

# KLÖVERN

August 20, 2004

## Interim Report January – June 2004

- **Rental revenues amounted to SEKm 212 (133)**
- **Net profit for the period increased to SEKm 81 (42)**
- **Earnings per share amounted to SEK 0.96 (0.96)**
- **Nine properties have been sold for SEKm 193 (159) with a gain of SEKm 26 (17)**

### Profit

Net profit for the period amounted to SEKm 81 (42). Gains from sales of properties account for SEKm 26 (17) of the profit. The operating surplus was SEKm 128 (77) and net financial items were SEKm -60 (-44).

### Cash flow and financial position

The cash flow amounted to SEKm 7 (40). The equity ratio at the end of the period was 34.1 per cent, in comparison with 27.0 per cent at the beginning of the year, equivalent to 34.1 percent (28.5) after dilution. Shareholders' equity was SEKm 1,247 in comparison with SEKm 908 in the beginning of the year. Liquid funds were SEKm 217 (211) and interest-bearing liabilities were SEKm 2,235 (2,316).

### Revenue and property costs

Rental revenues amounted to SEKm 212 (133) for the period, property costs amounted to SEKm 84 (56) and operating surplus to SEKm 128 (77).

### Property sales

Nine properties were sold for a total of SEKm 193 (159) during the period, with a total gain of SEKm 26 (17).

### Second quarter of 2004

Net profit for the period amounted to SEKm 54 (29). Gains on sales of properties account for SEKm 22 (13) of the profit. The operating surplus was SEKm 68 (41) and net financial items were SEKm -29 (-22).

### Operations

Klöver is a real estate company focused on acquiring, developing and selling high-yielding properties in large and medium-sized towns outside major city regions. Klöver seeks to expand by acquiring properties with the intention of achieving sufficient size to lay the foundations for effective management and a leading position. Klöver's financial goal is to earn a long-term return on equity of at least 15 percent, the equity ratio shall exceed 20 percent and the interest

coverage ratio should be at least 1.3 times. Klöverner will also achieve sufficient operational size and stock market capitalization to create the right prospects for its share to be an attractive investment alternative for players in the stock market.

## Market and property holdings

Demand for premises is still hesitant in most of Klöverner's market segments, however, positive signals have been noted. Thanks to Klöverner's focus on a number of geographical markets and the company's local presence, the occupancy rate has increased in some places, for example Karlstad and Uppsala. The net vacation of premises that took place at the end of last year has changed during the second quarter of the year into net new letting of a similar financial value. However, the effects of sold and acquired properties have led to the occupancy rate being unchanged compared with the end of the first quarter of 2004.

### Klöverner's property holdings as of June 30, 2004

Type of premises	Number of properties <sup>1)</sup>	Area, sq.m.	Rental value, SEKm	Econ. occupancy ratio, %
Offices	54	247,251	225	85
Industry/warehouse	38	293,575	153	86
Retail	13	43,773	37	96
Education/health care/sports facilities	4	44,397	35	90
Restaurant/hotel	-	9,429	8	100
Residential	-	5,934	5	97
Other <sup>2)</sup>	-	-	5	84
<b>Total</b>	<b>109</b>	<b>644,359</b>	<b>468</b>	<b>87</b>

1) The property Nyköping Strand has been divided into three properties during the second quarter 2004.

2) Refers to garages, parking spaces, sign spaces and telecom masts.

### Contract structure as of June 30, 2004

Year of maturity <sup>1)</sup>	Number of contracts	Area sq.m.	Contract value, SEKm	Proportion of contract value, %
Commercial premises				
2004	537	122,483	77	19
2005	262	110,756	86	21
2006	158	106,205	90	22
2007	74	61,479	45	11
2008	27	88,519	67	17
>2009	39	36,485	32	8
<b>Sum</b>	<b>1,097</b>	<b>525,927</b>	<b>397</b>	<b>98</b>
Residential	80	5,934	5	1
<b>Sum excl. garage/parking</b>	<b>1,177</b>	<b>531,861</b>	<b>402</b>	<b>99</b>
Garage/parking spaces	171	-	4	1
<b>Total</b>	<b>1,348</b>	<b>531,861</b>	<b>406</b>	<b>100</b>

1) The average leaseperiod was 2.4 years as of June 30, 2004.

## Financing

At the end of the period, interest-bearing liabilities was SEKm 2,235, in comparison with SEKm 2,316 at the beginning of the year, with an average annual borrowing rate of 5.4 percent (5.6)

and an average fixed-interest period of 2.4 years (2.4). Loans maturing during 2004 had, at the end of the period, an average fixed-interest period of 45 days (76). The average fixed-capital period was 4.1 years (4.5).

#### **Loan structure as of June 30, 2004**

<b>Year of maturity</b>	<b>SEKm</b>	<b>Average interest rate, %</b>	<b>% of total</b>
2004	462	3.7	21
2005	545	5.5	24
2006	268	5.7	12
2007	499	5.9	22
2008	211	5.6	10
2011	250	6.5	11
<b>Total</b>	<b>2,235</b>	<b>5.4</b>	<b>100</b>

#### **Capital expenditures**

Thirteen properties with a total area of 81,400 sq.m. have been acquired for SEK 342 million. The properties are located in Borås, Norrköping, Örebro and Örnköldsvik. A total of SEK 48 was invested during the period in renovations of properties, primarily in Uppsala, Karlstad, and Örebro. 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. Profit after tax amounted to SEK -5 (-5). As of 30 June, the parent company's liquid assets were SEK 13 in comparison with SEK 6 at the beginning of the year. Net investments in shares, certificates and equipment amounted to SEK 1 (1).

#### **Klövern's shareholders**

As of June 30 2004, the number of shares outstanding in Klöver is 88,678,044 divided among approximately 33,100 owners.

<b>Shareholder</b>	<b>No. of shares, Mln</b>	<b>Holding, %</b>
Lantbrukarnas Riksförbund	13.2	14.9
SEB Fonder	6.6	7.5
Catella Fonder	6.1	6.8
Investment AB Öresund	5.6	6.4
Länsförsäkringar Södermanland	3.7	4.1
HQ Fonder	3.3	3.7
Gustaf Hermelin	2.6	2.9
Stiftelsen för strategisk forskning	2.3	2.6
Skandia Liv	2.2	2.5
Nect Holding B.V.	2.2	2.5
<b>Total 10 largest shareholders</b>	<b>47.8</b>	<b>53.9</b>
Other shareholders	40.9	46.1
<b>Total all shareholders</b>	<b>88.7</b>	<b>100.0</b>

#### **Conversion to shares of subordinated convertible debentures**

As at June 30, 2004, all holders of convertible debentures had requested conversion of loans into shares entailing that the number of shares in Klöver increased by 4.5 million due to the conversion.

## **Klövern's annual general meeting of shareholders April 21, 2004**

The regularly scheduled Annual General Meeting in Klöver AB held April 21, 2004 passed a resolution declaring a dividend for year 2003 of SEK 0.50 per share. As board members Stefan Dahlbo, Gustaf Hermelin, Lars Holmgren, Anna-Greta Lundh, Erik Paulsson, Bo Pettersson and Johan Piehl were re-elected. At the following statutory board meeting, Stefan Dahlbo was re-elected as chairman of the board.

## **Reporting and accounting principles**

Klövern's accounting principles are unchanged compared to the preceding year. As from January 2004, RR29, Employee Benefits, has come into effect. Since the Group's pension commitments are based on a defined contribution scheme, application of this recommendation has not had any effects on the consolidated accounts. The Company follows the recommendations of the Swedish Financial Accounting Standards Board (SFASB) and the statements of the Emerging Issues Task Force of the SFASB. This interim report has been compiled in accordance with the recommendation of the SFASB RR20 Interim reporting.

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

### **Taking possession of properties in Västerås on August 2, 2004**

In accordance with the agreement between Klöver and Arvid Svensson Fastigheter, Klöver took possession of properties in Västerås on August 2, 2004, for a purchase price of SEK 905 million. The acquisition was financed by a new issue of 17 million Klöver shares and taking up new loans. This acquisition means that Klöver will become an important player in Västerås and that the company is establishing a new geographical unit by taking over personnel with good knowledge and implantation in the local market. As at August 2, 2004, Klöver's property holdings consist of 764,000 sq.m. of lettable area with a book value of SEK 4.0 billion, annual rental income totalling approximately SEK 500 million and a total yield for the property holdings of 8.1 percent. After the acquisition, the number of shares in Klöver totals 105.8 million and Arvid Svensson AB becomes Klöver's largest owner with 16 per cent of the shares.

## **Calendar 2004**

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Wednesday November 3

Reports are available at Klöver's 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, August 20, 2004 ,  
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 acquisition completed as of August 2, 2004 the book value of the properties amounts to appr. 4.0 billion Swedish kronor and rental revenues on an annual basis is about SEKm 500. The Klöver share is listed at Stockholmsbörsen's O-list Attract 40.

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<b>Consolidated Statements of Income SEKm</b>	<b>2004 3 months Apr.-Jun.</b>	<b>2003 3 months Apr.-Jun.</b>	<b>2004 6 months Jan.-Jun.</b>	<b>2003 6 months Jan.-Jun.</b>	<b>2003 12 months Jan.-Dec.</b>	<b>Rolling 12 months Jul.-Jun.</b>
Net revenues	107.0	68.1	211.8	132.8	322.5	401.5
Property costs	-39.4	-26.8	-83.6	-55.6	-133.2	-161.2
<b>Operating surplus</b>	<b>67.6</b>	<b>41.3</b>	<b>128.2</b>	<b>77.2</b>	<b>189.3</b>	<b>240.3</b>
Result from property sales	21.9	13.2	26.2	16.6	19.2	28.8
Depreciation of equipment	-0.4	-0.5	-0.8	-0.8	-1.4	-1.4
Central administration	-5.9	-3.2	-11.8	-6.5	-16.9	-22.2
<b>Operating result</b>	<b>83.2</b>	<b>50.8</b>	<b>141.8</b>	<b>86.5</b>	<b>190.2</b>	<b>245.5</b>
Financial incomes	0.5	0.6	1.9	1.2	3.8	4.5
Financial expenses	-29.5	-22.2	-62.3	-45.3	-107.2	-124.2
<b>Profit after financial items</b>	<b>54.2</b>	<b>29.2</b>	<b>81.4</b>	<b>42.4</b>	<b>86.8</b>	<b>125.8</b>
Current taxes <sup>1,2)</sup>	0.0	0.0	0.0	0.0	-0.2	-0.2
Deferred taxes <sup>2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit for the period</b>	<b>54.2</b>	<b>29.2</b>	<b>81.4</b>	<b>42.4</b>	<b>86.6</b>	<b>125.6</b>
Earnings per share before dilution, SEK	0.61	0.71	0.99	1.03	1.73	1.79
Earnings per share after dilution, SEK	0.61	0.65	0.96	0.96	1.65	1.72
Number of shares outstanding at end of period before dilution, million	88.7	41.3	88.7	41.3	67.4	88.7
Number of shares outstanding at end of period after dilution, million	88.8	45.9	88.8	45.9	71.9	88.8
Average number of shares outstanding before dilution, million	88.4	41.3	82.0	41.3	50.0	70.3
Average number of shares outstanding after dilution, million	88.8	45.9	84.4	45.9	54.5	73.8

1) Acquisitions of shares in subsidiaries during 2003 resulted in current tax amounting to SEKm 0.2.

2) Since Klöver's profit for 2004 is expected to be offset by tax loss carry forwards, current as well as deferred taxes are calculated to be 0.

<b>Consolidated Balance Sheets</b>			
<b>SEKm</b>	<b>30.6.2004</b>	<b>30.6.2003</b>	<b>31.12.2003</b>
<b>Fixed assets</b>			
Deferred tax claim	200.0	200.0	200.0
Equipment	6.1	6.0	6.2
<b>Total fixed assets</b>	<b>206.1</b>	<b>206.0</b>	<b>206.2</b>
<b>Current assets</b>			
Properties	3,109.8	1,782.5	2,889.6
Short-term receivables	126.9	147.2	58.3
Liquid funds <sup>1)</sup>	217.4	102.6	210.8
<b>Total current assets</b>	<b>3,454.1</b>	<b>2,032.3</b>	<b>3,158.7</b>
<b>TOTAL ASSETS</b>	<b>3,660.2</b>	<b>2,238.3</b>	<b>3,364.9</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital and restricted reserves	938.1	336.5	636.3
Non-restricted reserves	309.0	227.8	272.1
<b>Total shareholders' equity</b>	<b>1,247.1</b>	<b>564.3</b>	<b>908.4</b>
Provisions	11.1	16.7	12.2
Subordinated convertible debenture loan	0.0	50.0	49.0
Interest-bearing liabilities	2,235.1	1,507.6	2,266.8
Accrued expenses and prepaid income	133.3	68.8	91.7
Accounts payable	29.5	19.4	35.1
Other liabilities	4.1	11.5	1.7
<b>Total liabilities</b>	<b>2,413.1</b>	<b>1,674.0</b>	<b>2,456.5</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,660.2</b>	<b>2,238.3</b>	<b>3,364.9</b>

1) This includes SEKm 95 (76) in funds earmarked for repayment of loans.

<b>Changes in shareholders' equity</b>	<b>June 30, 2004</b>				<b>Dec. 31, 2003</b>
	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Non-restricted reserves</b>	<b>Shareholders' equity</b>	<b>Shareholders' equity</b>
<b>Opening balance January 1</b>	<b>337.0</b>	<b>299.3</b>	<b>272.1</b>	<b>908.4</b>	<b>522.2</b>
New issue	106.3	195.2	0.0	301.5	299.8
Other. net	0.0	0.3	-44.5	-44.2	-0.2
Net profit for the period	0.0	0.0	81.4	81.4	86.6
<b>Closing balance</b>	<b>443.3</b>	<b>494.8</b>	<b>309.0</b>	<b>1,247.1</b>	<b>908.4</b>

<b>Consolidated Statements of Cash Flow SEKm</b>	<b>2004 3 months Apr.-Jun.</b>	<b>2003 3 months Apr.-Jun.</b>	<b>2004 6 months Jan.-Jun.</b>	<b>2003 6 months Jan.-Jun.</b>	<b>2003 12 months Jan.-Dec.</b>	<b>Rolling 12 months Jul.-Jun.</b>
<b>Current operations</b>						
Profit after financial items	54.2	29.2	81.4	42.4	86.6	125.6
Adjustment for items not included in cash flow, etc.	2.1	0.5	3.5	1.1	1.4	3.8
Paid income taxes	0.0	0.0	0.0	0.0	-0.2	-0.2
<b>Cash flow from current operations before change in working capital</b>	<b>56.3</b>	<b>29.7</b>	<b>84.9</b>	<b>43.5</b>	<b>87.8</b>	<b>129.2</b>
<b>Change in working capital</b>						
Change in operating receivables	-40.4	-71.5	-68.6	-58.0	30.9	20.3
Change in operating liabilities	17.8	-25.4	38.2	-40.8	-27.1	51.9
<b>Total change in working capital</b>	<b>-22.6</b>	<b>-96.9</b>	<b>-30.4</b>	<b>-98.8</b>	<b>3.8</b>	<b>72.2</b>
<b>Cash flow from current operations</b>	<b>33.7</b>	<b>-67.2</b>	<b>54.5</b>	<b>-55.3</b>	<b>91.6</b>	<b>201.4</b>
<b>Investment operations</b>						
New issue relating to acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Sale of properties	143.8	106.1	167.1	141.8	185.1	210.4
Acquisition of properties <sup>1)</sup>	-158.5	-25.6	-327.4	-50.4	-899.9	-1,176.9
Acquisition of tangible fixed assets	-0.2	0.0	-0.7	0.0	-2.2	-2.9
<b>Cash flow from investment operations</b>	<b>-14.9</b>	<b>80.5</b>	<b>-161.0</b>	<b>91.4</b>	<b>-717.0</b>	<b>-969.4</b>
<b>Financing operations</b>						
New issue <sup>2)</sup>	46.0	0.0	48.0	0.0	1.0	49.0
Change in interest-bearing liabilities <sup>3)</sup>	-21.4	4.1	110.4	5.6	778.9	883.7
Dividend	-44.3	0.0	-44.3	0.0	0.0	-44.3
Change in provisions	-0.8	-2.0	-1.1	-2.0	-6.5	-5.6
<b>Cash flow from financing operations</b>	<b>-20.5</b>	<b>2.1</b>	<b>113.0</b>	<b>3.6</b>	<b>773.4</b>	<b>882.8</b>
<b>Cash flow for the period</b>	<b>-1.7</b>	<b>15.4</b>	<b>6.5</b>	<b>39.7</b>	<b>148.0</b>	<b>114.8</b>
Liquid funds at beginning of period	219.1	87.2	210.9	62.9	62.9	102.6
<b>Liquid funds at end of period</b>	<b>217.4</b>	<b>102.6</b>	<b>217.4</b>	<b>102.6</b>	<b>210.9</b>	<b>217.4</b>

1) The property acquisitions have been partly financed by issues in kind, totalling SEK 63 million in the first six months of year 2004 and SEK 299 million for the full year 2003.

2) Refers to new issue due to conversion of convertible debentures to shares.

3) During the first quarter of 2004, interest-bearing liabilities were reduced by SEK 191 million by the issue in kind.

<b>Key financial indicators</b>	<b>2004 3 months Apr.-Jun.</b>	<b>2003 3 months Apr.-Jun.</b>	<b>2004 6 months Jan.-Jun.</b>	<b>2003 6 months Jan.-Jun.</b>	<b>2003 12 months Jan.-Dec.</b>	<b>Rolling 12 months Jul.-Jun.</b>
Return on equity before dilution, %	4.4	5.3	7.6	7.8	12.1	13.9
Return on equity after dilution, %	4.4	5.1	7.6	7.4	11.7	13.7
Equity ratio at end of period before dilution, %	34.1	25.2	34.1	25.2	27.0	34.1
Equity ratio at end of period after dilution, %	34.1	27.4	34.1	27.4	28.5	34.1
Visible equity per share at end of period before dilution, SEK	14.06	13.66	14.06	13.66	13.48	14.06
Visible equity per share at end of period after dilution, SEK	14.04	13.38	14.04	13.38	13.32	14.04
Interest coverage ratio, times	2.8	2.3	2.3	1.9	1.8	2.0

## Definitions

### Calculation of ratios

Ratios based on average number of shares outstanding are calculated based on weighted averages.

In reported ratios after dilution, due consideration was given to the effect of issued warrants and effect of issued subordinated convertible debenture loan with an amount of SEKm 50.

### Return on equity

Profit after taxes in relation to average 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.