

# KLÖVERN

November 5, 2003

## Interim Report January – September 2003

- **Rental revenues amounted to MSEK 213 (45)**
- **Profit after taxes amounted to MSEK 63 (157)**
- **Earnings per share amounted to SEK 1.33 (0.38)**
- **Thirteen properties in twelve localities have been sold for MSEK 159 for a gain of MSEK 17**
- **Acquired properties with an aggregate book value of MSEK 831 are included in the accounts from August 1.**

### Profits

For the period January – September, profit after taxes amounted to MSEK 63 (157)<sup>1)</sup>. The result for the corresponding year-ago period was affected by positive items affecting comparability due to the restructuring of Adcore in an amount of MSEK 143. Gains on sales of properties account for MSEK 17 (0) of the profit. The operating surplus was MSEK 129 (31). Net financial items were MSEK - 71 (-16).

### Cash flow and financial position

The cash flow amounted to MSEK 167 (81). The equity ratio at the end of the period stood at 25.5 percent, equivalent to 27.1 which is an increase compared to the situation at the beginning of the year, when the equity ratio was 23.4 and 25.6 percent, respectively. Shareholders' equity was MSEK 800 (522) as of September 30, 2003, liquid funds were MSEK 230 (63) and interest-bearing liabilities at the same point in time was MSEK 2,192 (1,552).

### Revenue and property costs

Rental revenues amounted to MSEK 213 (45) for the period January – September 2003 and property costs amounted to MSEK 84 (15), making the operating surplus MSEK 129 (31).

### Property sales

A total of thirteen properties were sold for a total of MSEK 159 (0), resulting in capital gains of MSEK 17 (0).

1) Values in parentheses are comparative data, which for profit data and cash flow refer to the period January – September 2002 and for balance sheet data to December 31, 2002.

## Operations

Klövern is a real estate company focused on acquiring, developing and selling high-yielding properties in large and medium-sized towns outside major city regions. Klöverner seeks to expand by acquiring properties with the intention of achieving sufficient size to lay the foundations for effective management and a leading position. Klöverner's financial goal is to earn a long-term return on equity of not less than 15 percent, the equity ratio shall exceed 20 percent and the interest coverage ratio should be at least 1.3. Klöverner will also achieve sufficient operational size and stock market capitalization to create the right prospects for its share to become an attractive investment alternative for players in the stock market.

## Market and property holdings

A certain weakening trend in demand was discernible in Klöverner's markets, primarily for industrial and warehousing space. However, the level of new rents was affected only marginally; the same is true with respect to the impact on the economic occupancy rate. As was the case during the first half of 2003, the net effect of new and vacating tenants was mildly positive again during the third quarter. Among major tenants taking occupancy can be mentioned the Swedish Integration Authority that moved into the Svärdet 8 property in Norrköping. The occupancy rate in the portfolio of properties was 87 percent of the rental value as of September 30, which is a drop of two percentage points compared to the situation at the end of the second quarter 2003. The decrease is attributable to the fact that the properties acquired August 1, 2003 had a lower occupancy rate compared to the existing portfolio at the same point in time.

Klövern's property holdings as of September 30, 2003 are summarized below:

Type of property	No. of properties	Floor-space, sq.m.	Rental value, MSEK	Economic occupancy rate, %
Offices	45	212,578	197.2	84
Industry/warehouse	35	273,569	152.7	89
Retail	11	42,700	33.8	95
Education	3	10,933	9.7	81
Residential	2	13,130	12.0	98
<b>Total</b>	<b>96</b>	<b>552,910</b>	<b>405.4</b>	<b>87</b>

## Financing

As of September 30, 2003, interest-bearing liabilities stood at MSEK 2,192 (1,552) with an average annual borrowing rate of 5.4 percent (5.8) and an average period of fixed interest of 2.2 years (2.5), with capital tied-up for an average of 4.1 years (3.9). As of September 30, 2003, loans maturing during 2003 had an average period fixed interest of 50 days (66).

Loan structure as of September 30, 2003			
Maturity	MSEK	Average interest rate, %	Percentage of total
2003	742	4.3	34
2004	116	5.8	5
2005	406	5.9	19
2006	229	5.8	10
2007	404	6.2	19
2008	155	6.1	7
2011	90	6.5	4
Subord. loan	50	6.3	2
<b>Total</b>	<b>2,192</b>	<b>5.4</b>	<b>100</b>

## Capital expenditures

During the period properties have been acquired in Karlstad, Linköping, Norrköping and Örebro/Kumla for a combined sum of MSEK 831. A total of MSEK 76 was invested during the period in renovations of properties, primarily in Norrköping, Nyköping, Uppsala and Karlstad. The amounts have been capitalized in their entirety.

## Parent Company

The role of the Parent Company is to handle overall Group functions and to act as owner of the Group's subsidiaries. The loss after financial items for the first six months of the year amounted to MSEK -8. Net investments in shares and equipment amounted to MSEK 1.

## Klövern's shareholders

After issuance of 19.6 million shares in connection with the acquisitions made August 1, 2003 from Akelius Kontor AB and Mandamus, the number of shares outstanding in Klöver is 60,960 630, divided among about 35,600 owners. The distribution as of December 30, 2003, with data on the ten largest owners shown below.

Shareholder	No. of shares	Holding (%)	Vote (%)
Lantbrukarnas Riksförbund	13,450,000	22.1	14.2
Länsförsäkringar Södermanland	4,165,174	6.8	4.4
Nect Holding B.V.	2,947,955	4.8	4.8
SEB Fonder	2,383,592	3.9	2.5
Gustaf Hermelin	2,181,385	3.6	2.3
Investment AB Öresund	1,922,307	3.2	3.9
Erik Paulsson	1,720,754	2.8	4.4
Catella Fonder	1,698,100	2.8	1.8
Banque Invik S.A.	1,498,527	2.5	4.3
HQ Fonder	1,423,249	2.3	1.5
<b>Total 10 largest shareholders</b>	<b>33,391,043</b>	<b>54.8</b>	<b>44.2</b>
Other shareholders	27,569,587	45.2	55.8
<b>Total all shareholders</b>	<b>60,960,630</b>	<b>100</b>	<b>100</b>

## Nomination of directors

According to a resolution of the Annual General Meeting in Klöver held April 23, 2003 with respect to nomination of directors, the following representatives have been appointed to work out a proposal, under leadership of the Chairman of the Board, to be presented to the regularly scheduled Annual General Meeting. These representatives are: Mattias Nordin, LRF, Axel von Stockenström, Länsförsäkringar Södermanland, Anders Swensson, Nect Holding, Erik Paulsson, Henrik Strömbom, Catella Kapitalförvaltning and Nils-Magnus Lilja. The representatives can be reached via e-mail address styrelsenominering@klovern.se, or by telephone via Klöver +46+155-44 33 00.

## Reporting and accounting principles

Klövern's accounting principles are unchanged compared to the preceding year. The Company follows the recommendations of the Swedish Financial Accounting Standards Board and the

statements of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Board. A number of new recommendations came into force as of January 1, 2003. The application of these has not significantly impacted Klöverns accounting. Since Klövern is of the opinion that the business conducted is classified as one segment, the application of RR25 Reporting of segments means that no further breakdown of the accounting is necessary. This interim report has been compiled in accordance with the recommendation of the Swedish Financial Accounting Standards Board RR20 Interim reporting. Owing to Klöverns change of direction, from consulting operations to real estate during the second half of 2002, changes and complementary adjustments were made in the financial reporting. All historical comparative data in this interim report for the first six months of 2002 are in their entirety attributable to the then Adcore's consulting business. Additional explanatory comments will be found in conjunction with the income statements, balance sheets, cash flow statements and key financial indicator reporting.

## **Events after the end of the reporting period**

### **Acquisition from Akelius Kontor**

Effective October 1, 2003 Klövern acquired companies containing a total of nine properties with an aggregate market value of MSEK 279 from Akelius Kontor AB. As of October 1, 2003 Klöverns portfolio of properties consists of 105 properties with total rentable space of about 596,000 square meters and a book value of about 2.9 billion kronor and annual rental income of about MSEK 385.

### **Property sale**

Klövern has sold the property Bageriet 13 in Örebro for MSEK 44 at profit of MSEK 1, which will be included in the profit for the fourth quarter 2003. The property consists of a total of approximately 7,000 square meters lettable space, 3,100 square meters of which is residential.

## **Schedule of financial reporting**

Year-end Report 2003

February 12, 2004

Reports are available at Klöverns Website, [www.klovern.se](http://www.klovern.se), where visitors may also subscribe to interim reports and press releases.

This interim report has not been subject to examination by the Company's auditors.

Nyköping, November 5, 2003

Klövern AB (publ)

Gustaf Hermelin  
President & CEO

### **For further information:**

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Klövern is a listed real estate company active in the Swedish real estate market by acquiring, developing and disposing of properties with a focus on high return on equity. After acquisitions completed as of October 1, 2003 the book value of the properties amounts to about 2.9 billion Swedish kronor and rental revenues on an annual basis is about MSEK 385.

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<b>Consolidated Statements of Income MSEK</b>	2003	2002	2003	2002	2002 <sup>3) 4)</sup>	2002-2003
	3 months <sup>1)</sup>	3 months <sup>2)</sup>	9 months <sup>1)</sup>	9 months <sup>2)</sup>	12 months	Rolling <sup>5)</sup>
	Jul.-Sep.	Jul.-Sep.	Jan.-Sep.	Jan.-Sep.	Jan.-Dec.	12 months
	Jul.-Sep.	Jul.-Sep.	Jan.-Sep.	Jan.-Sep.	Jan.-Dec.	Oct.-Sep.
Net revenues	80.6	45.2	213.4	45.4	96.5	264.5
Property costs	-28.4	-14.5	-84.0	-14.5	-35.5	-104.8
<b>Operating surplus</b>	<b>52.2</b>	<b>30.7</b>	<b>129.4</b>	<b>30.9</b>	<b>61.0</b>	<b>159.7</b>
Result from property sales	0.0	0.0	16.6	0.0	0.0	16.6
Depreciation of equipment	-0.3	0.0	-1.1	0.0	-0.5	-1.6
<b>Gross result</b>	<b>51.9</b>	<b>30.7</b>	<b>144.9</b>	<b>30.9</b>	<b>60.5</b>	<b>174.7</b>
Central administration	-4.2	-1.6	-10.7	-1.6	-4.1	-13.3
Items affecting comparability	0.0	-5.5	0.0	143.3	143.4	-0.1
<b>Operating result</b>	<b>47.7</b>	<b>23.6</b>	<b>134.2</b>	<b>172.6</b>	<b>199.8</b>	<b>161.3</b>
Interest incomes	0.2	0.9	1.4	1.5	2.6	2.6
Interest expenses	-27.3	-15.4	-72.6	-17.3	-36.3	-91.7
<b>Profit after financial items</b>	<b>20.6</b>	<b>9.1</b>	<b>63.0</b>	<b>156.8</b>	<b>166.1</b>	<b>72.2</b>
Current taxes <sup>6) 7)</sup>	0.0	0.0	0.0	0.0	4.3	4.3
Deferred taxes <sup>7)</sup>	0.0	0.0	0.0	0.0	39.2	39.2
<b>Net profit for the period</b>	<b>20.6</b>	<b>9.1</b>	<b>63.0</b>	<b>156.8</b>	<b>209.6</b>	<b>115.7</b>
Earnings per share before items affecting comparability and taxes before dilution and conversion, SEK	0.40	0.94	1.41	0.04	1.71	1.76
Earnings per share before items affecting comparability and taxes after dilution and conversion, SEK	0.38	0.85	1.33	0.03	1.61	1.58
Earnings per share before dilution and conversion, SEK	0.40	0.58	1.41	0.41	15.76	2.82
Earnings per share after dilution and conversion, SEK	0.38	0.55	1.33	0.38	13.98	2.60
Number of shares outstanding at end of period before dilution and conversion, million	61.0	25.3	61.0	25.3	41.3	61.0
Number of shares outstanding at end of period after dilution and conversion, million	65.4	29.9	65.4	29.9	45.9	65.4
Average number of shares outstanding before dilution and conversion, million	51.1	15.6	44.6	382.6	13.3	41.1
Average number of shares outstanding after dilution and conversion, million	55.6	18.1	49.1	411.9	15.1	45.7

1) Values in columns for Q3 and 9 months 2003 contain real estate operations in Klöver.

2) Values in column for Q3 2002 and 9 months 2002 contain the then Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klöver for Q3.

3) Values for the full year 2002 contain real estate operations in Klöver AB for Q3 and Q4 and Q1-2 relating to operations in the then Adcore AB's IT consulting operations.

4) Operating expenses attributable to the restructuring of the operations during 2002 are reported as items affecting comparability.

5) Values in column for 12-month rolling 2002-2003 contain real estate operations in Klöver.

6) Amounts during 2002 refer to effects in connection with the acquisition of StrandFastigheter i Nyköping AB and StrömFastigheter i Norrköping AB.

7) Since Klöver's profit for 2003 is expected to be offset by tax loss carryforwards, current as well as deferred taxes are expected to be 0.

<b>Consolidated Balance Sheets</b>			
<b>MSEK</b>	<b>Sep. 30, 2003</b>	<b>Sep. 30, 2002</b>	<b>Dec. 31, 2002</b>
<b>Fixed assets</b>			
Deferred tax claim	200.0	198.1	200.0
Equipment	6.1	1.0	5.4
Intangible fixed assets	0.0	0.7	0.0
<b>Total fixed assets</b>	<b>206.1</b>	<b>199.8</b>	<b>205.4</b>
<b>Current assets</b>			
Properties	2,640.3	1,250.6	1,875.9
Short-term receivables	59.6	26.7	89.2
Liquid funds <sup>1)</sup>	229.5	159.3	62.9
<b>Total current assets</b>	<b>2,929.4</b>	<b>1,436.6</b>	<b>2,028.0</b>
<b>TOTAL ASSETS</b>	<b>3,135.5</b>	<b>1,636.4</b>	<b>2,233.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital and restricted reserves	551.5	168.4	336.5
Unrestricted reserves	248.4	133.1	185.7
<b>Total shareholders' equity</b>	<b>799.9</b>	<b>301.5</b>	<b>522.2</b>
Provisions	14.1	24.6	18.7
Subordinated convertible debenture loan	50.0	50.0	50.0
Interest-bearing liabilities	2,142.2	1,244.5	1 502.0
Accrued expenses and prepaid income	65.9	4.2	84.9
Accounts payable	31.6	9.3	36.2
Other liabilities	31.8	2.3	19.4
<b>Total liabilities</b>	<b>2,335.6</b>	<b>1,334.9</b>	<b>1,711.2</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,135.5</b>	<b>1,636.4</b>	<b>2,233.4</b>

1) This includes MSEK 134 in funds earmarked for repayment of loans.

<b>Changes in shareholders' equity</b>	<b>Sep. 30 2003</b>				<b>Sep. 30 2002</b>	<b>Dec. 31 2002</b>
	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Unrestricted reserves</b>	<b>Total share- holders' equity</b>	<b>Total share- holders' equity</b>	<b>Total share- holders' equity</b>
<b>Opening balance January 1</b>	<b>206.6</b>	<b>129.9</b>	<b>185.7</b>	<b>522.2</b>	<b>124.9</b>	<b>124.9</b>
New issue	97.8	117.2	0.0	215.0	253.3	421.3
Other, net	0.0	0.0	-0.3	-0.3	-233.6	-233.6
Net result for the period	0.0	0.0	63.0	63.0	156.9	209.6
<b>Closing balance at period end</b>	<b>304.4</b>	<b>247.1</b>	<b>248.4</b>	<b>799.9</b>	<b>301.5</b>	<b>522.2</b>

<b>Consolidated Statements of Cash Flow MSEK</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
	<b>3 months <sup>1)</sup></b>	<b>9 months <sup>1)</sup></b>	<b>9 months <sup>2)</sup></b>	<b>12 months <sup>3)</sup></b>
	<b>Jul.-Sep.</b>	<b>Jan.-Sep.</b>	<b>Jan.-Sep.</b>	<b>Jan.-Dec.</b>
<b>Current operations</b>				
Profit after financial items	20.6	63.0	156.9	166.1
Adjustment for items not included in cash flow, etc.	0.4	1.1	-150.1	-169.8
Paid income taxes	0.0	0.0	0.0	0.0
<b>Cash flow from current operations before change in working capital</b>	<b>21.0</b>	<b>64.1</b>	<b>6.8</b>	<b>-3.7</b>
<b>Change in working capital</b>				
Change in operating receivables	87.6	29.6	104.8	42.2
Change in operating liabilities	29.6	-11.2	-233.6	-86.3
<b>Total change in working capital</b>	<b>117.2</b>	<b>18.4</b>	<b>-128.8</b>	<b>-44.1</b>
<b>Cash flow from current operations</b>	<b>138.2</b>	<b>82.5</b>	<b>-122.0</b>	<b>-47.8</b>
<b>Investment operations</b>				
New issue relating to acquisitions of properties	215.0	215.0	0.0	0.0
Acquisition of subsidiaries and businesses	0.0	0.0	0.0	1.1
Acquisition of properties	-857.9	-907.1	-1,250.6	-1,145.0
Acquisition of intangible fixed assets	0.0	0.0	-1.9	0.0
Acquisition of tangible fixed assets	-0.4	-1.6	0.0	-5.9
Sale of properties	0.0	142.2	0.0	0.0
Investment in financial assets	0.0	0.0	0.0	-2.2
<b>Cash flow from investment operations</b>	<b>-643.3</b>	<b>-551.5</b>	<b>-1,252.5</b>	<b>-1,152.0</b>
<b>Financing operations</b>				
New issue	0.0	0.0	253.3	253.3
Change in interest-bearing liabilities	634.6	640.2	1,223.7	952.6
Expenses for new issues	0.0	0.0	-21.3	-21.3
Change in provisions	-2.6	-4.6	0.0	0.0
<b>Cash flow from financing operations</b>	<b>632.0</b>	<b>635.6</b>	<b>1,455.7</b>	<b>1 184.6</b>
<b>Cash flow for the period</b>	<b>126.9</b>	<b>166.6</b>	<b>81.2</b>	<b>-15.2</b>
Liquid funds at beginning of period	102.6	62.9	78.1	78.1
<b>Liquid funds at end of period</b>	<b>229.5</b>	<b>229.5</b>	<b>159.3</b>	<b>62.9</b>

1) Values in columns for Q3 and 9 months 2003 contain real estate operations in Klövern.

2) Values in column for 9 months 2002 contain the then Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klövern for Q3.

3) Values for the full year 2002 contain real estate operations in Klövern AB for Q3 and Q4 and Q1-2 relating to operations in the then Adcore AB's IT consulting operations.

<b>Key financial indicators</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>	<b>Rolling</b>
	<b>9 months<sup>1)</sup></b> <b>Jan.-Sep.</b>	<b>9 months<sup>2)</sup></b> <b>Jan.-Sep.</b>	<b>12</b> <b>months<sup>3)</sup></b> <b>Jan.-Dec.</b>	<b>12 months<sup>4)</sup></b> <b>Oct.-Sep.</b>
Return on equity before items affecting comparability and taxes before conversion, %	9.5	6.3	7.0	13.1
Return on equity before items affecting comparability and taxes after conversion, %	9.2	6.0	7.0	12.5
Return on equity before conversion, %	9.5	73.5	64.8	21.0
Return on equity after conversion, %	9.2	66.2	60.6	19.8
Equity ratio at end of period before conversion, %	25.5	18.4	23.4	25.5
Equity ratio at end of period after conversion, %	27.1	21.5	25.6	27.1
Visible equity per share at end period before dilution and conversion, SEK	13.11	11.92	12.64	13.11
Visible equity per share at end period after dilution and conversion, SEK	13.00	11.76	12.47	13.00
Interest coverage ratio	1.9	10.1	5.6	1.8

1) Values in columns for 9 months 2003 contain real estate operations in Klöver.

2) Values in column for 9 months 2002 contain the then Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klöver for Q3.

3) Values for the full year 2002 contain real estate operations in Klöver AB for Q3 and Q4 and Q1-2 relating to operations in the then Adcore AB's IT consulting operations.

4) Values in column for 12-month rolling 2002-2003 contain real estate operations in Klöver AB.

## **Definitions**

### **Calculation of ratios**

Ratios are based on average number of shares outstanding and are computed based on weighted averages. In reported ratios after dilution, due consideration was given to the effect of issued warrants. In reported ratios after conversion, due consideration was given to effect of issued subordinated convertible debenture in the amount of MSEK 50.

### **Return on equity**

Profit after taxes in relation to shareholders' equity.

### **Equity ratio**

Reported shareholders' equity in relation to reported total assets at end of period.

### **Earnings per share**

Profit for the period in relation to average number of shares outstanding.

### **Visible equity per share**

Reported equity in relation to the number of shares outstanding at end of period.

### **Interest coverage ratio**

Profit after financial items, plus financial expenses, in relation to financial expenses.

### **Visible equity per share**

Reported equity in relation to the number of shares outstanding at end of period.