Court.

Kista's Victoria Tower, which is owned by Öyer Invest but where Klöver is responsible for letting ten floors of offices, was inaugurated in September 2011. The property is adjacent to Kistamässan and has been designed by Wingårdh Arkitekter.



# INVESTOR RELATIONS

The flow of information from Klöver shall be characterized by openness, reliability and swiftness. Klöver's IR activities and information to markets take place in accordance with current legislation, NASDAQ OMX's rules for issuers, the Swedish Code of Corporate Governance, Klöver's Information and IR policy and generally known recommendations.

Presentations of the company are made mainly by quarterly reports, press releases and regular meetings with shareholders, analysts and potential investors. During 2011, Klöver has, among other activities, been on a road show in Amsterdam and London and participated in capital market days in Båstad, arranged its own quarterly presentations, participated in several presentations arranged by banks and securities brokers as well as having meetings in Sweden with Swedish and foreign investors.

All interim reports, presentations and annual reports are published on the website and can be downloaded, both in Swedish and in English, from Klöver's website, [klovern.se](http://klovern.se).

Klöver's website also contains current information about the company, the share and financial statistics and about how to subscribe to press releases and reports. Interim and annual reports are distributed by post on request.

The number of analysts monitoring Klöver was 11 (11) during the year.

COMPANY	ANALYST
ABG Sundal Collier	Fredrik Cyon
ABN AMRO	Ruud van Maanen
Carnegie Investment Bank	Tobias Kaj
Danske Bank	Peter Trigarczyk
DnB Nor	Simen Mortensen
Erik Penser Bankaktiebolag	Johan Edberg
Handelsbanken	Albin Sandberg
Nordea	Jonas Andersson
SEB Enskilda	Bengt Claesson
Swedbank	Andreas Daag
Öhman	David Zaudy



Capital market days in Båstad in 2011.

Nyköping Hotellet 26 – The property on a pedestrianized street in central Nyköping has been renovated in stages with fifty new hotel rooms and a new façade. The lease contract runs until 2018 and Klöverhagen has invested SEK 17 million in the property to date.



## FINANCIAL REPORTS

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# APPROPRIATION OF PROFITS

## Dividend

The dividend shall exceed 50 per cent of the profit from property management in the long term. The profit from property management shows how the real estate operations develop, including financial and central administration costs. When assessing the size of the dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

The proposal of the Board of Directors to the 2012 Annual General Meeting that a dividend of SEK 1.25 per common share be paid. A dividend of SEK 10 per preference share and year is proposed, distributed equally over four quarters.

According to the present proposal, dividend during 2012, for the common shares existing at the year-end and the preference shares issued in the bonus issue, for which the Extraordinary Shareholders Meeting decided on a dividend of SEK 2.50 during the first quarter of 2012, amounts to 56 per cent of the profit from property management in 2011. During the past five years, this would correspond to an average dividend amounting to 52 per cent of profit from property management.

## Proposed appropriation of profits

On 5 March 2012, Klöverv notified that it would complete the public offer to Dagon's shareholders. At the same time, the acceptance period was extended to 2 April 2012. At the time of this statement on completion, shareholders representing 98.9 per cent of the shares in Dagon had accepted the offer.

The Board of Directors propose to the Annual General Meeting of Shareholders that the earnings available for distribution be allocated as follows:

Amount brought forward	SEK 99,575,852
Divided to preference shareholders as decided	SEK -28,911,510
Net profit for the year	SEK 413,345,234
<b>Total</b>	<b>SEK 484,009,576</b>

The dividend, which was decided upon at the Extraordinary Shareholders Meeting on 12 January 2012, is for outstanding preference shares as at 9 March 2012 (11,564,604). The record day is 30 March and the expected payment day 4 April 2012.

To be distributed to common shareholders	SEK 201,003,621
To be distributed to preference shareholders	SEK 116,437,230
To be carried forward	SEK 166,568,725
<b>Total</b>	<b>SEK 484,009,576</b>

As at 31 December 2011, the number of registered common shares in Klöverv was 166,544,326, of which 5,741,463 had been repurchased by the company. At the start of 2012, a new issue of 34 common shares was made with a view to facilitating implementation of the bonus issue of preference shares to Klöverv shareholders, which took place at the end of January 2012.

The above calculation has been based on the total number of outstanding common shares (160,802,897) and the maximum number of preference shares of 11,643,723, including full acceptance by Dagon's shareholders.

# ALLOCATION OF EARNINGS

## The Board's statement on the proposed allocation of earnings

### The Board's proposal

In the proposed allocation of profits for the 2011 financial year, the Board of Directors proposes to the shareholders at the Annual General Meeting on 17 April 2012 that a dividend be paid of SEK 10 per preference share and year, distributed equally over four quarters, and SEK 1.25 per common share. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 20 April 2012 as the record day for the common share with 25 April 2012 as payment day. It is proposed that the record days for the preference share be 29 June, 28 September, 28 December 2012 and 28 March 2013, the associated payment days being 4 July and 3 October 2012 and 4 January and 4 April 2013.

The following earnings are available for disposition:

Amount brought forward	SEK 99,575,852
Dividend decided upon to preference shareholders	SEK -28,911,510
Net profit for the year	SEK 413,345,234
<b>Total</b>	<b>SEK 484,009,576</b>

The dividend, which was decided upon at the Extraordinary Shareholders Meeting on 12 January 2012, is for outstanding preference shares as at 9 March 2012 (11,564,604). The record day is 30 March and the expected payment day 4 April 2012.

The Board proposes that the earning available for distribution be allocated as follows:

Dividends to the shareholders	
SEK 1.25 per common share, total	SEK 201,003,621
SEK 10 per preference share, total	SEK 116,437,230
To be carried forward	SEK 166,568,725
<b>Total</b>	<b>SEK 484,009,576</b>

The above calculation is based on the total number of outstanding common shares, 160,802,897, and the maximum number of outstanding preference shares of 11,643,723, including full acceptance by Dagon's shareholders.

### Klöver AB's financial position

Klöver's financial goals are:

- Return on equity is to be at least equal to the risk-free interest rate plus nine percentage points in the long-term after an increase of two percentage points from 2011 onwards.
- The equity ratio is to be between 25 and 35 per cent.
- The interest coverage ratio is to be at least 1.5 multiples.
- Dividend shall exceed 50 per cent of profit from property management in the long term.

The financial goals were achieved in 2011, except return on equity. According to the annual report, Klöver's equity ratio is 30.8 per cent in the Group and 63.7 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 29.2 per cent in the Group and 60.9 per cent in the Parent Company. The proposed dividend constitutes 7.3 per cent of shareholders' equity in the Group and 11.2 per cent of the equity in the Parent Company. Klöver's goal for the equity ratio is achieved even after the proposed dividend and the dividend decided upon at the Extraordinary Shareholders Meeting of 12 January 2012.

### Motivation by the Board of Directors

Taking into account the statements made earlier, the Board considers that the proposed dividend can be justified taking into consideration the requirements made in Chapter 17, section 3, second and third paragraphs, of the Companies Act. The type and scope of activity does not entail risks to a greater extent than those normally occurring in the industry.

The assessment by the Board of the financial position of the Parent Company and the Group means that the dividend is justifiable in relation to the requirements that the type of business, extent and risk make on the size of the equity of the Parent Company and the Group and the consolidation requirements, liquidity and position otherwise of the Parent Company and the Group.

The view of the Board is that the proposed dividend will not affect the ability of Klöver AB to comply with its commitments in the short and long term or to make the necessary investments.

Nyköping, 6 March 2011

The Board of Directors of Klöver AB (publ)  
Company registration no. 556482-5833

## Consolidated Statement of Income

Amount in SEK thousand	Notes	2011	2010
Rental income	2,4,24	1,342,552	1,232,409
Other income	2	21,014	10,397
<b>Total income</b>		<b>1,363,566</b>	<b>1,242,806</b>
Property costs	3,4,6	-506,908	-497,811
Operating surplus		856,658	744,995
Central administration	3,5,6	-70,459	-64,253
Financial income	7	990	799
Financial expenses	7	-359,052	-242,793
<b>Profit from property management</b>		<b>428,137</b>	<b>438,748</b>
Changes in value, properties	10	435,167	298,186
Changes in value, financial instruments	21	-224,869	23,259
<b>Profit before tax</b>		<b>638,435</b>	<b>760,193</b>
Current tax		-360	-4,129
Deferred tax	8	-172,657	-151,275
<b>NET PROFIT FOR THE YEAR</b>		<b>465,418</b>	<b>604,789</b>

## Consolidated Report of Comprehensive Income

Net profit for the year		465,418	604,789
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>465,418</b>	<b>604,789</b>
Attributable to:			
Parent company shareholders	16	465,418	604,789
Minority interest		-	-
Earnings per share (SEK)	16	2.89	3.76
Dividend per share (SEK)		1.25*	1.50
Dividend per preference share (SEK)		10.00*	-

\* Proposed dividend.

Rental income has been positively affected by a larger property portfolio but also by rising rental levels and positive net moving-in. The increase in other income refers mainly to rental guarantees included in the acquisition in Linköping among other cities at the end of 2010.

Property costs only increased to SEK -507 million (-498) during the year, despite a considerably larger property portfolio.

Central administration costs amounted to SEK -71 million (64), the increase being largely attributable to higher consultancy costs for tax lawyers and acquisition costs in connection with the offer for Dagon. The increase in financial expenses is attributable to higher interest-bearing liabilities and higher average interest rates.

Profit from property management decreased as a result of higher financial expenses.

The value of the properties increased as a result of rising rental levels, positive net moving-in, lower property costs and falling required returns. Decreasing long market rates have led to a reduction in value of derivatives.

Net profit for the year decreased to SEK 465 million (605) as a result of a deterioration in net financial income and negative changes in derivatives. Deferred tax refers to the change in the difference between fair value and residual value for tax purposes for properties and derivatives.

**Consolidated Balance Sheet**

Amount in SEK thousand	Notes	31.12.2011	31.12.2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	10	14,879,900	13,493,170
Machinery and equipment	9	7,756	8,714
Deferred tax asset	8	397,172	405,364
<b>Total non-current assets</b>		<b>15,284,828</b>	<b>13,907,248</b>
<b>Current assets</b>			
Accounts receivable	12	15,000	13,821
Other receivables	11	33,347	63,313
Prepaid expenses and accrued income	13	45,525	51,473
Liquid funds	14	10,855	36,452
<b>Total current assets</b>		<b>104,727</b>	<b>165,059</b>
<b>TOTAL ASSETS</b>		<b>15,389,555</b>	<b>14,072,307</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	832,721	832,721
Other capital contributed		1,715,219	1,715,219
Retained profits including net profit for the year		2,191,687	1,967,473
<b>Shareholders' equity attributable to the parent company's shareholders</b>		<b>4,739,627</b>	<b>4,515,413</b>
<b>Long-term liabilities</b>			
Deferred tax liability	8	672,837	508,372
Long-term interest-bearing liabilities	17	9,284,524	8,417,620
Derivatives	21	241,737	13,349
<b>Total long-term liabilities</b>		<b>10,199,098</b>	<b>8,939,341</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	17	60,630	99,028
Accounts payable		49,385	157,376
Income tax liability		519	8,304
Other liabilities	19	33,273	45,204
Accrued expenses and prepaid income	20	307,023	307,641
<b>Total current liabilities</b>		<b>450,830</b>	<b>617,553</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>15,389,555</b>	<b>14,072,307</b>

See Note 23 for information about the Group's pledged assets and contingencies.

As at 31 December 2011, Klöver's portfolio consisted of 255 properties (250) and the fair value of the properties was SEK 14,880 million (13,493). Accounts receivable amounted to SEK 15 million (14). Established losses were SEK 3 million (3), consisting mainly of completed bankruptcies. Prepaid expenses and accrued income of SEK 46 million (51) consist mainly of prepaid rental discounts and accrued income. The Group's assets totalled SEK 15,390 million (14,072), the change being mainly attributable to increased property value. Equity and liabilities have primarily been affected by long-term interest-bearing liabilities which at the year-end totalled SEK 9,285 million (8,418).

## Change in Group Shareholder's Equity

Shareholders' equity attributable to the Parent Company's shareholders

Amount in SEK thousand	Share capital	Other capital contributed	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2009	832,721	1,715,219	1,563,688	4,111,628
Net profit for the year	–	–	604,789	604,789
Other comprehensive income	–	–	–	–
<b>Total changes in assets, excluding transactions with the company's owners</b>	–	–	<b>604,789</b>	<b>604,789</b>
Dividend	–	–	–201,004	–201,004
<b>Total transactions with the company's owners</b>	–	–	<b>–201,004</b>	<b>–201,004</b>
Shareholders' equity, 31 December 2010	832,721	1,715,219	1,967,473	4,515,413
Net profit for the year	–	–	465,418	465,418
Other comprehensive income	–	–	–	–
<b>Total changes in assets, excluding transactions with the company's owners</b>	–	–	<b>465,418</b>	<b>465,418</b>
Dividend	–	–	–241,204	–241,204
<b>Total transactions with the company's owners</b>	–	–	<b>–241,204</b>	<b>–241,204</b>
Shareholders' equity, 31.12.2011	832,721	1,715,219	2,191,687	4,739,627

Shareholders' equity increased to SEK 4,740 million (4,516) and the equity ratio was 31 per cent (32) at the end of the year.

**Consolidated Statement of Cash Flow**

Amount in SEK thousand	Notes	2011	2010
<b>Current operations</b>			
Profit from property management		428,137	438,748
Adjustment for items not included in the cash flow	26	5,932	7,938
Income tax paid		-1,431	-2,800
<b>Cash flow from current operations before changes in working capital</b>		<b>432,638</b>	<b>443,886</b>
Change in operating receivables		34,736	-45,780
Change in operating liabilities		-126,866	108,611
Total change in working capital		-92,130	62,831
<b>Cash flow from current operations</b>		<b>340,508</b>	<b>506,717</b>
<b>Investment operations</b>			
Disposal of properties	10	48,000	368,250
Acquisition of properties	10	-999,952	-1,531,057
Acquisition of machinery and equipment	9	-1,455	-1,880
<b>Cash flow from investment operations</b>		<b>-953,407</b>	<b>-1,164,687</b>
<b>Financing operations</b>			
Change in interest-bearing liabilities		828,506	870,990
Dividend		-241,204	-201,004
<b>Cash flow from financing operations</b>		<b>587,302</b>	<b>669,986</b>
<b>Cash flow for the year</b>		<b>-25,597</b>	<b>12,016</b>
Liquid funds at beginning of year		36,452	24,436
Liquid funds at year-end	14	10,855	36,452

The cash flow from current operations amounted to SEK 341 million (507). Income tax paid totalled SEK -1 million (-3).

Investment operations have affected the cash flow by SEK -953 million net (-1,165), mainly due to investments in existing properties and acquisitions.

Financing operations have affected the cash flow by SEK 587 million (670). The aggregate cash flow for the year is SEK -26 million (12).

### Parent company Statement of Income

Amount in SEK thousand	Notes	2011	2010
Net sales	2,24	108,088	103,493
Cost of services sold	24	-80,786	-79,299
<b>Gross profit</b>		<b>27,302</b>	<b>24,194</b>
Central administration	3,5,9	-68,927	-64,253
<b>Operating profit</b>		<b>-41,625</b>	<b>-40,059</b>
Financial income	7	465,847	173,270
Financial expense	7	-2,684	-1,510
<b>Profit before tax</b>		<b>421,538</b>	<b>131,701</b>
Current tax	8	-	-
Deferred tax	8	-8,192	-12,779
<b>NET PROFIT FOR THE YEAR</b>		<b>413,346</b>	<b>118,922</b>

### Parent company's report on comprehensive income

Net profit for the year	413,346	118,922
Other comprehensive income	-	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>413,346</b>	<b>118,922</b>

Group contribution is reported from 2011 onwards in the parent company in the statement of income, which entails an increase in financial income. Group contributions have previously been reported under equity in the balance sheet.

### Parent company Balance Sheet

Amount in SEK thousand	Notes	31.12.2011	31.12.2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Machinery and equipment	9	2,175	2,066
Participation rights in group companies	25	320,043	320,043
Receivables from group companies	24	3,177,581	3,003,004
Deferred tax asset	8	397,172	405,364
<b>Total financial assets</b>		<b>3,894,796</b>	<b>3,728,411</b>
<b>Total non-current assets</b>		<b>3,896,971</b>	<b>3,730,477</b>
<b>Current assets</b>			
Accounts receivable	12	4	54
Receivables from group companies	24	932,243	413,951
Other receivables	11	3,637	3,259
Prepaid expenses and accrued income	13	6,449	2,291
Cash and bank	14	8,166	53,675
<b>Total current assets</b>		<b>950,499</b>	<b>473,230</b>
<b>TOTAL ASSETS</b>		<b>4,847,470</b>	<b>4,203,707</b>

Amount in SEK thousand	Notes	31.12.2011	31.12.2010
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	832,721	832,721
Statutory reserve		1,740,250	1,740,250
Retained earnings		99,576	221,858
Net profit for the year		413,346	118,922
<b>Total shareholders' equity</b>		<b>3,085,893</b>	<b>2,913,751</b>
<b>Long-term liabilities</b>			
Liabilities to group companies	24	1,448,745	1,157,349
<b>Total long-term liabilities</b>		<b>1,448,745</b>	<b>1,157,349</b>
<b>Current liabilities</b>			
Accounts payable		8,517	5,953
Liabilities to group companies	24	270,772	101,986
Other liabilities	19	8,674	7,861
Accrued expenses and prepaid income	20	24,869	16,807
<b>Total current liabilities</b>		<b>312,832</b>	<b>132,607</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>4,847,470</b>	<b>4,203,707</b>

## Change in Parent Company's Shareholders' Equity

Shareholders' equity attributable to the Parent Company shareholders.

Amount in SEK thousand	Share capital	Other capital contributed	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2009	832,721	1,740,250	422,862	2,995,833
Adjustment for change in accounting policy	–	–	115,298	115,298
Net profit for the year	–	–	3,624	3,624
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	<b>118,922</b>	<b>118,922</b>
Dividend	–	–	–201,004	–201,004
<b>Total transactions with the company's owners</b>	–	–	<b>–201,004</b>	<b>–201,004</b>
Shareholders' equity, 31.12.2010	832,721	1,740,250	340,780	2,913,751
Net profit for the year	–	–	413,346	413,346
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	<b>413,346</b>	<b>413,346</b>
Dividend	–	–	–241,204	–241,204
<b>Total transactions with the company's owners</b>	–	–	<b>–241,204</b>	<b>–241,204</b>
Shareholders' equity 31.12.2011	832,721	1,740,250	512,922	3,085,893

## Parent Company Statement of Cash Flow

Amount in SEK thousand	Notes	2011	2010
<b>Current operations</b>			
Profit before tax		421,538	131,701
Adjustment for items not included in the cash flow	26	887	982
Income tax paid		–	–
<b>Cash flow from operations before changes in working capital</b>		<b>422,425</b>	<b>132,683</b>
Change in operating receivables		–522,778	–28,358
Change in operating liabilities		180,225	–245,426
<b>Total change in working capital</b>		<b>–342,553</b>	<b>–273,784</b>
<b>Cash flow from current operations</b>		<b>79,872</b>	<b>–141,101</b>
<b>Investment operations</b>			
Acquisition of machinery and equipment	9	–996	–543
Investment in financial assets	26	–174,577	–87,200
<b>Cash flow from investment operations</b>		<b>–175,573</b>	<b>–87,743</b>
<b>Financing operations</b>			
Dividend		–241,204	–201,004
Change in long-term liabilities		291,396	475,812
<b>Cash flow from financing operations</b>		<b>50,192</b>	<b>274,808</b>
<b>Cash flow for the year</b>		<b>–45,509</b>	<b>45,964</b>
Liquid funds at beginning of year		53,675	7,711
Liquid funds at year-end	14	8,166	53,675

## NOTE 1 ACCOUNTING POLICIES

### General information about the company

Klövern AB (publ) is a Swedish limited company with its registered office in Nyköping. The Parent Company's shares are listed on NASDAQ OMX Stockholm MidCap. The address of Klöverns head office is Box 1024, SE-611 29 Nyköping, Sweden.

The consolidated accounts for 2011 consist of the Parent Company and its subsidiaries, together referred to as the Group.

The annual accounts and consolidated accounts have been approved for publication by the Board on 6 March 2012. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be presented for adoption by the Annual General Meeting on 17 April 2012.

### Compliance with standards and legislation

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements made by the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU. The consolidated accounts have also been prepared in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting rules for groups.

The Parent Company applies the same accounting policies as the Group except in the cases stated below in the section "Parent Company's Accounting Policies". The deviations between the Parent Company's and the Group's policies are due to limitations in the applicability of IFRS to the parent company as a consequence of the Annual Accounts Act and, in some cases, current tax legislation

### Prerequisites for preparing the financial reports of the Parent Company and Group

The Parent Company's functional currency is Swedish kronor which is also the reporting currency for the Parent Company and the Group. All amounts, unless otherwise stated, are rounded to the nearest thousand. Assets and liabilities are reported at their historical acquisition values, except for certain financial assets and liabilities and investment properties, which are valued at their fair value in the consolidated balance sheet. Financial assets and liabilities valued at their fair value consist of derivative instruments, valued at fair value in the consolidated statement of income. Investment properties are valued in accordance with IAS 40.

The Group's accounting policies have been applied consistently to the reporting and consolidation of the Parent Company and subsidiaries.

### Changed accounting policies

The accounting policies are unchanged from the previous year with the exception of reporting of group contributions in the parent company (see Parent Company's Accounting Policies).

There have been few changes in accounting in 2011. Certain simplifications have been made in the Annual Accounts Act, which entail, inter alia, that disclosure of the tax assessment value of both buildings and land and disclosures on sickness absence are no longer required. Klöverns has, however, decided to report these for 2011.

IAS24 Related Party Disclosures has been revised and shall apply to financial years that start from 1 July 2010 or later. This mainly introduces simplifications for companies over which the state has considerable influence. Klöverns is not affected.

IFRS 3 Business Combinations has been revised and shall be applied to financial years beginning from 1 July 2010 or later. This revision entails a clarification of the treatment of supplementary purchase prices. It may affect Klöverns future acquisitions.

IAS 1 Presentation of Financial Statements has been clarified as regards reconciliation of various components in other comprehensive income. Klöverns is not affected by this at present.

IFRS 7 Financial Instruments has also been changed, which provides some simplifications in disclosure obligations. This does not affect Klöverns.

New and changed standards that come into force for financial years starting after 1 July 2011 or later, which are not expected to affect the company:

IFRS 7	Additional disclosures for off balance sheet financial instruments.	1 July 2011 or later
IFRS 10	Clarification of significant influence.	1 January 2013 or later
IFRS 11	Recording of joint arrangements.	1 January 2013 or later
IFRS 12	Disclosure of interests in other entities.	1 January 2013 or later
IFRS 13	Fair value measurement	1 January 2013 or later
IAS 1	Presentation of other comprehensive income	1 January 2013 or later
IAS 12	Income taxes	1 January 2012 or later
IAS 19	Change in recording of benefit-defined pension schemes	1 January 2013 or later

### Classification and related matters

Non-current assets and long-term liabilities in the Parent Company and the Group consist only of amounts expected to be recovered or paid after more than 12 months from balance sheet date while current assets and current liabilities in the Parent Company and Group consist only of amounts that are expected to be recovered or paid within twelve months from the balance-sheet date.

### Consolidation policies

#### Subsidiaries

Subsidiaries are companies where the Parent Company Klöverns AB has a controlling influence. A controlling influence entails directly or indirectly a right to determine a company's financial and operational strategies with a view to obtaining financial benefits. In the assessment of whether a controlling influence exists, potential voting shares that can be used without delay or converted shall be taken into consideration. Subsidiaries are consolidated in accordance with the acquisition accounting method. The method means that acquisition of a subsidiary is to be regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingencies. The acquisition value for the Group is determined by an acquisition analysis at the time of the acquisition. In the analysis, the acquisition value of the participation rights is established, and the fair value of the acquired identifiable assets, debts and contingencies assumed.

The subsidiary's financial statements are included in the consolidated accounts from the date of acquisition until the date when the controlling influence ceases.

**NOTE 1 CONTINUED****Classification of acquisitions**

On acquisition of business activities, an analysis is made of how the acquisition is to be reported based on the following criteria: The existence of employees and the complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into consideration. If these criteria are present to a great extent, the acquisition is classified as an operating acquisition and if they are present to a small extent as an asset acquisition. All acquisitions made during the 2011 financial year have been classified as asset acquisitions.

When acquisition of subsidiaries entails acquisition of assets which do not constitute a business operation, the acquisition cost is allocated to the individual assets and liabilities based on their fair values at the time of acquisition.

**Transactions which are to be eliminated on consolidation**

The Group's receivables and liabilities, income or expenses and unrealized gains or losses that arise from intra-group transactions are eliminated in their entirety when preparing the consolidated accounts.

**Income****Rental income**

Rental income from investment properties is reported in the statement of income based on the conditions of the lease contracts.

In cases where leases allow for a reduced rent for a particular period, which is compensated for by a higher rent during another period, the difference is accrued on the straight-line method over the lease contract term.

**Other income**

Other income consists of income from early termination of leases, which is recognized as income at the time that the payment is received and income from rental guarantees recognized during the period covered by the guarantee.

**Income from property sales**

Income from property sales is normally reported on the date of transfer of possession unless the risks and benefits have passed to the purchaser at an earlier date. Control over the asset may have been transferred on an earlier occasion than the date of taking possession and, if this has been the case, the property sale is reported as income at that earlier date. The assessment of appropriate revenue recognition considers the agreements made by the parties with regard to risks and benefits and commitment in the continuing administration of the property. In addition, circumstances are taken into account that can affect the result of the transaction, which are outside the control of the seller and/or purchaser. The realized change in value of properties sold is based on the difference between the fair value of the properties in the most recent financial statements and the price that the properties have been sold for. Worked-up unrealized changes in value from previous years are included in the properties' fair value and are therefore not visible in the realized change in value.

**Reporting of segments**

An operating segment is part of a group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available.

The operations of the Group are divided into operating segments that are followed up by the executive management, which are three

market areas. These are in turn divided into ten geographic business units. Each segment has a manager who is responsible for the day-to-day operations and who makes regular reports to the executive management. The executive management follows up the operating profit and the value of the properties and investments on the assets side. Financing takes place centrally and is not divided up by segment.

**Operating expenses and financial income and expense****Property costs**

Consist of costs for operation, caretaking, letting, administration and maintenance of the property portfolio.

**Central administration**

Consists of costs for group functions and ownership of the Group's subsidiaries and ownership of the Group's subsidiaries.

**Financial income and expense**

Financial income and expense consists of interest income on bank funds and receivables and dividend and is reported in the period to which it relates. Dividend income is reported when the right to receive payment is established.

Financial expenses consist of interest expense on loans and liabilities. Interest expense includes accrued amounts of issue costs and similar direct transaction costs to raise loans. Loan costs directly attributable to purchase, design or production of large new construction, extensions or refurbishment are capitalized during the production period.

Realized and unrealized profits and losses on financial investments and derivative investments used in the financial operations are recognized as changes in value under a separate heading in the statement of income.

**Taxes**

Income taxes comprise current tax and deferred tax. Taxes are reported in the statement of income except when the underlying transaction is reported directly against equity, in which case the accompanying tax effect is recorded directly to equity.

Current taxes are taxes payable or to be refunded relating to the current year, applying the tax rates that have been decided or are in practice decided on balance-sheet date. Adjustment of current taxes attributable to earlier periods is also included here.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that have arisen at the time of initial reporting of assets and liabilities and which are asset acquisitions and which at the time of the transaction neither affect the reported nor the taxable result. Neither are temporary differences taken into account that relate to participation rights in subsidiaries which are not expected to be cancelled in the foreseeable future. Deferred tax is calculated applying the tax rates and tax rules that have been decided or in practice are decided on balance-sheet date.

Deferred tax assets for deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that they will be utilized. The value of the deferred tax assets is reduced when it is no longer regarded as probable that they can be used.

**Financial instruments**

Financial instruments reported in the balance sheet include on the asset side liquid funds, accounts receivable, other receivables and derivatives. Liabilities include accounts payable, loan debts, other liabilities and derivatives. The company does not apply hedge accounting.

## NOTE 1 CONTINUED

Financial instruments are reported initially at acquisition value corresponding to the instrument's fair value at the time of acquisition with the addition of transaction costs for all financial instruments except those which belong to the category financial asset which are reported at their fair value through the statement of income excluding transaction costs. Reporting hereafter takes place depending how they have been classified below.

The category financial assets consists of two sub-categories: financial assets valued at fair value via the statement of income and loans and accounts receivable. The category financial liabilities consists of one sub-category: financial liabilities valued at accrued acquisition value.

A financial asset or financial liability is recorded in the balance sheet when the company becomes a party in accordance with the instrument's contractual terms. Accounts receivable are taken up in the balance sheet when the invoice has been sent. Liabilities are recorded when the opposite party has performed and there is a contractual obligation to pay even if an invoice has not yet been received.

Accounts payable are taken up when the invoice has been received. A financial asset and financial liability is set off and reported at a net amount in the balance sheet only when there is a legal right to set off the amounts and it is intended to adjust the items by a net amount or realize the asset at the same time and settle the debt.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, mature or the company loses control of them.

The same applies for part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is performed or otherwise extinguished. The same applies for a part of a financial liability.

On each reporting occasion, the company evaluates whether there are objective indications that a financial asset or a group of financial assets is in need of impairment.

Derivative instruments are valued in the consolidated accounts at their fair value with changes in value reported in the statement of income. The following derivative instruments occur: interest rate swaps and interest caps. The company does not apply hedge accounting.

The company holds interest rate swaps. These swaps are not recorded in the balance sheet. The profit recorded is affected by the interest expense arising from the interest swaps, i.e. the total interest taking into account loans and swaps, which, on accounting grounds, relates to the tax year. The company does not consider that this necessitates any tax adjustment.

### Statement of cash flow

The statement of cash flow has been prepared using the indirect method.

### Liquid funds and blocked accounts

Liquid funds consisting of cash and immediately available deposits at banks and corresponding institutions. Amounts in blocked accounts are funds that serve as collateral for payment of loans or for financing of investment in properties and are reported as other receivables.

### Long-term receivables and other receivables

Long-term receivables and other receivables are receivables that are held without the intention of trading with the right to the receivable. If the expected period of possession is longer than a year, they are long-term receivables, if shorter they are current receivables.

### Loan claims and accounts receivable

Loan claims and accounts receivable are reported at the amount expected to be received after deduction for doubtful debts, which are assessed on a case-by-case basis. Impairment of the account receivable takes place when there is a risk of the whole or part of the claim not being received. The expected duration of the account receivable is short, so that the value is reported at the nominal amount without discounting. Impairment of accounts receivable is reported in the operating expenses.

### Liabilities

Liabilities refer to loans and operating liabilities. Loans are reported at acquisition value. Operating liabilities are reported when the counterparty has supplied the service or good, even if the invoice has not been received. Accounts payable have a short expected duration and are valued without being discounted at the nominal amount.

### Property, plant and equipment

#### Assets owned

Property, plant and equipment, except for investment properties, are reported in the Group at acquisition value after deduction for accumulated depreciation and any impairment. The acquisition value includes the purchase price and costs directly attributable to the asset to bring it to the location and to put it in a condition to be used in accordance with the intention of the acquisition.

#### Lease contracts

Leasing is classified as either financial or operational leasing. Lease contracts where all significant risks and benefits associated with ownership pass to the lessor are classified as operational lease contracts. Tenancy contracts pertaining to investment properties are to be treated as operational lease contracts. There are also a smaller number of lease contracts where Klöver is the lessee and these lease contracts are also classified as operational lease contracts, which means that the leasing fee is expensed over the term of the lease starting from taking into use.

#### Depreciation principles, machinery and equipment

Linear depreciation takes place over the estimated period of use of the asset.

Estimated periods of use:

- machinery and equipment 3–10 years

Assessment of the residual value of an asset and period of use is made annually.

#### Investment properties

Investment properties are properties held with a view to obtaining rental income or an increase in value or a combination of these purposes. Initially, the investment property is entered in the balance sheet at its acquisition value, which includes expenses and any discounts directly attributable to the acquisition.

Investment properties are reported in consolidated balance sheet at their fair value, see Note 10. Every quarter, Klöver values 100 per cent of the property portfolio, 20–30 per cent externally and the rest internally. This means that every property in the portfolio is valued externally during a rolling 12-month period. The valuation model used by both the external valuers and Klöver is yield valuation according to the cash flow model. From the outcome of the cash flow model, the fair value of the property is assessed before deduction for selling expenses. Both realized and unrealized changes in value are reported in the statement of income. Rental income and income from property sales are reported in accordance with the principles described in the section on reporting of income.

## NOTE 1 CONTINUED

Additional expenses, which increase value, are capitalized. All other additional expenses are reported as a cost in the period in which they occur. Repairs and maintenance are expensed in connection with the expense arising. The interest expense is capitalized during the period of production in major projects.

### Reporting of borrowing costs

The Group does not capitalize interest in the assets' acquisition value except in major projects, where interest is capitalized. In other cases, borrowing costs are reported in the period they arise.

The capitalized interest is computed on the basis of the Group's average borrowing cost.

### Repurchase of own shares

Acquisition of shares is reported as a deductible item from equity. Payments for divestments of these equity instruments are reported as an increase in equity. Any transactions expenses are reported directly against equity.

### Dividends

Dividends are reported as a liability after the annual general meeting/extraordinary general meeting of shareholders has approved the dividend. Anticipated dividend is reported as a financial income at the recipient.

### Remuneration to employees

Pensions may be classified as defined contribution or defined benefit schemes. Klöver's pensions may be regarded as defined contribution. Undertakings concerning contributions to defined contribution pension schemes are reported as a cost in the income statement when they arise.

### Provisions

A provision is reported in the balance sheet when the Group has an existing legal or informal undertaking which is a consequence of an event that has taken place, and it is probable that an outflow of financial resources will be required to settle the undertaking and a reliable estimate of the amount can be made. When the effect of the time at which the payment is made is important, provisions are calculated by discounting the expected future cash flow at an interest rate before tax which reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

### The Parent Company's accounting policies

The Parent Company has drawn up its annual accounts according to the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Board RFR 2, Reporting of a legal entity. The statements of the Swedish Financial Reporting Board on listed companies are also applied. According to RFR 2, the Parent Company shall apply all of the IFRS approved by the EU and opinions to the greatest possible extent in the annual accounts of the legal entity within the framework of the Annual Accounts Act and taking into consideration the link between accounting and taxation. The recommendation states the exceptions and additions that are to be made in relation to IFRS.

The accounting policies stated below for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial reports.

### Invoiced sales to subsidiaries

In the capacity of Parent Company, Klöver continuously provides the subsidiaries with services relating to operation, management, marketing, accounting, legal and financial advice, IT support, invoicing services, and group purchases. The amounts are invoiced to the subsidiaries quarterly in arrears and based on the respective subsidiary's property portfolio.

### Subsidiaries

The participation rights in subsidiaries are reported in the Parent Company in accordance with the cost method. Dividends received are only reported as income provided that these originate from profits earned after the acquisition. Dividends exceeding these profits earned are regarded as a repayment of the investment and reduce the reported value of the participation right.

The value of participation rights in a subsidiary is continuously assessed. If the book value of the participation rights exceeds the consolidation value, an impairment is made that is charged to earnings.

### Property, plant and equipment

Machinery and equipment in the Parent Company are reported at acquisition value after deduction for accumulated depreciation and any impairment in the same way as for the Group but with an addition for write-ups.

### Group contributions and shareholder contribution for legal entities

The Company previously reported group contributions and shareholder contributions in accordance with the statement by the Swedish Financial Reporting Board (UFR 2). The Reporting Board has withdrawn UFR2 as it is not compatible with IFRS. Group contributions from subsidiaries shall be reported in accordance with the same policies as dividend in the parent company. Group contributions are thus reported as financial income. The comparison figures for 2010 have been accordingly changed. Shareholders' contributions are reported directly against equity at the recipient and capitalized in shares and participation rights at the donor, to the extent that impairment is not required.

### Contingencies

The Parent Company's financial guarantee agreements consist mainly of guarantees in favour of subsidiaries. A contingency is reported when there is a possible undertaking that derives from events that have occurred and whose existence is confirmed only by one or more uncertain future events or when there is an undertaking that is not reported as a liability or a provision due to it not being probable that an outflow of resources will be required.

## NOTE 2 DISTRIBUTION OF ITEMS

	2011	2010
<i>Group</i>		
Rental income	1,342,552	1,232,409
<b>Total rental income</b>	<b>1,342,552</b>	<b>1,232,409</b>
Rental guarantees	16,470	7,534
Redemption of lease contracts	4,544	2,863
<b>Total other income</b>	<b>21,014</b>	<b>10,397</b>
<b>Total income</b>	<b>1,363,566</b>	<b>1,242,806</b>
<i>Parent company</i>		
Invoiced sales to subsidiaries	108,088	103,493

**NOTE 3 EMPLOYEES, THE BOARD AND REMUNERATION**

Employees and Board				
Average number of employees	2011	Proportion of women, %	2010	Proportion of women, %
Parent Company	130	43	121	40
Subsidiaries	0	0	0	0
<b>Group total</b>	<b>130</b>	<b>43</b>	<b>121</b>	<b>40</b>

All are employees in Sweden.

**Gender distribution in executive management**

Average	2011 Proportion of women*, %	2010 Proportion of women*, %
<i>Parent Company</i>		
Board	36	14
Other senior executives	29	25
<i>Group total</i>		
Board	36	14
Other senior executives	29	25

\* Weighted.

The number of senior executives (including the CEO) in the Parent Company was eight (8), of which two (2) were women. Gustaf Hermelin was CEO until 31 December 2011. Rutger Arnhult took up his appointment as the new CEO on 1 January 2012. The Deputy CEOs are Britt-Marie Einar, Finance and IR manager, Thomas Nilsson, IT and Real Estate Manager (Jan – Aug) and Per-Gunnar Sabel, Head of Market Area East (Sep – Dec). Other senior executives are Mattias Rickardsson, CFO and Transaction Manager, Elisabeth Norling, Personnel and Environmental Manager, Per-Gunnar Sabel, Head of Market Area East (Jan – Aug), Hans Lindh, Head of Market Area West, and Mikael Forkner, Head of Market Area South.

At the end of 2011, the Board of the Parent Company (including the CEO) consisted of seven (7) members, of which three are women (1). The Chairman of the Board is Fredrik Svensson. Members are Gustaf Hermelin, Anna-Greta Lundh and Rutger Arnhult. Lars-Göran Pettersson, Stefan Dahlbo and Lars Rosvall stepped down from the Board at the 2011 Annual General Meeting and were replaced by Ann-Cathrin Bengtson, Erik Paulsson and Eva Landén.

**Sickness absence in the parent company**

	2011	2010
Total sickness absence as a proportion of ordinary working hours, %	1.9	2.4
Sickness absence as part of every group's ordinary working hours, by sex, %:		
Men	1.0	2.0
Women	3.1	3.0
Sickness absence by age category, %:		
Aged 29 or younger (fewer than ten persons)	–	–
Aged between 30 and 49	2.3	2.6
Aged 50 or older	1.4	2.0

**Remuneration**

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting.

Remuneration and benefits to the deputy CEOs and other senior executives are proposed by the Remuneration Committee and decided upon by the Board in accordance with principles adopted at the Annual General Meeting.

A fee is paid to the Chairman of the Board and the board members in accordance with the decisions of the Annual General Meeting. No director's fee is paid to a board member, who is in the Company's employment.

The CEO's variable salary may, for the resigning CEO, amount to at most the equivalent of six monthly basic salaries. It is possible to set the bonus amount aside as pension instead of salary. The CEO has the right to a company car as well as a subsistence benefit, health insurance and participation in Klöverns 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 period of notice is 12 months in the event of termination at the company's initiative, and six months in the event of termination at the CEO's initiative. In the event of termination at the Company's initiative, full salary and all benefits 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 the employment continues. Variable salary corresponding to six months' basic salary has been paid for 2011, which, together with variable salary corresponding to six months' basic salary for 2010, has been charged against earnings for 2011.

The salary paid to the Deputy CEOs and other senior executives is to be at a market level and competitive. Variable salary may amount to at most the equivalent of three months' basic salary. The pension premium for the Deputy CEOs and other senior executives may amount to at most 35 per cent of the basic salary during the period of employment with the company. The retirement age of the Deputy CEOs 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 six months. Other senior executives and deputy CEOs have a right to a company car, subsistence benefit, health insurance and participation in Klöverns profit-sharing foundation. Variable salary for the Deputy CEO and other senior executives has been paid equivalent to 1.73 monthly salaries for 2011, which has been charged against income for 2011. In February 2012, the Board decided that variable remuneration for two leading executives should amount to two and three monthly salaries respectively. The difference will be charged to income for the first quarter of 2012.

There is no remuneration in the form of share-related remuneration programmes or other financial instruments.

Members of Klöverns executive management acquired warrants in Klöverns AB during 2010. In all, the acquisition amounts to a million warrants corresponding to a million shares, the counterparty being Investment AB Öresund. The warrants expire on 1 March 2013 and have an exercise price of SEK 25. These warrants do not affect Klöverns equity.

**NOTE 3 CONTINUED**

	Group		Parent Company	
	2011	2010	2011	2010
<b>Salaries, remuneration and benefits</b>				
<i>Chairman of the Board (one person)</i>				
Stefan Dahlbo <sup>1)</sup>	63	250	63	250
Fredrik Svensson <sup>2)</sup>	210	–	210	–
<i>Other members of the board (8 persons)</i>				
Lars Holmgren <sup>3)</sup>	–	31	–	31
Anna-Greta Lundh	136	125	136	125
Erik Paulsson <sup>2)</sup>	105	–	105	–
Lars-Göran Pettersson <sup>1)</sup>	31	94	31	94
Lars Rosvall <sup>1)</sup>	31	125	31	125
Fredrik Svensson <sup>1)</sup>	31	125	31	125
Rutger Arnhult	136	125	136	125
Eva Landén <sup>2)</sup>	105	–	105	–
Ann-Cathrin Bengtsson <sup>2)</sup>	105	–	105	–
<i>CEO</i>				
Basic salary	2,815	2,583	2,815	2,583
Variable salary	2,548	1,140	2,548	1,140
Benefits	69	68	69	68
<i>Deputy CEOs (2 persons)</i>				
Basic salary	2,908	2,617	2,908	2,617
Variable salary	441	434	441	434
Benefits	131	127	131	127
<i>Other senior executives (4.7 persons in 2011, 5.5 persons in 2010)</i>				
Basic salary	5,125	5,118	5,125	5,118
Variable salary	701	765	701	765
Benefits	488	363	488	363
<i>Other employees</i>				
Basic salary	49,653	46,542	49,653	46,542
Variable salary	–	–	–	–
Benefits	2,920	2,561	2,920	2,561
<b>Total</b>	<b>68,752</b>	<b>63,193</b>	<b>68,752</b>	<b>63,193</b>
<b>Contractual pension costs (including Fora)</b>				
CEO	936	867	936	867
Deputy CEOs (2 persons)	967	925	967	925
Other senior executives (4.7 persons in 2011, 5.5 persons in 2010)	1,773	1,731	1,773	1,731
Other employees	5,283	4,703	5,283	4,703
<b>Total</b>	<b>8,959</b>	<b>8,226</b>	<b>8,959</b>	<b>8,226</b>
<b>Statutory social security contributions (including wages tax)</b>				
Chairman of the Board	86	79	86	79
Other members of the board	210	196	210	196
CEO	2,031	1,401	2,031	1,401
Deputy CEOs (2 persons)	1,346	1,223	1,346	1,223
Other senior executives (4.7 persons in 2011, 5.5 persons in 2010)	2,488	2,383	2,488	2,383
Other employees	17,082	16,042	17,082	16,042
<b>Total</b>	<b>23,243</b>	<b>21,324</b>	<b>23,243</b>	<b>21,324</b>
<b>Grand total</b>	<b>100,954</b>	<b>92,743</b>	<b>100,954</b>	<b>92,743</b>

1) Up to and including the Annual General Meeting for 2011. 2) From the Annual General Meeting for 2011. 3) Up to and including the Annual General Meeting for 2010.

**Profit-sharing foundation**

Klövern has a profit-sharing foundation that covers all employees. Transfers to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klövern's profit, yield requirement and dividend to shareholders. In February 2012, the Board made a decision on allocation for 2011 at one price basic amount per employee and year (one price base amount per employee and year for 2010). The appropriation is charged to income in 2011 at a total of SEK 6,311,000 (5,836,000).

**Defined contribution schemes**

Koncernens anställda omfattas av avgiftsbestämda pensionsplaner. The Group's employees are covered by defined contribution pension schemes, which are wholly paid for by the company. Payment takes place currently according to the rules.

	Group		Parent Company	
	2011	2010	2011	2010
Costs for defined-contribution scheme*	8,671	8,007	8,671	8,007

\* Excluding Fora and wages tax.

#### NOTE 4 SEGMENT REPORTING

Earnings shows the operating activities, including properties acquired and investments made during the year. The key ratios, however, refer to the situation at the respective year-end and the figures in the two parts of the table are accordingly not wholly comparable. Earnings in the form of rental guarantees and early redemption of leases as well as items not directly attributable to normal property operations are shown under the heading "Other".

Ericsson is Klövern's largest tenant and accounted for 13 per cent (13) of Klövern's sales at year-end 2011. The area leased by Ericsson amounted to 103,000 sq.m. (93,000) and the average remaining contract term is 3.5 years (3.3).

	Earnings										Key ratios as at 31 December									
	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investment, SEKm		Fair value, SEKm		Yield requirement, average*, %		Lettable area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Borås	53	45	-20	-20	33	25	62	56	5	6	436	398	7.6	7.8	84	80	56	51	95	97
Linköping	218	155	-74	-55	144	100	66	65	19	33	2,183	2,129	7.2	7.4	282	287	254	258	86	87
Norrköping	122	97	-55	-50	67	47	55	48	117	71	1,271	1,143	7.3	7.2	169	162	149	132	89	87
Nyköping	100	103	-36	-42	64	61	64	59	32	28	928	891	7.6	7.8	133	135	112	109	89	90
<b>South</b>	<b>493</b>	<b>400</b>	<b>-185</b>	<b>-167</b>	<b>308</b>	<b>233</b>	<b>62</b>	<b>58</b>	<b>173</b>	<b>138</b>	<b>4,818</b>	<b>4,561</b>	<b>7.4</b>	<b>7.5</b>	<b>668</b>	<b>664</b>	<b>571</b>	<b>550</b>	<b>88</b>	<b>88</b>
Karlstad	181	182	-64	-67	117	115	65	63	26	42	1,727	1,577	7.1	7.3	202	201	196	190	92	94
Västerås	139	129	-68	-66	71	63	51	49	54	36	1,320	1,234	7.4	7.4	217	218	166	161	86	83
Örebro	49	50	-16	-20	33	30	67	60	3	14	457	428	7.2	7.3	58	58	52	51	94	95
<b>West</b>	<b>369</b>	<b>361</b>	<b>-148</b>	<b>-153</b>	<b>221</b>	<b>208</b>	<b>60</b>	<b>58</b>	<b>83</b>	<b>92</b>	<b>3,504</b>	<b>3,239</b>	<b>7.2</b>	<b>7.4</b>	<b>477</b>	<b>477</b>	<b>414</b>	<b>402</b>	<b>90</b>	<b>90</b>
Kista	325	336	-107	-109	218	227	67	68	396	180	4,945	4,414	6.4	6.5	254	253	369	367	90	92
Täby	71	63	-25	-26	46	37	65	59	11	7	658	560	7.3	7.4	77	67	81	70	95	96
Uppsala	85	73	-40	-43	45	30	53	41	22	47	955	719	8.4	8.5	85	67	119	97	81	78
<b>East</b>	<b>481</b>	<b>472</b>	<b>-172</b>	<b>-178</b>	<b>309</b>	<b>294</b>	<b>64</b>	<b>62</b>	<b>429</b>	<b>234</b>	<b>6,558</b>	<b>5,693</b>	<b>6.8</b>	<b>6.9</b>	<b>416</b>	<b>387</b>	<b>569</b>	<b>534</b>	<b>89</b>	<b>90</b>
Other <sup>1)</sup>	21	10	-2	0	19	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,364</b>	<b>1,243</b>	<b>-507</b>	<b>-498</b>	<b>857</b>	<b>745</b>	<b>63</b>	<b>60</b>	<b>685</b>	<b>464</b>	<b>14,880</b>	<b>13,493</b>	<b>7.1</b>	<b>7.2</b>	<b>1,561</b>	<b>1,528</b>	<b>1,554</b>	<b>1,486</b>	<b>89</b>	<b>89</b>

1) Income consists of rental guarantees and redemption of leases. Costs consist of the items not directly attributable to normal property operations.

\* Yield requirement is calculated excluding building rights.

#### NOTE 5 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

	Group		Parent company	
	2011	2010	2011	2010
<i>Ernst &amp; Young AB</i>				
Audit assignments	1,437	1,772	1,437	1,772
Other assignments	5	5	5	5
<b>Total</b>	<b>1,442</b>	<b>1,777</b>	<b>1,442</b>	<b>1,777</b>

No other audit activity apart from assignments has taken place during 2011 or 2010.

#### NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE

Group	2011	2010
	<b>Property-related costs</b>	
Electricity, district cooling and heating	-164,965	-171,014
Purchased services administration and maintenance	-74,461	-86,676
Repairs and maintenance	-73,665	-62,209
Property tax and site leasehold charges	-85,606	-78,305
Personnel costs	-61,518	-58,723
Other property costs	-44,577	-38,736
Depreciation	-2,116	-2,148
<b>Total</b>	<b>-506,908</b>	<b>-497,811</b>
<b>Central administration</b>		
Personnel costs	-34,573	-32,460
Provision, profit-sharing foundation	-6,311	-5,836
Attorney fees, tax proceedings	-7,760	-5,489
IT, advertising and cost of premises	-8,365	-9,263
Acquisition costs	-1,530	-
Auditors' fees	-1,437	-1,772
Depreciation	-297	-479
Other costs	-10,186	-8,954
<b>Total</b>	<b>-70,459</b>	<b>-64,253</b>

#### NOTE 7 NET FINANCIAL ITEMS

	2011	2010
<i>Group</i>		
Interest income, other	990	799
<b>Total</b>	<b>990</b>	<b>799</b>
<i>Parent Company</i>		
Income from other securities	-	16,820
Interest income, group companies	-	-
Interest income, other	41	8
Anticipated dividend from group companies	400,000	-
Group contribution, group companies	65,806	156,442
<b>Total</b>	<b>465,847</b>	<b>173,270</b>
	2011	2010
<i>Group</i>		
Interest expense, other	-345,979	-229,334
Other financial expenses	-13,073	-13,459
<b>Total</b>	<b>-359,052</b>	<b>-242,793</b>
<i>Parent Company</i>		
Interest expense, group companies	-	-
Interest expense, other	-2,309	-1,099
Other financial expenses	-375	-411
<b>Total</b>	<b>-2,684</b>	<b>-1,510</b>

**NOTE 8 TAXES**

Consolidated Statement of Income, SEK million

	2011 Basis paid tax	2011 Basis, deferred tax	2010 Basis paid tax	2010 Basis, deferred tax
<b>Tax calculation for Group</b>				
Profit before tax	638	–	760	–
Deductible for tax purposes				
– depreciation	–294	294	–232	232
– investment	–126	126	–67	67
Change in value of properties not subject to tax	–430	430	–272	272
Change in value of derivatives not subject to tax	225	–225	–23	23
Tax effect of company and property sales	–5	–	–12	–
Non-deductible expenses	11	–	8	–
Adjustment items in subsidiaries, net	13	–	–6	–
<b>Total operating profit</b>	<b>32</b>	<b>625</b>	<b>156</b>	<b>594</b>
Use of loss carry-forwards	–32	32	–156	156
New loss carry-forwards	–	–	–	–108
Adjustment for effect of properties sold	–	8	–	–76
Adjustment for acquired temporary differences	–	–8	–	8
<b>Total taxable profit</b>	<b>–</b>	<b>657</b>	<b>–</b>	<b>574</b>
Of which 26.3% deferred tax		173		151

	2011 Basis	2011 Tax	2010 Basis	2010 Tax
<b>Consolidated Balance Sheet, SEK million</b>				
<b>Deferred tax asset</b>				
At beginning of year	1,542	405	1,591	418
Change during the year	–32	–8	–49	–13
<b>Deferred tax liability at year-end<sup>1)</sup></b>	<b>1,510</b>	<b>397</b>	<b>1,542</b>	<b>405</b>
<b>Deferred tax liability<sup>2)</sup></b>				
Temporary difference properties				
At beginning of year	4,701	1,236	3,856	1,014
Changes during the year	965	254	845	222
Temporary differences at year-end	5,666	1,490	4,701	1,236
Acquired temporary differences properties <sup>3)</sup>				
At beginning of year	–2,754	–724	–2,406	–633
Change during year due to acquisitions and sales	–111	–29	–348	–91
At year-end	–2,865	–753	–2,754	–724
Temporary differences derivatives				
At beginning of year	–13	–3	–43	–11
Changes during the year	–229	–60	30	8
Temporary differences at year-end	–242	–63	–13	–3
Total deferred tax liability				
At beginning of year	1,934	509	1,407	370
Change during the year	625	164	527	139
<b>Total deferred tax liability at year-end</b>	<b>2,559</b>	<b>673</b>	<b>1,934</b>	<b>509</b>
<b>Parent Company</b>		2011		2010
Profit before tax		422		232
Current tax		17		41
Deferred tax		–8		–13
<b>Net profit after tax</b>		<b>431</b>		<b>260</b>
<b>Deferred tax assets</b>				
At beginning of year		405		418
Change during the year		–8		–13
<b>At year-end</b>		<b>397</b>		<b>405</b>

1) Refers to established loss carryforwards of SEK 1,510 million (1,542).

2) Deferred tax liability is calculated between fair values and residual values for tax purposes.

3) Does not include basis for deferred tax since the acquisitions are classified as asset acquisitions.

## NOTE 9 MACHINERY AND EQUIPMENT

	2011		2010	
	Group	Parent Company	Group	Parent Company
Accumulated acquisition cost				
Opening balance	25,392	9,082	23,501	8,566
Purchases	1,895	1,435	1,797	558
Acquisition of subsidiaries	10	–	144	–
Sales and disposals	–3,315	–3,267	–50	–42
<b>Total</b>	<b>23,982</b>	<b>7,250</b>	<b>25,392</b>	<b>9,082</b>
Accumulated scheduled depreciation				
Opening balance	–16,678	–7,016	–14,041	–6,061
Acquisition of subsidiaries	–10	–	–43	–
Sales and disposals	2,875	2,828	33	26
Scheduled depreciation on acquisition values for the year	–2,413	–887	–2,627	–981
<b>Total</b>	<b>–16,226</b>	<b>–5,075</b>	<b>–16,678</b>	<b>–7,016</b>
<b>Reported value at year-end</b>	<b>7,756</b>	<b>2,175</b>	<b>8,714</b>	<b>2,066</b>

## NOTE 10 INVESTMENT PROPERTIES

### Valuation of property holdings

The investment properties are valued in accordance with the fair value method. Every quarter, Klöver values 100 per cent of the property portfolio. 20–30 per cent of the property portfolio is valued externally each quarter, the rest being internally valued. This means that every property in the portfolio is externally valued at least once during a rolling 12-month period.

During the year, 255 external valuations have been carried out. These valuations have been carried out with a yield-based method applying the cash flow method, i.e. based on forecasts of future cash flows. The yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location according to the location price method. The external valuations have been carried out in accordance with the international valuation standard. Savills have valued one property during the year. Other external valuations have been carried out by DTZ Sweden.

### SUMMARY

Value date	31 December 2011
Fair value	SEK 14,880 million
Calculation period	Five years
Direct yield for assessment of residual value	Between 5.75 and 10.00 per cent
Cost of capital/discount rate	Between 6.75 and 12.00 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (The Riksbank's inflation target)

## PROPERTY HOLDING AND VALUATION AT FAIR VALUE PER LOCATION, 31 DECEMBER 2011

	Fair value, SEKm	No. of properties	Rental value, SEKm <sup>1)</sup>	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Average required yield*, %
Borås	436	16	56	95	84	7.85–10.30	6.50–8.30	7.6
Linköping	2,183	49	254	86	282	7.00–12.00	5.75–10.00	7.2
Norrköping	1,271	20	149	89	169	6.75–12.00	6.00–10.00	7.3
Nyköping	928	31	112	89	133	7.00–12.00	6.10–10.00	7.6
<b>South</b>	<b>4,818</b>	<b>116</b>	<b>571</b>	<b>88</b>	<b>668</b>	<b>6.75–12.00</b>	<b>5.75–10.00</b>	<b>7.4</b>
Karlstad	1,727	47	196	92	202	7.00–11.00	6.25–9.00	7.1
Västerås	1,320	27	166	86	217	7.90–11.00	5.90–9.00	7.4
Örebro	457	10	52	94	58	7.90–10.50	5.90–8.50	7.2
<b>West</b>	<b>3,504</b>	<b>84</b>	<b>414</b>	<b>90</b>	<b>477</b>	<b>7.00–11.00</b>	<b>5.90–9.00</b>	<b>7.2</b>
Kista	4,945	24	369	90	254	6.75–10.00	6.20–8.00	6.4
Täby	658	27	81	95	77	8.25–9.75	6.85–7.75	7.3
Uppsala	955	4	119	81	85	8.25–9.75	6.85–7.75	8.4
<b>East</b>	<b>6,558</b>	<b>55</b>	<b>569</b>	<b>89</b>	<b>416</b>	<b>6.75–10.00</b>	<b>6.20–8.00</b>	<b>6.8</b>
<b>Total</b>	<b>14,880</b>	<b>255</b>	<b>1,554</b>	<b>89</b>	<b>1,561</b>	<b>6.75–12.00</b>	<b>5.75–10.00</b>	<b>7.1</b>

1) The rental value includes the lease contract value for the areas let and assessed market rents for vacant space. The market rent for vacant space is assessed in the present condition of the vacant space, i.e. before refurbishment and adaptation.

\* The yield requirement has been calculated excluding building rights.

**NOTE 10 CONTINUED**

**Sensitivity analysis, property valuation**

	Change +/-	Effect on profit, SEKm
Direct yield	0.5 % point	-962/+1,071
Rental income	SEK 50/sq.m.	+/-1,101
Operating costs	SEK 25/sq.m.	-/+550
Economic vacancy rate	1 % point	-/+ 219

**Valuation method**

Klövern uses yield valuation according to the cash flow method for external and internal valuations.

From the outcome in the cash flow model, the fair value of the property is calculated before deduction for selling expenses.

**Valuation model**

- + Estimated rent payments
- Operating payments
- = Operating surplus
- Deduction for investments
- = Property's cash flow

**Calculation of the fair value of the property**

- The cash flow of the property is discounted to present-day value with cost of capital/discount rate.
- The property's residual value is assessed by a perpetual capitalization whereupon the direct yield requirement is used. The residual value is then discounted to current-day value with the cost of capital.
- The value of any building rights and undeveloped land is added to the present-day value.
- The normal calculation period is five years.
- Inflation has been assessed at two per cent (The Riksbank's inflation target).

**Basis for valuation**

Every assumption about a property is assessed individually on the basis of the material available about the property as well as the market information and experience-based assessments of the external valuers.

**Rental payments**

The current lease contracts and known lettings and vacations serve as the basis for an assessment of the property's rental payments. The external valuers have, in collaboration with Klöverns managers, made an individual assessment of the market rent for the vacant areas, and the areas let at the end of the contract term. The external valuers also assess the long-term vacancy of each property.

**Operating payments**

Operating payments consist of payments for the property's normal operations, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating payments is based on the properties' budgets and outcomes during the years that Klöverns has owned the properties as well as the experiences of the external valuers of similar properties. The maintenance of the properties is assessed on the basis of their current state, ongoing and budgeted maintenance measures and the assessment by the external valuers of future maintenance requirements.

**Required investment**

The property's required investment is assessed by the external valuers on the basis of the state of the property. In the event of large vacancies at the property, the required investment often increases.

**Direct yield requirement and cost of capital**

The direct yield requirement of the properties has been assessed on the basis of the unique risk of each property. It can be divided into two components, a general market risk and a specific property risk. The market risk is associated with the general development of the economy and is affected, inter alia, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties effective use of area, the standard of the premises, the quality of the installations, site leasehold, type of tenant and the nature of the lease contract.

In a theoretical reasoning, the cost of capital is set by inflation expectations being added to a risk-free real interest rate and a risk factor. The cost of capital is assessed for each property individually.

**Residual value**

Residual value consists of the operating surplus during the remaining economic lifetime which is based on the year after the last year calculation year.

Calculation of residual value takes place for every property by perpetual capitalization of the estimated market operating surplus and the estimated market yield requirement for the respective property. The yield requirement consists of the risk-free rate and each property's unique risk. The unique risk of the properties is assessed on the basis of the external valuers' market databases, experiences and transactions carried out in accordance with the location price method in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

**Calculation periods**

The calculation periods are mainly five years. Exceptions are properties with major contracts where the remaining contract term exceeds five years. In these cases, a calculation period corresponding to the remaining contract term plus at least one year has been adopted.

**Building rights and plots**

At the properties where there are unused building rights and plots, these are valued on the basis of the location price method or a current value based on the estimated market value on development of the building rights and plots. All values of building rights and plots have been assessed by the external valuers.

**Inspection of the properties**

All properties are inspected within a three-year period. The external valuers make new inspections where major refurbishment, vacations, or other circumstances affecting the value have taken place.

**Internal property values**

In the internal property valuations, the direct yield requirements are decided after review with the external valuers. The development of the direct yield requirements of the internal valuations in this way complies with the external valuations. The internal valuations are performed in the same valuation programme (FIA) as the external valuations.

**Changes in value**

The fair value of Klöverns properties was SEK 14,880 million (13,493) on 31 December 2011. Changes in value for the full year 2011 amounted to SEK 435 million (298). The unrealized changes in value were SEK 430 million (272) and the realized changes in value SEK 5 million (26). Klöverns property portfolio has been valued at an average yield requirement of 7.1 per cent (7.2) on 31 December 2011.

<i>Group, SEKm</i>	<i>Properties</i>
<b>Opening fair value, 1 January 2010</b>	<b>12,032</b>
Acquisition value of properties acquired during the year	1,067
Investment in properties	464
Sales income, sold properties	-368
Change in value	298
<b>Closing fair value, 31 December 2010</b>	<b>13,493</b>

Acquisition value of properties acquired during the year	315
Investment in properties	685
Sales income, sold properties	-48
Change in value	435
<b>Closing fair value, 31 December 2011</b>	<b>14,880</b>

#### Investment properties – effect on profit for the year

<i>Group, SEKm</i>	2011	2010
Rental income	1,343	1,233
Direct costs for investment properties that generated rental income during the period	-507	-498
Direct costs for investment properties that did not generate rental income during the period	-	-

In 2010 and 2011 all investment properties generated rental income.

#### Tax assessment values

<i>Group, SEKm</i>	2011	2010
Tax assessment values, buildings	6,007	5,928
Tax assessment values, land	1,704	1,585
<b>Total tax assessment value</b>	<b>7,711</b>	<b>7,513</b>

#### Tax residual value

The tax residual value of the properties totalled SEK 9,214 million (8,792) million on 31 December 2011.

#### NOTE 11 OTHER RECEIVABLES

	2011	2010
<i>Group</i>		
Deduction taxes and charges	31,912	51,121
Receivable, seller promissory notes	-	8,985
Other current receivables	1,435	3,207
<b>Total</b>	<b>33,347</b>	<b>63,313</b>

<i>Parent Company</i>		
Deduction taxes and charges	3,614	3,258
Other current receivables	23	1
<b>Total</b>	<b>3,637</b>	<b>3,259</b>

#### NOTE 12 ACCOUNTS RECEIVABLE

Klövern values its accounts receivable every quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provision is made for doubtful claims and the claim is recorded as a rent loss in the event of bankruptcies or other established losses. A credit rating of the tenant in connection with new letting is always carried out.

Accounts receivable in the Group is reported after taking into consideration rent losses arising during the year totalled SEK 3.2 million (3.1) with a deduction of SEK 0.8 million (0.7) for reversed rent losses. Actual rent losses amounted to 0.2 per cent (0.2) of sales. Established rent losses amounted to SEK 3.6 million (3.4) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

#### Accounts receivable by age

<i>Days</i>	2011	2010
0 – 29	8,062	13,230
30 – 89	5,032	-28
90 –	8,347	8,271
Doubtful claims	-6,441	-7,652
<b>Total</b>	<b>15,000</b>	<b>13,821</b>

<i>Doubtful claims</i>	2011	2010
Doubtful claims at beginning of year	7,652	6,442
Provisions for anticipated rent losses <sup>1)</sup>	3,174	5,246
Claims collected	-785	-665
Established losses	-3,600	-3,371
<b>Doubtful claims at year-end</b>	<b>6,441</b>	<b>7,652</b>

1) This item includes SEK 1.0 million (1.4) which does not have an effect on earnings due to new acquisition of properties through companies.

#### NOTE 13 PREPAID EXPENSES AND ACCRUED INCOME

	2011	2010
<i>Group</i>		
Accrued property costs	1,703	6,806
Prepaid rent discounts	21,119	20,281
Prepaid insurance	3,904	495
Prepaid site leasehold charges	5,135	716
Acquisitions in progress	935	1,056
Accrued income	10,775	10,315
Other prepaid expenses	1,954	11,804
<b>Total</b>	<b>45,525</b>	<b>51,473</b>

<i>Parent Company</i>		
Accrued property costs	701	538
Accrued administrative costs	65	164
Prepaid insurance	3,904	495
Property acquisitions in progress	1,565	121
Other prepaid costs and accrued income	214	973
<b>Total</b>	<b>6,449</b>	<b>2,291</b>

#### NOTE 14 LIQUID FUNDS

	2011	2010
<i>Group</i>		
Cash and bank	10,855	36,452
<b>Total</b>	<b>10,855</b>	<b>36,452</b>

<i>Parent Company</i>		
Cash and bank	8,166	53,675
<b>Total</b>	<b>8,166</b>	<b>53,675</b>

## NOTE 15 SHAREHOLDERS' EQUITY

Klövern manages capital consisting of the Group's shareholders' equity with the aim of providing Klöverns shareholders with a return of at least the risk-free rate plus nine percentage points, which is the goal set in Klöverns business plan. Return on equity amounted to 10.1 per cent (14.0) in 2011. During the past five years, the average return on equity has been 9.5 per cent (11.6), which is less than the long-term goal of 10.4 per cent.

Klövern's aim is to maintain a well-balanced asset and capital structure adapted to the company's real estate operations. The goal is for the equity ratio to be in the interval 25–35 per cent. The equity ratio at year-end 2011 was 30.8 per cent (32.1). The goal for the equity ratio is a simplified consequence of a more in-depth analysis where equity has been apportioned in relation to the different risk profiles that investment properties have in the balance sheet.

Change in share capital	Date	Number of shares	Nom SEK/share	Share capital, SEK
Opening balance	2006-01-01	120,364,259	5	601,821,295
New issue of common shares	2006-11-22	46,180,067	5	230,900,335
Closing balance	2006-12-31	166,544,326	5	832,721,630
Repurchase of own shares		–775,500		
Closing balance	2007-12-31	165,768,826	5	832,721,630
Repurchase of own shares		–4,965,963		
Closing balance	2008-12-31	160,802,863	5	832,721,630
Closing balance	2009-12-31	160,802,863	5	832,721,630
Closing balance	2010-12-31	160,802,863	5	832,721,630
Closing balance	2011-12-31	160,802,863	5	832,721,630

### Dividend

The Board of Directors of Klöverns AB proposes to the 2011 Annual General Meeting that a dividend be paid of SEK 1.25 per common share (1.50) and SEK 10 per preference share, to be paid quarterly at SEK 2.50 per quarter, totalling SEK 317.4 million (241.2). Repurchased shares confer no right to dividend.

## NOTE 16 EARNINGS PER SHARE

The calculation of earnings per share for 2011 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 465,418,000 (604,789,000) and the number of outstanding shares in 2011 totalling 160,802,863 (160,802,863). There are no dilution effects relating to earnings per share for the full year 2011 or 2010.

Net profit attributable to the Parent Company's shareholders	2011		2010	
	2011	2010	2011	2010
Net profit attributable to the Parent Company's shareholders	465,418	604,789		
Weighted average of number of outstanding shares				
Number	2011	2010		
Total number of shares on 1 January	160,802,863	160,802,863		
Total number of shares, 31 December	160,802,863	160,802,863		
Weighted average number of shares during the year	160,802,863	160,802,863		
Earnings per share, SEK	2.89	3.76		

## NOTE 17 INTEREST-BEARING LIABILITIES

Group	2011	2010
Long-term liabilities		
Bank loans	9,284,524	8,417,620
Total	9,284,524	8,417,620
Current liabilities		
Current portion of bank loans	60,630	69,516
Utilized overdraft facility	–	29,512
Total	60,630	99,028
Unused overdraft facility	250,000	170,488

## NOTE 18 LIABILITIES TO CREDIT INSTITUTIONS

Long-term liabilities in the Parent Company refer only to liabilities to subsidiaries, which fall due for payment in more than five years' time. The parent company has an unused overdraft facility of SEK 200 million (150) and no liabilities to credit institutions.

## NOTE 19 OTHER LIABILITIES

	2011	2010
Other current liabilities		
Group		
Personnel's withholding tax and social security contributions	3,440	3,243
Insurance compensation	12,932	–
Debt to previous property owner	14,518	28,515
Debt to purchaser	–	7,170
Other items	2,383	6,276
Total	33,273	45,204
Parent Company		
Personnel's withholding tax and social security contributions	3,440	3,243
Value-added tax	4,596	4,205
Other items	638	413
Total	8,674	7,861

#### NOTE 20 ACCRUED EXPENSES AND PREPAID INCOME

	2011	2010
<i>Group</i>		
Invoiced rents for the first quarter 2012/2011	212,041	242,219
Accrued property costs	38,348	25,151
Accrued interest expense	31,715	19,633
Accrued personnel costs	9,581	9,389
Other items	15,338	11,249
<b>Total</b>	<b>307,023</b>	<b>307,641</b>
<i>Parent Company</i>		
Accrued personnel costs	9,581	9,389
Accrued costs, profit-sharing foundation	6,311	5,836
Other items	8,977	1,582
<b>Total</b>	<b>24,869</b>	<b>16,807</b>

#### NOTE 21 FINANCIAL RISKS AND FINANCIAL POLICY

Through its activity, the Group is exposed to different kinds of financial risks. Financial risks means fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klöver is mainly exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's financial policy for managing financial risks has been formulated and decided upon by the Board. The financial policy creates a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Responsibility for the Group's financial transactions and financial risks is dealt with centrally by the Parent Company's finance function. The overall aim of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's profit due to market fluctuations. Financial issues of strategic importance are dealt with by the Board. Additional information is contained in the section on Financing on pages 58–60 and in Risk and sensitivity on pages 62–65.

##### Liquidity and financing risk

Liquidity risk means the risk of liquidity being insufficient to meet future payment commitments. Internal liquidity forecasts are drawn up in connection with quarterly reports for the coming twelve months where all items affecting cash flows are analysed in aggregate form. The liquidity forecast is intended to verify the need of capital.

The financing risk also refers to the risk that financing cannot be obtained at all, or only at greatly increased costs. To manage this risk, the financial policy contains rules on the spread of tied-up capital for the loan stock and the size of unutilized loan facilities and investments. According to the financial policy, the average remaining maturity, the period of tied-up capital, on the loan stock is to be at least three years, and at most 35 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities shall be kept within an average size that corresponds to the due date of the tied-up capital during a quarter.

As at 31 December 2011, the average remaining maturity of the loan stock was 1.9 years (2.0). The goal (the average should be at least 3.0 years) has not been achieved as the turbulence in the financial markets in recent years meant that an extension would have made Klöver's borrowing cost significantly more expensive. However, the goal remains in effect. At the beginning of 2012, credit facilities totalling SEK 2.2 billion have been refinanced to 2014 and 2015 respectively, which has extended the period of tied-up capital. At the same time, liquid assets were available totalling SEK 11 million (36) and confirmed, but not utilized, loan facilities of

SEK 583 million (637), including unutilized overdraft facilities of SEK 250 million (170). Furthermore there were unutilized loan facilities of SEK 495 million (787), which may be used for new acquisitions or investments after providing collateral for mortgages up to 75 per cent of the property value.

##### Structure of capital maturity

Maturity year	Credit agreement, SEKm	Utilized, SEKm
2012	4,640	3,798
2013	3,279	3,279
2014–	2,504	2,268
<b>Total</b>	<b>10,423</b>	<b>9,345</b>

##### Interest rate risks

The interest rate risk can partly consist of a change in fair value due to changes in interest rates or share prices, the price risk, and changes in cash flow, the cash flow risk. A significant factor that affects the interest rate risk is the period of fixed interest. Long periods of fixed interest entail a higher price risk while shorter periods of fixed interest entail a higher cash flow risk. Of the total interest-bearing liabilities of SEK 9,345 million (8,517), 49 per cent (55) had variable interest and the average fixed-interest period was 2.7 years (2.4) at year-end.

##### Interest maturity structure

Maturity year	Average interest rate, %	Interest due, SEKm	Proportion, %
Variable	4.0	4,545	49
2012	–	–	–
2013	–	–	–
2014	–	–	–
2015	4.2	1,400	15
2016	5.0	1,400	15
2017	4.5	1,000	11
2018	4.1	500	5
Later	3.9	500	5
<b>Total</b>	<b>4.2</b>	<b>9,345</b>	<b>100</b>

According to the financial policy, the cash flow risk is to be limited as follows:

At least 50 per cent of the total loan volume shall have fixed interest or be covered by interest caps. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining term for caps and swaps, according to the financial policy, should be at least 2.5 years; at the year-end it was 4.2 years. The strike level for the interest caps may when taken be equivalent to at most the five-year bond rate plus 2.0 percentage points.

At year-end, Klöver had a volume of SEK 1,500 million (2,500) interest caps and SEK 4,800 (3,869) million fixed interest loans, totalling SEK 6,300 million (67 per cent), compared with SEK 4,673 million (or 50 per cent) which was a minimum requirement according to policy. Redemption rates for the interest caps vary between 4.25 and 4.5 per cent linked to three-month Stibor. During 2011, changes in value of interest caps amounted to SEK –1 million (–2). The fair value amounted to SEK 0 million (5) at year-end.

At year-end, Klöver had nine interest rate swap agreements maturing between 2015 and 2021. The fair value of the swaps amounted to SEK –242 million (–18) and changes in value totalled SEK –224 million (25) during the year. Interest caps and swaps both increase Klöver's price risk.

No financial securities were held at year-end. The interest caps have been valued by Swedbank on the basis of the current yield curve and volatility for the respective maturity. The interest rate swaps have been valued by Danske Bank, Handelsbanken and Swedbank by future cash flows being discounted to present-day value.

### Derivatives

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<i>Nominal interest rate swaps</i>				
Swedbank	600	3.1	2.8	-18
Handelsbanken	800	3.1	2.8	-25
Danske Bank	400	4.1	3.0	-19
Swedbank	1,000	4.9	3.9	-94
Danske Bank	1,000	5.1	3.1	-58
Swedbank	300	6.6	2.7	-11
Swedbank	200	6.6	2.7	-7
Swedbank	300	9.7	2.5	-6
Danske Bank	200	9.7	2.5	-4
<b>Total swaps</b>	<b>4,800</b>	<b>5.1</b>	<b>3.1</b>	<b>-242</b>

Counterparty	Amount, SEKm	Remaining time to maturity, years	Strike level,* %	Market value, SEKm
<i>Interest caps</i>				
Swedbank	250	0.2	4.50	0
Swedbank	250	0.2	4.50	0
Swedbank	500	2.0	4.50	0
Swedbank	500	2.3	4.25	0
<b>Total interest caps</b>	<b>1,500</b>	<b>1.5</b>	<b>4.40</b>	<b>0</b>
<b>Total</b>	<b>6,300</b>	<b>4.2</b>		<b>-242</b>

\* The strike level is the pre-set interest rate level at which an interest income is received to compensate for the increased interest expense

### Credit risks

Credit risks mean the risk of counterparty or issuer not being able to comply with its undertakings to Klöver. Klöver is exposed to credit risk to the extent that the surplus liquidity is to be invested and through its holdings of derivative instruments in the form of interest caps and interest rate swaps. With a view to limiting the credit risks on investment, the financial policy includes a special counterparty rule in which maximum credit exposure for different counterparties is stated as follows.

Counterparty	Maximum
Swedish state and government agencies with 100% state	Unlimited
Swedish banks with wholly-owned subsidiaries	At most SEK 500m per group
Other Swedish mortgage institutions	At most SEK 100m per company
Foreign banks with rating at least Standard & Poor A- or Moody's A3	At most SEK 100m per group

As regards derivative instruments, there are no volume limits, although derivatives may only be acquired with a view to adjusting the interest rate risk. Permitted derivative instruments are: interest rate swaps, interest caps and floors, FRA and interest rate and currency forwards. To the extent that options are used, these should minimize risk. The period to maturity for caps and floors may be at most ten years.

There is also a certain element of credit risk in the current letting operations, i.e. a risk of a tenant not being able to pay the rent. However, this is strongly limited given the use of advance rents.

### Covenants and risk-taking

Klövern's risk-taking and position can be seen, inter alia, from the key ratios, the equity ratio, the interest coverage ratio and leverage. There are set limit values, known as covenants, in the credit agreements with the banks, specifically for these three key ratios. Klöver's own goals accord well with the banks' requirements. Klöver's goal is for the equity ratio to be between 25 and 35 per cent. The banks usually set 25 per cent as a lower limit. Klöver's goal is for the interest coverage ratio to be at least 1.5 multiples, which accords well with the banks' requirements. Klöver has not set its own goal for leverage although the banks usually have a limit of 75 per cent. Klöver meets all goals and requirements by a good margin.

The equity ratio was 31 per cent, the interest coverage ratio 2.2 multiples and leverage 63 per cent

### Sensitivity analysis

In connection with the quarterly reports, an interest sensitivity analysis is also prepared, measuring the effects of changes in short market interest rates on the borrowing rate and the interest coverage rate. A change in short market interest rates of +1 percentage point at year-end would have meant that Klöver's average borrowing rate would have changed by +0.5 percentage points, which would have been equivalent to a change in interest expense of SEK +46 million. The interest coverage ratio would have changed from the current 2.2 to 1.9 multiples.

The calculations of the sensitivity analysis are based on the Group's earning capacity and balance sheet as at 31 December 2011. The sensitivity analysis shows the effect on the Group's net profit after full implementation of each of the following parameters. Interest-bearing liabilities and lease contracts run over a number of years which means that changes in level do not have their full impact in a particular year but only in a longer perspective.

	Change	Annual effect on profit before tax, SEKm
Economic occupancy rate	+/- 1 % point	+/- 16
Rental income	+/- 1 %	+/- 13
Property costs	+/- 1 %	-/+ 5
Klövern's borrowing rate	+/- 1 % point	-/+ 93

**NOTE 21 CONTINUED**

Fair value of financial instruments

	2011			2010		
	Financial income	Financial expenses	Changes in value	Financial income	Financial expenses	Changes in value
<b>Financial assets valued at fair value via the statement of income</b>						
Interest rate swaps relating to cash flow hedges	–	–	–223,451	–	–	25,201
Interest caps	–	–	–1,418	–	–	–1,942
<b>Total changes in value</b>	<b>–</b>	<b>–</b>	<b>–224,869</b>	<b>–</b>	<b>–</b>	<b>23,259</b>
<b>Loan receivables and accounts receivable</b>						
Accounts receivable	–	–	–	–	–	–
Accrued income and other receivables	453	–	–	32	–	–
Liquid funds	537	–	–	767	–	–
<b>Total financial income</b>	<b>990</b>	<b>–</b>	<b>–</b>	<b>799</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities valued at accrued acquisition value</b>						
Liabilities to credit institutions	–	–358,946	–	–	–242,702	–
Accounts payable	–	–34	–	–	–23	–
Accrued expenses and other liabilities	–	–72	–	–	–68	–
<b>Total financial expenses</b>	<b>–</b>	<b>–359,052</b>	<b>–</b>	<b>–</b>	<b>–242,793</b>	<b>–</b>

Fair value of financial assets and liabilities

	2011			2010		
	Financial liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value	Financial liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value
Accounts receivable	–	15,000	–	–	13,821	–
Accrued income and prepaid expenses	–	45,525	–	–	51,473	–
Other receivables	–	1,411	–	–	2,701	–
Liquid funds	–	10,855	–	–	36,452	–
<b>Total</b>	<b>–</b>	<b>72,791</b>	<b>–</b>	<b>–</b>	<b>104,447</b>	<b>–</b>
Long-term liabilities	–	–	9,284,524	–	–	8,417,620
Derivatives	241,737	–	–	13,349	–	–
Current interest-bearing liabilities	–	–	60,630	–	–	99,028
Accounts payable	–	–	49,385	–	–	157,376
Other liabilities	–	–	29,774	–	–	41,965
Accrued expenses and prepaid income	–	–	297,443	–	–	299,115
<b>Total</b>	<b>241,737</b>	<b>–</b>	<b>9,721,756</b>	<b>13,349</b>	<b>–</b>	<b>9,015,104</b>

Reported values in the balance sheet do not differ from fair value.

The market value of derivatives is calculated by the company's banks based on current interest terms and the market rate. This calculation has been made at what is referred to as Level 2, i.e. taking into consideration the observed market values. No reclassifications have been made during the period.

Klövern uses interest rate hedging instruments as protection against fluctuations in the interest rate on the company's loans. The recorded earnings are affected by income and cost items that are justified by the various interest rate hedging instruments. The total interest, which has been calculated in compliance with generally accepted accounting principles is included in the declared earnings.

## NOTE 22 OPERATIONAL LEASING

The maturity structure of the lease contracts show how large a part of the contract value matures per year. The contract value refers to the annual value of the leasing contracts.

The most common term of new lease contracts is three to five years with a period of notice of nine months. Klöverns average lease term is 2.8 years (2.8). Changeover rents are included in the rents at SEK 3.5 million (3.3).

### Contract maturity structure

Maturity year	Contract value, SEKm	Proportion of contract value, %	Area, 000 sq.m.
2012	328	24	317
2013	269	20	270
2014	339	24	278
2015	254	18	200
2016	65	5	54
2017–	125	9	123
<b>Total</b>	<b>1,380</b>	<b>100</b>	<b>1,242</b>

The Group's leased assets consist of operational lease contracts and amount to SEK 23.3 million (20.8).

## NOTE 23 ASSETS PLEDGED AND CONTINGENCIES

Assets Pledged	Group		Parent Company	
	2011	2010	2011	2010
Property mortgages <sup>1)</sup>	10,428,891	9,762,686	–	–
<b>Total assets pledged</b>	<b>10,428,891</b>	<b>9,762,686</b>	<b>–</b>	<b>–</b>

### Contingencies

	Group	Parent Company	Group	Parent Company
Guarantees in favour of subsidiaries	–	–	8,412,913	7,376,955
Other contingencies	3,688	4,238	–	–
<b>Total contingencies</b>	<b>3,688</b>	<b>4,238</b>	<b>8,412,913</b>	<b>7,376,955</b>

1) Refers to assets pledged for bank loans.

## NOTE 24 CLOSE ASSOCIATES

The Parent Company has a close associate relationship with its subsidiaries, see Note 25.

Group	Year	Services		Receivable	Liability
		Sold	Purchased		
Other close associates	2011	6,974	9,098	–	37
Other close associates	2010	7,041	8,321	–	48
<b>Parent Company</b>					
Subsidiary	2011	108,088	4,863	4,109,824	1,719,517
Subsidiary	2010	103,424	4,993	3,416,955	1,259,335
Other close associates	2011	–	9,098	–	48
Other close associates	2010	–	8,321	–	48

Transactions with close associates are priced on market terms. The lease contract where Arvid Svensson AB is a tenant has total annual contract values of SEK 3 million (2). The annual contract value of the lease with Länsförsäkringar is SEK 4 million (4). Fredrik Svensson is CEO of Arvid Svensson AB and Anna-Greta Lundh is CEO of Länsförsäkringar Södermanland. Both are board members of Klöverns.

Payments to the CEO, Deputy CEOs and the Board of Directors are shown in Note 3.

## NOTE 25 PARTICIPATING INTERESTS IN GROUP COMPANIES

	31.12.2011	31.12.2010
Accumulated acquisition values		
Opening balance	183,492	183,592
Sales	–	–100
<b>Closing balance</b>	<b>183,492</b>	<b>183,492</b>

### Accumulated write-ups

	31.12.2011	31.12.2010
Opening balance	136,551	136,551
Write-ups for the year	–	–
<b>Closing balance</b>	<b>136,551</b>	<b>136,551</b>
<b>Total</b>	<b>320,043</b>	<b>320,043</b>

Specification of the Parent Company's directly-owned subsidiaries is shown below. Other group companies are included in the respective subsidiary's annual reports.

Subsidiary/Reg. No./Registered Office	No. of shares	Share in % <sup>1)</sup>	Book value
Klöverns Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klöverns Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klöverns Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klöverns Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klöverns Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klöverns Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klöverns Bobby AB, 556594-9780, Nyköping	1,000	100	8,138
Klöverns Komp Bobby AB, 556678-9938, Nyköping	1,000	100	100
Klöverns Charbel AB, 556594-9814, Nyköping	1,000	100	100
Klöverns Dante AB, 556594-9830, Nyköping	1,000	100	100
Klöverns Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klöverns Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klöverns Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klöverns Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klöverns Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klöverns Karl AB, 556708-7985, Nyköping	1,000	100	5,139
Other subsidiaries, dormant			400
<b>Total</b>			<b>320,043</b>

1) Refers to the ownership portion of the equity, which also complies with the proportion of votes for the total number of shares.

#### NOTE 26 STATEMENT OF CASH FLOW

	Group		Parent Company	
	2011	2010	2011	2010
<i>Interest paid</i>				
Interest received	990	799	41	8
Interest paid	-346,970	-233,964	-2,684	-1,510

#### Cash flow from investing operations

	Group		Parent Company	
	2011	2010	2011	2010
<i>Adjustment for items not included in the cash flow</i>				
Deprecation on equipment	2,413	2,626	887	982
Changes in value	3,519	5,312	-	-
<b>Total</b>	<b>5,932</b>	<b>7,938</b>	<b>887</b>	<b>982</b>

#### Cash flow from financing operations

	Parent Company	
	2011	2010
Participation rights in group companies	-	100
Receivables from group companies	-174,577	-87,300
<b>Total</b>	<b>-174,577</b>	<b>-87,200</b>

#### NOTE 27 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

Gustav Hermelin left his post as CEO on 31 December 2011. Rutger Arnhult took up his post as new CEO on 1 January 2012.

At the beginning of 2012, SEK 2.2 billion of credit facilities with tied-up capital to 2012 has been refinanced to 2014 and 2015 respectively.

An Extraordinary Shareholders Meeting of Klöver AB (publ) was held on 12 January due to the public offer to the shareholders of Dagon AB (publ). The Shareholders' Meeting decided on a cash issue, amendment of the Articles of Association and a bonus issue of preference shares to Klöver's shareholders. The meeting also decided on a new issue of preference shares to Dagon's shareholders. It further decided to authorize the Board to acquire and transfer the company's own shares on one or more occasions during the period until the next Annual General Meeting.

The undersigned hereby certify that these financial statements for the Group and annual report have been prepared in accordance with the International Financing Reporting Standards, IFRS, as adopted by the EU and with generally-accepted accounting principles. The information provides a fair picture of the Group's and the Parent Company's' position and result, and the administration report for the Group and the Parent Company provides a fair picture of the development of the Group's and the Parent Company's business activities, position and result and describes important risks and uncertainty factors that confront the companies belonging to the Group.

Nyköping, 6 March 2012  
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

*Fredrik Svensson*  
Chairman

*Rutger Arnhult*  
CEO

*Ann-Cathrin Bengtson*  
Board member

*Gustaf Hermelin*  
Board member

*Eva Landén*  
Board member

*Anna-Greta Lundh*  
Board member

*Erik Paulsson*  
Board member

Our audit report was submitted on 7 March 2012

Ernst & Young AB

*Mikael Ikonen*  
Authorized public accountant

On 2 March 2012, the Board decided to complete the offer for Dagon. Please see the introduction to Klöver's annual report for more information.

Klöver has issued two three-year uncovered bonds totalling SEK 820 million.

Klöver has signed three long leases in Kista and Västerås with a total contract value of SEK 118 million.

#### NOTE 28 IMPORTANT ESTIMATES AND ASSESSMENTS

Preparing the final accounts in compliance with IFRS requires that the Board and the Executive Management make assessments and estimates and assumptions that affect the application of the accounting policies and the amounts reported of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that would appear to be reasonable in present circumstances. The result of these estimates and assumptions is then used to assess the reported values of assets and liabilities which are not otherwise evident from other sources. The actual outcome may vary from these estimates and assessments.

Estimates and assessments are regularly reviewed. Changes in estimates are reported in the period the change is made if the change has only affected this period or in the period the change is made and future periods if the changes affects both the current and future periods. Assessments made by the Board and the executive management in applying IFRS which have a significant impact on the financial reports and estimates made which can entail important adjustments in the following years financial reports concern valuation of investment properties, which is described in more detail in Note 10.

#### NOTE 29 INFORMATION ABOUT THE PARENT COMPANY

Klöver AB (publ), reg. no. 556482-5833, is a Swedish-registered limited company with its registered office in Nyköping. The Parent Company's shares are registered on NASDAQ OMX Stockholm MidCap. The address of the head office is Nyckelvägen 14, Box 1024, SE-611 29 Nyköping, Sweden.

The consolidated accounts for 2011 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

# AUDIT REPORT

To the Annual General Meeting in Klöver AB (publ). Reg. no. 556482-5833

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Klöver AB (publ) for the 2011 financial year, with the exception of the Corporate Governance Report on pages 112–113. The annual report and consolidated accounts of the company are contained in the printed version of this document on pages 4 to 98.

## Responsibilities of the Board of Directors and the CEO for the annual accounts and the consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## The auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of its financial performance and cash flows, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 102–113. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopt the statement of income and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Directors and the CEO of Klöver AB (publ) for the 2011 financial year. We have also performed a statutory review of the corporate governance report.

## Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the corporate governance report on pages 102–113 being drawn up in accordance with the Annual Accounts Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriation of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Director's proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has in, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition, we have read the corporate governance report and, on the basis of this reading, and our knowledge about the company and the group, we consider that we have sufficient grounds for our statements. This means that our statutory review of the corporate governance report has another direction and a considerably lesser extent compared with the direction and extent that an audit, in accordance with the International Standards on Auditing and good auditing standards in Sweden, has.

## Opinions

We recommend to the Annual General Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A corporate governance report has been prepared and its statutory information is compatible with the other parts of the annual accounts and the consolidated accounts..

Stockholm, 7 March 2012

Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant



CIRKUS  
1912

CIRKUS



Linköping Beridaren 12 – This property was part of a portfolio acquired by Klöver in October 2010. The property, which is located in central Linköping, consists of almost 4,400 sq.m. of offices. During the year, a lease contract has been signed with AcadeMedia Edictus for almost 400 sq.m.



## CORPORATE GOVERNANCE & REVIEW

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# 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 Klöverns 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 Klöverns

Corporate governance in Klöverns 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.

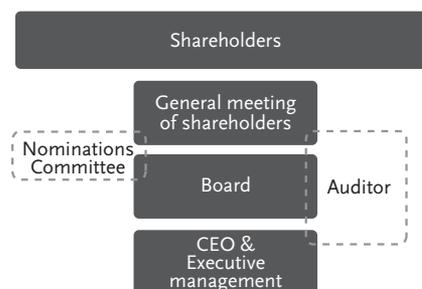
## Articles of Association

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. Klöverns 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](mailto: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	-
<b>Total shareholding – over 5% ownership</b>		<b>52.6</b>

\* 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](http://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](http://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 <sup>1)</sup>	Shareholding <sup>3)</sup> , %
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 <sup>1)</sup>	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 <sup>1)</sup>	2010/2011	Yes <sup>2)</sup>	4 of 4	31	–	–
Lars Rosvall <sup>1)</sup>	2005/2011	Yes	3 of 4	31	–	–
<b>Total</b>	–	–	–	–	<b>69,264</b>	<b>43.0</b>

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 Fabege 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 (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
<b>Total</b>	<b>68,752</b>	<b>63,193</b>
<i>Contractual pension costs (including Fora)</i>		
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
<b>Total</b>	<b>8,959</b>	<b>8,226</b>
<i>Statutory pension costs (including wages tax)</i>		
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
<b>Total</b>	<b>23,243</b>	<b>21,324</b>
<b>GRAND TOTAL</b>	<b>100,954</b>	<b>92,743</b>

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. 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 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.



Kista Lidarände 1

## Articles of association for Klöver AB, corporate ID no. 556482-5833

Adopted at the Annual General Meeting of Klöver 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, directly or indirectly through subsidiaries, to acquire, own, manage, develop and sell properties, and to 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 and 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 payment 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 Inrikestidningar) 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, when 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 deputy 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 deputy 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 Financial Instruments Registrations Act (1998:1479).

# FIVE-YEAR REVIEW AND KEY RATIOS

Statement of Income, SEKm	2011	2010	2009	2008	2007
Rental income	1,343	1,233	1,231	1,178	1,124
Other income	21	10	23	42	83
Property costs	-507	-498	-474	-462	-446
<b>Operating surplus</b>	<b>857</b>	<b>745</b>	<b>780</b>	<b>758</b>	<b>761</b>
Central administration	-71	-64	-66	-57	-65
Net financial income	-358	-242	-221	-346	-310
<b>Profit from property management</b>	<b>428</b>	<b>439</b>	<b>493</b>	<b>355</b>	<b>386</b>
Change in value, properties	435	298	-231	-760	1,106
Change in value, derivatives	-225	23	34	-155	53
<b>Profit before tax</b>	<b>638</b>	<b>760</b>	<b>296</b>	<b>-560</b>	<b>1,545</b>
Current and deferred tax	-173	-155	-59	84	-319
<b>Net profit for the year</b>	<b>465</b>	<b>605</b>	<b>237</b>	<b>-476</b>	<b>1,226</b>

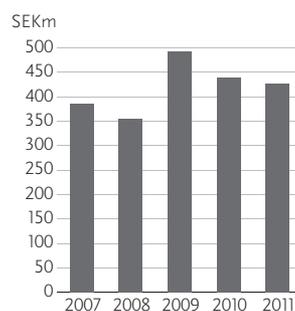
Balance Sheet, SEKm	2011	2010	2009	2008	2007
Investment properties	14,880	13,493	12,032	11,895	12,154
Equipment	8	9	10	12	13
Derivatives	-	-	-	-	96
Deferred tax asset	397	405	418	407	474
Current receivables	94	129	83	116	185
Liquid funds	11	36	24	67	87
<b>Assets</b>	<b>15,390</b>	<b>14,072</b>	<b>12,567</b>	<b>12,497</b>	<b>13,009</b>
Shareholders' equity	4,740	4,516	4,112	4,035	4,867
Deferred tax liability	673	508	370	309	460
Interest-bearing liabilities	9,345	8,517	7,646	7,645	7,007
Derivatives	242	13	31	62	-
Other liabilities	390	518	408	446	675
<b>Shareholders' equity and liabilities</b>	<b>15,390</b>	<b>14,072</b>	<b>12,567</b>	<b>12,497</b>	<b>13,009</b>

Statements of Cash Flow, SEKm	2011	2010	2009	2008	2007
Cash flow from current operations	341	507	490	201	648
Cash flow from investment operations	-953	-1,165	-373	-502	-396
Cash flow from financing operations	587	670	-160	281	-260
Cash flow for the year	-25	12	-43	-20	-8
Liquid funds at beginning of year	36	24	67	87	95
<b>Liquid funds at year-end</b>	<b>11</b>	<b>36</b>	<b>24</b>	<b>67</b>	<b>87</b>

Personnel	2011	2010	2009	2008	2007
Number of employees at year-end	132	126	123	121	121
- of which women/men, number	58/74	54/72	48/75	51/70	49/72
- of which employed on collective agreements, number	32	29	32	30	32
Average age, years	45	45	44	44	43
Personnel turnover, %	8	10	6	9	14
Value added per employee, SEKm	5.6	6.7	6.6	6.4	6.8
Competence development cost per employee, SEK thousand	20	19	18	18	20
Sickness absence, %	1.9	2.4	3.3	2.9	2.0

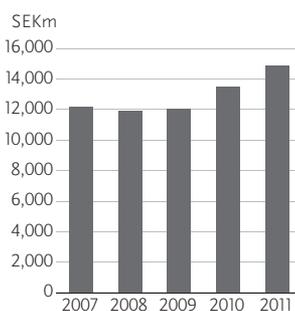
Property	2011	2010	2009	2008	2007
Number of properties	255	250	217	217	220
Lettable area, 000 sq.m.	1,561	1,528	1,392	1,382	1,394
Rental value, SEKm	1,554	1,486	1,385	1,360	1,309
Fair value of properties, SEKm	14,880	13,493	12,032	11,895	12,154
Direct yield, valuation, %	7.1	7.2	7.2	7.1	6.6
Economic occupancy rate, %	89	89	89	90	88
Area-based occupancy rate	80	79	80	82	80
Average lease contract term, years	2.8	2.8	3.0	3.1	2.9
Operating margin, %	63	60	62	62	63

## PROFIT FROM PROPERTY MANAGEMENT



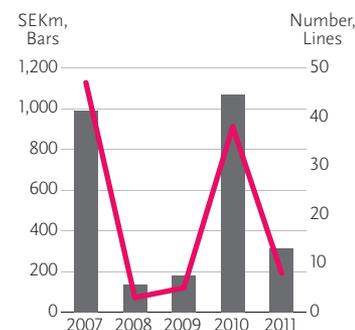
Profit from property management totalled SEK 428 million as at 31 December 2011.

## PROPERTY PORTFOLIO



The fair value of the properties increased by SEK 1,387 million during the year.

## PROPERTY ACQUISITIONS



During 2011, a total of eight properties were acquired for a price of SEK 315 million.

Share	2011	2010	2009	2008	2007
Market capitalization, outstanding shares, SEKm	4,165	5,467	3,682	2,929	4,227
Number of shares outstanding at end of year, million	160.8	160.8	160.8	160.8	165.8
Average number of shares outstanding, million	160.8	160.8	160.8	163.2	166.4
Total number of registered shares at year-end, million	166.5	166.5	166.5	166.5	166.5
Number of shareholders	27,213	27,754	29,943	30,372	31,249
Foreign ownership, %	16	17	14	16	17
Share price at year-end, SEK	25.90	34.00	22.90	18.20	25.50
Highest price during the year, SEK	35.10	34.40	24.30	26.70	33.40
Lowest price during the year, SEK	22.00	21.50	15.80	10.10	21.40
No. of shares traded during the year, thousands	84,427	81,609	64,244	75,745	69,513
Ditto average per day, thousands	333	323	256	300	279
Turnover rate per year, multiples	0.53	0.51	0.40	0.49	0.42
Dividend, common share, SEK	1.25*	1.50	1.25	1.00	1.50
Dividend, preference share, SEK	10.00*	–	–	–	–
Direct yield of the share, % <sup>1)</sup> , %	5.8*	4.4	5.5	5.5	5.9
Dividend in relation to profit from property management <sup>2)</sup> , %	56*	55	41	46	64
Change in share price, %	–23.8	48.5	25.8	–28.6	–15.0
Total yield per share <sup>3)</sup> , %	–19.4	54.0	31.3	–22.7	–10.8
Total earnings per share, SEK	2.89	3.76	1.48	–2.92	7.36
Price/earnings per share (P/E ratio)	9	9	15	–3	3
Profit from property management per share, SEK	2.66	2.73	3.07	2.17	2.32
Equity per share, SEK	29.47	28.08	25.58	25.09	29.36
Share price/equity per share, SEK	0.88	1.21	0.90	0.73	0.87
Cash flow operating activities per share, SEK	2.12	3.15	3.05	1.26	3.91
Cash flow per share, SEK	–0.16	0.07	–0.27	–0.12	–0.05
Properties' book value per share, SEK	92.54	83.91	74.83	73.97	73.31

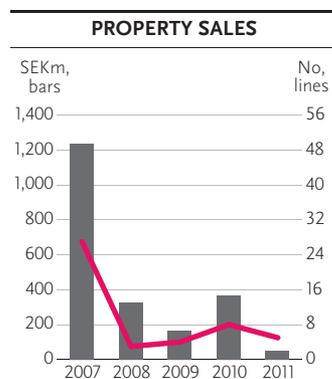
1) The direct yield for 2011 is calculated including dividend for 2012 for bonus-issued preference shares.

2) Dividend for 2012 for common shares that existed at the beginning of 2011 and the preference shares that came into existence through the bonus issue.

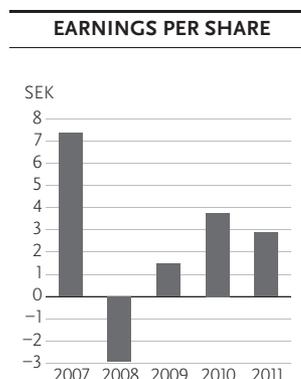
3) Refers to rise in price and dividend paid

\* Proposed dividend.

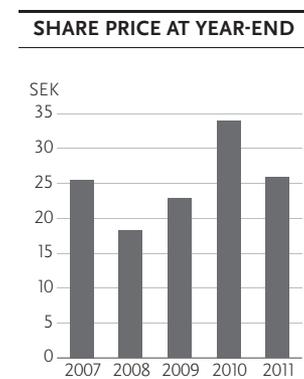
Financial	2011	2010	2009	2008	2007
Equity ratio, %	30.8	32.1	32.7	32.3	37.4
Interest coverage ratio, multiples	2.2	2.8	3.2	2.0	2.2
Debt-equity ratio, properties, %	2.0	1.9	1.9	1.9	1.4
Leverage, real estate, %	63	63	64	64	58
Return on equity, %	10.1	14.0	5.8	–10.7	28.1
Average interest, %	4.2	3.6	2.7	4.2	4.6
Average period of fixed interest, years	2.7	2.4	3.2	1.1	1.4
Average period of tied-up capital, years	1.9	2.0	1.8	2.6	3.7
Interest-bearing liabilities, SEKm	9,345	8,517	7,646	7,645	7,007



A total of five properties were sold during the year for a sales price of SEK 48 million.



Earnings have varied due to large changes in value of properties and derivatives.



The share price fell by –24 per cent to SEK 25.90 at the year-end.

# DEFINITIONS

## Properties

### CONTRACT VALUE

Rent of premises, index and rent supplement according to the lease contract.

### NET MOVING-IN

The contract value of tenants moving in less the contract value of vacating tenants.

### OCCUPANCY RATE, ECONOMIC

Rental income in relation to rental value at year-end.

### OCCUPANCY RATE, AREA-BASED

Area let in relation to total lettable area.

### OPERATING MARGIN

Operating surplus as a percentage of total income.

### OPERATING SURPLUS

Total income less rent losses, operation and maintenance costs, property administration, site leaseholds and property tax.

### OTHER EXPENSES

Expenses that are not directly attributable to normal property operations.

### OTHER INCOME

Income from rental guarantees and redemption of leases.

### PROPERTY COSTS

Refers to direct property costs such as for electricity, water, heating, repairs, maintenance, tenant adaptations, site lease rent, property administration and property taxes.

### PROPERTY TYPE

Principal use of a property with respect to type of premises. A particular property category may therefore contain smaller areas intended for other uses than the principal use.

### PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax

### REALIZED CHANGES IN VALUE

Property sales after deduction of properties' most recent fair value and selling expenses.

### RENTAL INCOME

Charged rents, plus billed compensation for heating and property tax.

### RENTAL VALUE

Rental income, plus estimated market rent for space not rented at year-end

### REQUIRED YIELD

Property valuations' required return on residual value.

### TENANT TURNOVER RATE

Contract value of vacating tenants during the year in relation to the contract value of vacating tenants.

## TOTAL INCOME

Total of rental and other income.

## UNREALIZED CHANGES IN VALUE, PROPERTIES

Change in the fair value of the property portfolio after deduction of investments made.

## VALUE ADDED FROM IMPROVEMENT

Sale price less invested capital.

## Financial

### DEBT EQUITY RATIO

Interest-bearing liabilities relative to equity at year-end.

### EQUITY RATIO

Reported shareholders' equity in relation to total assets at year-end.

### INTEREST COVERAGE RATIO

Profit from property management, excluding financial costs, in relation to financial costs.

### LEVERAGE RATIO

Interest-bearing liabilities relating to real estate relative to fair value of real estate.

### RETURN ON EQUITY

Net profit as a percentage of average shareholders' equity.

### RETURN ON TOTAL CAPITAL

Profit before tax with add-back of net financial income and changes in value in derivatives as a percentage of average total equity.

## The share

### CASH FLOW PER SHARE FROM CURRENT OPERATIONS

Cash flow for the year as a percentage of average number of shares.

## DIRECT YIELD OF THE SHARE

Share dividend for 2012 for common shares and preference shares from the bonus issue as a percentage of the share price at the end of the nearest year-end.

## EARNINGS PER SHARE

Profit for the year in relation to average number of shares.

## EQUITY PER SHARE

Reported equity in relation to the number of shares outstanding at year-end.

## P/E RATIO

The share price at year-end in relation to earnings per share.

## SHARE TURNOVER RATE

Total turnover of number of shares in relation to number of shares outstanding.

## TOTAL YIELD PER SHARE

The share price development and paid dividend divided in relation to the share price at the beginning of the year.

## Personnel

### STAFF TURNOVER

The number of permanent employees that were employed at the beginning of the year and left during the year in relation to the number of permanent employees at the beginning of the year.

### VALUE ADDED PER EMPLOYEE

Profit from property management plus wage costs including wage overheads divided by the average number of employees.

## CALCULATION OF KEY RATIOS

Direct yield of the share, % =	100 x	Dividend*, SEK	1.25 + 0.25*	=	5.8%
		Share price at the end of the previous year, SEK	25.90		
Ec. occupancy rate, % =	100 x	Lease contract value, SEKm	1,380	=	89
		Rental value, SEKm	1,554		
Equity ratio, % =	100 x	Equity, SEKm	4,740	=	30.8
		Total assets, SEKm	15,390		
Leverage ratio, % =	100 x	Interest-bearing liabilities, real estate, SEKm	9,345	=	63
		Fair value of real estate, SEKm	14,880		
Operating margin, % =	100 x	Operating surplus, SEKm	857	=	63
		Total income, SEKm	1,364		
Return on equity, % =	100 x	Net profit, SEKm	465	=	10.1
		Average shareholders' equity, SEKm	4,628		
Total yield per share, % =	100 x	Share price development and paid dividend, SEK	-6.6	=	-19.4
		Share price at beginning of the year, SEK	34		

The information relates to the outcome as at 31 December 2011.

\* The dividend for the bonus issued preference shares amounts to SEK 10 per share and year. In the bonus issue, one preference share is obtained per 40 common shares, which corresponds to a dividend of SEK 0.25 per common share.

## 2012 Annual General Meeting

Shareholders of Klöver AB are warmly welcomed to the Annual General Meeting at 4 pm on Tuesday, 17 April 2012 at Kistamässan, Kistagången 1 in Kista, Stockholm.

The notice of the meeting, proposed dividend and information about notification of participation is available on Klöver's website, [klovern.se](http://klovern.se) or by telephone to +46 155-44 33 00.

## Report date

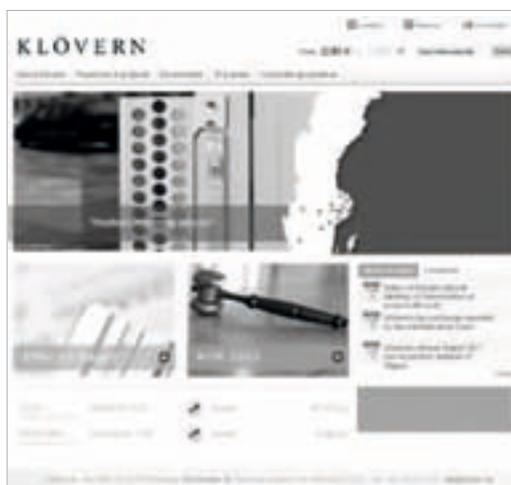
Interim report January – March	Tuesday, 17 April 2012
Interim report January – June	Tuesday, 10 July 2012
Interim report January – September	Tuesday, 23 October 2012
Year-end report, 2012	Wednesday, 13 February 2013

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The latest information, vacant premises, information about the share, financial statistics and a lot more can be found on Klöver's website, [klovern.se](http://klovern.se).

Klövern's Annual Report has been largely produced by the company itself. | Forum Fastighetsekonomi AB and Byggstatistik AB have contributed to the Market section. The photographs have been mainly taken by Jenny Üksik at Klöver and Per-Erik Adamsson. | The translation from Swedish to English has been done by Anglia AB. Composition and printing has taken place in collaboration with Intellecta Finanstryck 126373.

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