

KLÖVERN  
ANNUAL REPORT 12



# IMPORTANT EVENTS IN 2012



- > Rutger Arnhult became CEO on 1 January.
- > On 12 January, an Extraordinary Shareholders Meeting decided on a new issue and a bonus issue of preference shares as well as a dividend of SEK 2.50 for preference shareholders.
- > On 2 March, the listed real estate company Dagon was acquired, including 124 properties, for SEK 5.7 billion.
- > On 17 April, the Annual General Meeting decided on a dividend to common shareholders of SEK 1.25 per share and SEK 10.00 per preference shares.
- > An Extraordinary Shareholders Meeting decided on a directed new issue of preference shares in conjunction with the acquisition and new issue of preference shares.
- > Four bonds totalling SEK 1.8 billion were issued with a view to broadening the financing base.
- > An additional 13 properties were acquired for a total of SEK 1.8 billion in the Gothenburg and Stockholm regions, among other places.
- > Eleven properties were sold for SEK 543 million, mainly with a view to concentrating the portfolio.

| KEY RATIOS                         | 31.12.2012<br>Q4 | 30.09.2012<br>Q3 | 30.06.2012<br>Q2 | 31.03.2012<br>Q1 | 31.12.2011<br>Q4 | 30.09.2011<br>Q3 | 30.06.2011<br>Q2 | 31.03.2011<br>Q1 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating margin, %                | 53               | 69               | 67               | 61               | 61               | 69               | 61               | 57               |
| Return on equity, %                | -0.6             | 1.2              | 2.3              | 3.5              | 2.9              | -0.7             | 3.4              | 4.3              |
| Adjusted equity ratio, %           | 31.4             | 29.9             | 29.6             | 30.6             | 34.9             | 34.1             | 34.0             | 34.5             |
| Equity ratio, %                    | 27.6             | 25.3             | 25.0             | 26.5             | 30.8             | 30.6             | 31.4             | 32.6             |
| Leverage properties, %             | 56               | 62               | 60               | 61               | 63               | 63               | 64               | 63               |
| Leverage, %                        | 67               | 68               | 67               | 67               | 63               | 63               | 64               | 63               |
| Interest coverage ratio, multiples | 1.5              | 2.0              | 1.9              | 1.8              | 2.0              | 2.4              | 2.2              | 2.2              |
| Average interest rate, %           | 4.3              | 4.4              | 4.5              | 4.6              | 4.2              | 4.1              | 4.0              | 3.9              |
| Fixed-interest term, years         | 3.5 <sup>1</sup> | 2.4              | 2.8              | 3.0              | 2.7              | 2.9              | 2.1              | 2.3              |
| Period of tied-up capital, years   | 2.2              | 1.8              | 2.0              | 2.2              | 1.9              | 2.1              | 2.4              | 2.0              |

1) January 2013.

## KLÖVERN'S EARNINGS IN 2012

Klövern has reported a sharp increase in profit from property management for 2012. This increase is primarily attributable to a larger property portfolio, mainly through the acquisition of the listed real estate company Dagon. Net financial income and changes in value of derivatives had the opposite effect.

Klövern's property portfolio increased by almost SEK 8 billion during the year, SEK 6.9 billion being attributable to the net acquisition of 126 properties and SEK 0.9 billion to investments. However, there were practically no changes in value of properties during the year. The increase in the property portfolio has affected income, costs and profit.

The profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 524 million (428) during the year. The operating margin decreased to 62 per cent (63), partly due to Dagon having a higher vacancy rate than Klöver. Central administration costs have been affected by one-off costs for the acquisition of Dagon. Net financial income increased due to higher interest-bearing liabilities, the average level of interest rates being largely unchanged.

Falling market rates during the year meant that the value of the interest rate swaps held by Klöver to hedge interest rates in the loan portfolio changed by SEK -175 million (-225), of which SEK -78 million (-) has been realized.

Net profit for the year amounted to SEK 339 million (465). The reduction of corporate tax to 22 per cent affected net profit by SEK 39 million after impairment of goodwill by SEK -95 million.

Equity increased by SEK 1,956 million to SEK 6,696 million (4,740) during the year. The Board has proposed to the Annual General Meeting a dividend of SEK 1.50 per common shares (1.25) and a dividend of SEK 10.00 per preference share (10.00) to be paid at SEK 2.50 per quarter.

| NET PROFIT, SEKm                       | 2012         | 2011       |
|--|--------------|------------|
| Income                                 | 1,948        | 1,364      |
| Property costs                         | -733         | -507       |
| <b>OPERATING SURPLUS</b>               | <b>1,215</b> | <b>857</b> |
| Central administration                 | -86          | -71        |
| Net financial income                   | -605         | -358       |
| <b>PROFIT FROM PROPERTY MANAGEMENT</b> | <b>524</b>   | <b>428</b> |
| Changes in value, properties           | -33          | 435        |
| Changes in value, derivatives          | -175         | -225       |
| Changes in value, financial assets     | 10           | -          |
| Impairment, goodwill                   | -95          | -          |
| <b>PROFIT BEFORE TAX</b>               | <b>231</b>   | <b>638</b> |
| Current tax                            | -2           | 0          |
| Deferred tax                           | 110          | -173       |
| <b>NET PROFIT FOR THE YEAR</b>         | <b>339</b>   | <b>465</b> |

# VISION

Klövern creates environments for future enterprise.

# BUSINESS CONCEPT

Klövern shall, with closeness and commitment, offer customers efficient premises in selected growth regions.

# MOTTO

Making the customer's day easier every day.

## CONTENTS

|  |           |            |  |
|--|-----------|------------|--|
| Growth by:   |           |            |  |
| – Acquisition  | 2         |            |  |
| – New construction   | 4         |            |  |
| – Refurbishment  | 6         |            |  |
| Statement by the CEO   | 8         |            |  |
| <b>INTRODUCTION</b>  | <b>11</b> |            |  |
| Business concept, goals and strategy                                     | 12        |            |  |
| Customers  | 16        |            |  |
| <b>MARKETS</b>   | <b>19</b> |            |  |
| The Swedish economy and the real estate market                           | 20        |            |  |
| Klövern's regions  | 21        |            |  |
| – South Region   | 24        |            |  |
| – East Region  | 26        |            |  |
| – Stockholm Region   | 28        |            |  |
| – Central/North Region   | 30        |            |  |
| <b>REAL ESTATE OPERATIONS</b>  | <b>33</b> |            |  |
| Property portfolio   | 34        |            |  |
| Transactions   | 38        |            |  |
| Projects   | 40        |            |  |
| Building rights  | 42        |            |  |
| The value of properties  | 44        |            |  |
| <b>RESPONSIBLE ENTREPRENEURSHIP</b>                                      | <b>47</b> |            |  |
| Starting points for responsible entrepreneurship                         | 48        |            |  |
| Personnel  | 49        |            |  |
| Environment  | 51        |            |  |
| <b>FINANCE</b>   | <b>55</b> |            |  |
| Financing  | 56        |            |  |
| Bonds  | 60        |            |  |
| Common and preference share  | 62        |            |  |
| Tax  |           | 67         |  |
| Risk and sensitivity   |           | 68         |  |
| Investor Relations   |           | 72         |  |
| <b>FINANCIAL REPORTS</b>   |           | <b>73</b>  |  |
| Appropriation of profits   |           | 74         |  |
| Allocation of earnings   |           | 75         |  |
| Consolidated Statement of Income   |           | 76         |  |
| Consolidated Balance Sheet   |           | 77         |  |
| Change in Group's Shareholders' Equity                                   |           | 78         |  |
| Consolidated Statement of Cash Flow                                      |           | 79         |  |
| Parent Company Statement of Income                                       |           | 80         |  |
| Parent Company Balance Sheet   |           | 81         |  |
| Change in Parent Company Shareholders' Equity and Statement of Cash Flow |           | 82         |  |
| Notes  |           | 83         |  |
| Audit Report   |           | 102        |  |
| <b>SPECIFICATION OF PROPERTIES</b>                                       |           | <b>103</b> |  |
| South Region   |           | 104        |  |
| East Region  |           | 111        |  |
| Stockholm Region   |           | 115        |  |
| Central/North Region   |           | 119        |  |
| <b>CORPORATE GOVERNANCE REPORT AND REVIEW</b>                            |           | <b>125</b> |  |
| Corporate Governance Report 2012   |           | 126        |  |
| – Board of Directors   |           | 132        |  |
| – Executive Management   |           | 134        |  |
| Articles of Association  |           | 139        |  |
| Five-year review and key ratios  |           | 142        |  |
| Definitions  |           | 144        |  |
| History  |           | 145        |  |




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**ACQUISITION, NEW CONSTRUCTION AND  
REFURBISHMENT. GROWTH, PROPERTY BY  
PROPERTY.**

Klövern's vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and business clusters.

We do this, with closeness and commitment, by offering customers efficient premises in selected growth regions.

2012 was a year of growth. We took a big step forward towards our goal of having a property value of SEK 25 billion.



*“The acquisition gave Klöver access to important growth markets in the Öresund region and in Gothenburg.”*



*Rutger Arnhult, CEO Klöver.*

At the time of acquisition, Dagon had a total of 124 commercial properties at a value of SEK 5.7 billion from Öresund in the south to Sollefteå and Härnösand in the north. Approximately 50 per cent of the portfolio was in the Stockholm and Öresund regions.



# GROWTH THROUGH acquisition

## Geographically right on target

*In 2012, Klöver'n acquired the listed real estate company Dagon. This acquisition provided Klöver'n with access to the important growth markets in the Öresund region and in Gothenburg and increased its property value immediately from SEK 15 billion to over SEK 20 billion.*

“This acquisition was very important from a geographic point of view. It reinforced our position in our main market Stockholm, which accounts for almost a third of the value of the acquired property portfolio and provided us with access to growth markets in the Öresund and Gothenburg regions. It is by having a critical mass in growth regions that we can make a reality of our vision of creating effective and pleasant environments for future enterprise”, says Klöver'n's CEO, Rutger Arnhult.

At the same time, the merger provided Klöver'n with several other attractive growth

opportunities. The product portfolio increased by around SEK 350 million and new building rights were obtained. The acquisition also increases Klöver'n's letting potential as Dagon had an economic occupancy rate of 84 per cent.

“We broadened our existing rental basis and increased the proportion of tenants in the important tenant categories, central and local government. The acquisition is completely in line with Klöver'n's growth goal of at least SEK 25 billion and inclusion on Stockholm stock exchange's large cap list”, says Rutger Arnhult.



“Using building rights to create modern properties is an important part of Klöver’s growth strategy.”

## New office premises for the future



Göran Andersson,  
project manager  
Klöver.

**“It is, of course, an achievement for us to be able to provide new efficient office premises for Ericsson. Together we have created a solution which shows what tomorrow’s modern offices will be like. Of course,**

**these new construction projects provide us with development profits and drive our own growth forward”, says Göran Andersson, Klöver’s project manager.**

In 2010, Klöver and Ericsson entered into a ten-year lease contract, according to which parts of Klöver’s building rights in Kista, directly adjacent to

Ericsson’s existing head office, would be used for construction of 27,000 sq.m. of offices at the same time as 9,000 sq.m. of space was to be refurbished for new business use. Three years later, around 1,200 Ericsson employees moved into their new premises. In the summer of 2013, around 3,000 people are expected to have their workplace at the property Isafjord 1.

“Ericsson operates in a swiftly changing business environment and must continuously adapt its premises according to the needs it is facing. Very specific requirements were attached to the project in many ways. It was to be a flexible and logistically well planned building to work in, with large meeting facilities as well as space for customers and exhibitions. We have, together with our architects

been able to construct just the flexibility and quality required by Ericsson, based on Klöver’s concept building, i.e. a module-based platform”, continues Göran Andersson.

Making use of building rights to create modern properties is an important part of Klöver’s growth strategy.

“Of course we should develop and improve properties to the greatest possible extent. This means that we must be able to anticipate how market needs develop”, says Göran Andersson.

Klöver is planning new properties alongside the Ericsson block, where it has unused building rights. In Kista alone, there is still around 180,000 sq.m. of potential space.



# GROWTH THROUGH new construction

Ericsson's new office premises are highly efficient from the point of view of costs and the environment.

- > Personnel dispose of 10 sq.m per person.
- > The property is to be certified in accordance with the Green Building requirements as well as the LEED gold level.
- > The roof is partly covered by grass and plants, what is known as a Sedum roof.



*“A property should never stand still, we must always have a development perspective.”*

The recently refurbished property accords well with WSP's company profile. The premises are now very energy-efficient with ground-source cooling and heating as well as recovery systems. The property shall moreover be certified as a Green Building.

*Alexander Dufva,  
head of WSP  
Samhällsbyggnad  
in Örebro.*



## Close dialogue for long-term relations

*Premises which are better suited for their purpose with economical use of space. New five-year lease contracts, lower vacancies and increased rental income. This was the result of Klöverns development project with its tenant, the analysis and technical consultancy company WSP Sweden in Örebro.*

Since the autumn of 2012, WSP has been located in wholly refurbished, modern office premises at the property Oxbacken 7 in Örebro, which are also 200 sq.m. larger than before.

“WSP is expanding rapidly just now. We therefore wanted flexible and representative premises with room for more personnel”, says Alexander Dufva, head of WSP Samhällsbyggnad and goes on to say “As we both make advanced studies and solve complex problems, we need creative spaces, where we can work in groups, and smaller open-plan areas as well as some comfortable office rooms with a quiet environment for concentration”.

Mikael Warg, unit manager of Klöver in Örebro has been responsible for the development project on the part of Klöver.

“Every property has a unique situation, but a really good management primarily takes into consideration the type of activity and people at the property. Our close collaboration with WSP is a

good example of this. In this case, the property had good basic values – i.e. the building’s basic structure and open solutions – which we could use to support WSP’s continued growth. We also increased the office space by around 15 per cent by making use of the unused loft storage space, says Mikael Warg.

Managing existing premises in a sensible way is, of course, a cornerstone of Klöver’s operations. This is both about retaining tenants over time and reducing vacancies as well as working up rental levels and optimizing the cost picture.

“A property should never stand still, we must always have a development perspective. It is our task to understand the tenants’ needs and optimize the lettable area on this basis”, says Mikael Warg.

Alexander Dufva notes that the dialogue with Klöver has been straightforward.

“They have really supported us and pointed out opportunities on the way”.



## A YEAR OF GROWTH

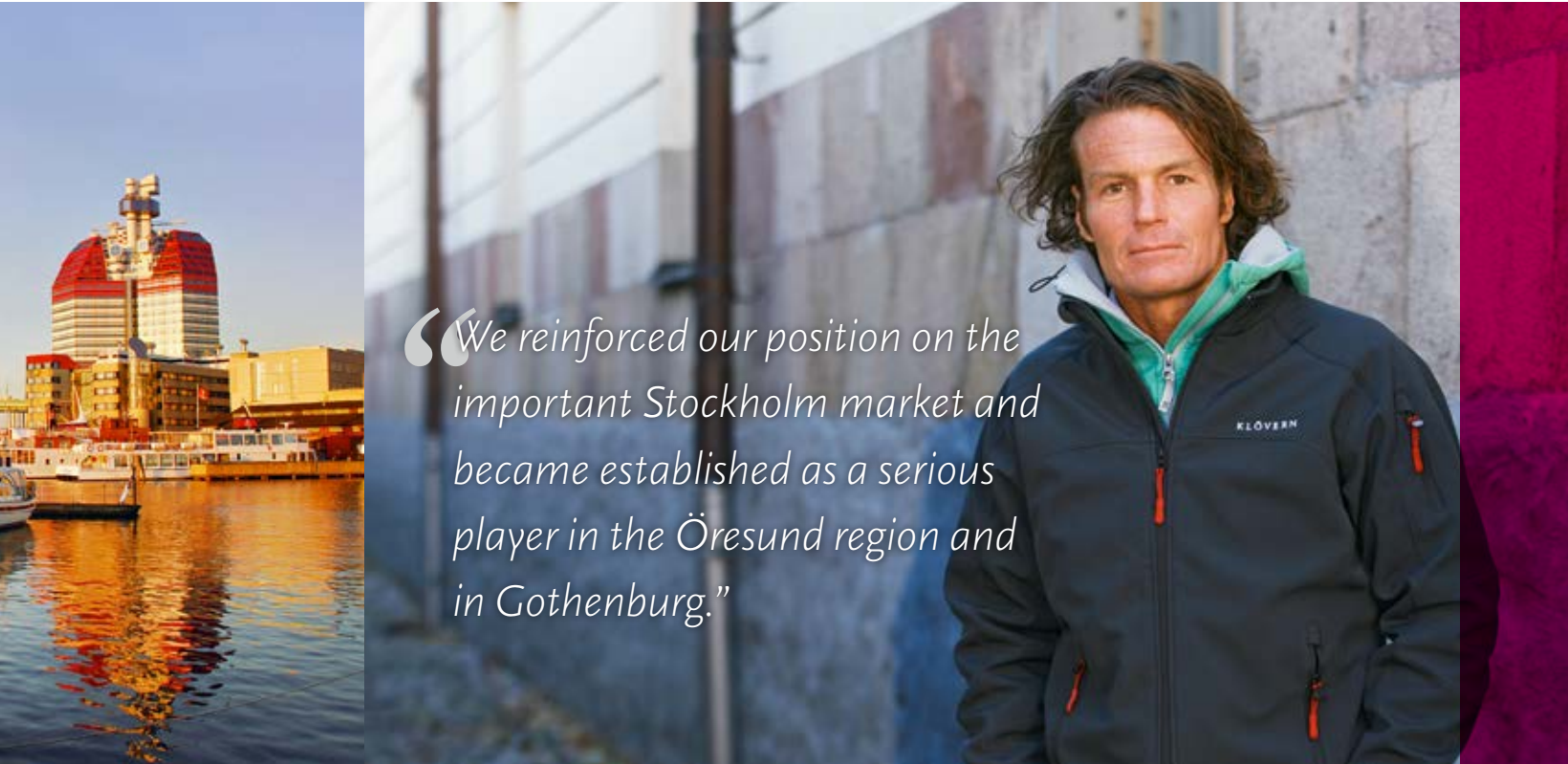
2012 was an eventful and good year for Klöver. It was a year when we expanded into new geographic growth markets, broadened the financial base and reinforced the tenant structure. In brief, it was a year of healthy profits and considerable growth.

The acquisition of Dagon at the beginning of 2012 meant that the start of the year was very intensive for Klöver. Through the purchase, we increased the property value at once from around SEK 15 billion to over SEK 20 billion, wholly in line with our long-term management goal of a total property value of at least SEK 25 billion. We reinforced our position in the important Stockholm market and became established as a serious player in the Öresund and Gothenburg regions. An important task in 2012 was to welcome and integrate around 55 new personnel in Klöver. The administrative work of integration has been extensive and required more work than we anticipated, but it has also gone better than expected.

During the year, we purchased a total of 137 properties for around SEK 7.5 billion. We also sold eleven properties, including some odd properties from the Dagon portfolio to concentrate our holdings to our growth regions. Despite our great expansion, it is gratifying that we have succeeded in retaining our entrepreneurial zest in the organization.

### REAL ESTATE OPERATIONS ARE DEVELOPING WELL

As regards the result for 2012, we can note that our positive development is continuing and that the real estate operations are developing well. The portfolio is clearly larger than before, which means higher income, costs and earnings. Profit from property management rose to SEK 524 million (428). For a comparable portfolio, i.e. properties that Klöver



*“We reinforced our position on the important Stockholm market and became established as a serious player in the Öresund region and in Gothenburg.”*

owned during both 2011 and 2012, in principle, Klövern as it was before the acquisition, income increased by 4 per cent at the same time as costs fell by 1 per cent. The Dagon portfolio has a high potential, both on the income side, due to the high vacancy rate, and on the cost side, through energy savings and more efficient administration. We are seeing a continued high level of demand for commercial premises, even if potential tenants take a longer time than before to make a decision.

It is also gratifying that we have succeeded in raising the quality of the rental stock during the year, in particular in the light of the current insecurity in our business environment. We have concluded new long lease contracts with tenants, in particular in central and local government. The public sector now accounts for almost 20 per cent of Klövern's contract portfolio. Furthermore, we have become less vulnerable to individual tenants. It feels satisfactory to bear this in mind if the market should slacken.

In principle, we completed our largest new construction and refurbishment project on behalf of Ericsson during the year, which made a large contribution to our net moving-in being

positive. We are proud of the final result which provides an inspiring insight into what the offices of the future will look like.

#### **THE SWEDISH MARKET IS STRONG**

Developments in the surrounding world have continued to be turbulent and forecasters continued to make downward adjustments of the global prospects during the second half of 2012. Even if the situation is still under strain in the euro area, one of the most important events of the year was the strong will of European politicians to defend the euro collaboration. Optimism won this time and a collapse of the euro was avoided at least in the short perspective. Towards the end of the year and at the beginning of 2013, there were indications that the recovery in the United States had become firmer and that there was a clear upturn in China. Development has increased risk willingness, which has not least been reflected in the stock market in early 2013.

As we know, Sweden is relatively strong despite our also experiencing a weakening of economic activity towards the end of last year.

Problems in the surrounding world have not had a great impact on the rental market in Sweden. The demand for premises as well as rental levels is relatively stable and net sales in the property market increased marginally compared with 2011. At the same time, access to bank finance is still limited, even though there have been positive statements from the banks.

*“We shall make administration more efficient, work to reduce vacancies, and strengthen our balance sheet.”*

A high level of compliance with capital adequacy requirements and large profits in the bank system indicate that the banks can think in terms of starting to lend more freely. Furthermore, we see a number of foreign banks, in particular German, returning to the Swedish market. This undoubtedly favours the real estate industry, which is capital intensive.

We have also been active on the financing side during 2012. We have reduced dependence on loan financing through the bank sector and not least created prerequisites for being able to continue to expand at our desired rate. We have issued corporate bonds on four occasions to a total value of over SEK 1.8 billion. We also issued preference shares on a number of occasions both as payment in connection with acquisition of properties and shares and in a public issue, which has considerably

strengthened our capital structure. There has been great interest in the issues, which indicates that the market has a positive attitude to Klöver as an issuer. The new financing forms are good tools which have helped us to achieve our growth ambitions.

#### **CONCENTRATION ON THE AGENDA**

In 2012, we took a big step forward towards our goal of a property value of at least SEK 25 billion. At the end of 2012, we had almost reached SEK 23 billion and we now expect to have increased our property value by another SEK 2 billion before the next year-end. This is to take place both by new construction, investments and new property purchases. We still benefit by becoming larger on our prioritized markets and we therefore want to expand in the Swedish metropolitan areas and in a number of regional cities.

This is also what 2013 will be about for Klöver but we shall also improve profitability and, in this way, create value in our business. This requires that we work in a focused way. That we concentrate our efforts to those places where there is growth in value and that we continue our good work with projects. We shall improve the efficiency of our administration, work with vacancies and strengthen the balance sheet. We shall continue to broaden the rental base and thus continuously reduce the total risk level of the business.

This is not an easy task but it is the way forward. The commitment that I see in our staff who work close to our tenants every day to make their day easier every day makes me feel confident about the future.

Stockholm, 11 March 2013

Rutger Arnhult  
CEO

# INTRODUCTION



## INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

BUSINESS CONCEPT, GOALS AND STRATEGY 12

CUSTOMERS 16

*Interior of the newly-produced property Skeppsbron 1 in Karlskrona.*

# BUSINESS CONCEPT, GOALS AND STRATEGY

Klövern's overall goal is to generate a good return for the shareholders. Strategies and a number of interim goals have been specified for each area to achieve the goal for return on equity. A new business plan, a revised business concept and an unchanged motto were adopted at the end of 2012. Klöver presents the new business plan for 2013 in the 2012 annual report. However, the extent of goal fulfilment has been measured on the basis of the business plan that applied during the 2012 financial year.

## Vision 2013

### **KLÖVERN CREATES ENVIRONMENTS FOR FUTURE ENTERPRISE.**

Our strategy is to be an active participant in creating interior and exterior environments that make a positive contribution to company development. Future enterprise covers everything from small to large businesses with the common denominator that there is an increased demand for the goods and services provided by the businesses.

## Business concept 2013

### **KLÖVERN SHALL, WITH AVAILABILITY AND COMMITMENT, OFFER CUSTOMERS EFFICIENT PREMISES IN SELECTED GROWTH REGIONS.**

Klövern's product is, of course, our premises. Premises shall be adapted to customer wishes and needs regardless of what these are and regardless of the type of premises required. However, this shall be within the framework of Klöver's financial targets.

Premises shall be provided, and customers treated, with

closeness and commitment. Only through close contact with the customer can we anticipate tomorrow's needs.

The closeness and commitment that Klöver seeks to provide can only be achieved with our own staff.

The market is limited to Sweden and selected expansive regions. These may vary over time depending on supply and demand in both the rental and property market. In common for these growth regions is an expanding business sector and an increasing population.

## Motto 2013

### **MAKING THE CUSTOMER'S EASIER EVERY DAY.**

If Klöver's tenants feel that we make their life easier, this will be a weighty argument when leases expire and it is time to renegotiate. Klöver shall make its customers' day easier every day. To put it simply, this means 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.

A summary of the strategies and goals in finance, management, acquisitions/sales/projects and personnel for 2013 is shown on page 13.



*Klövern's tenants in Gothenburg. The lunch restaurant at the property Kallebäck 17:1.*



*Klövern's tenants in Halmstad. An open space office landscape on two floors at the property Halmstad 2:28.*

## Strategy and goals 2013

|  | Strategy  | Goals  |
|--|---|--|
| <b>FINANCE 2013</b>                          | <ul style="list-style-type: none"> <li>&gt; Equity shall consist of both common and preference shares.</li> <li>&gt; The interest rate risk shall be limited by the exposure of the credit portfolio to changes in variable market rates being restricted.</li> <li>&gt; The refinancing risk should be limited by a spread of credit maturities and creditors.</li> <li>&gt; Bank borrowing should be complemented by alternative forms of finance.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Return on equity should amount to the risk-free rate plus at least nine percentage points in the long term.</li> <li>&gt; The dividend to the shareholders shall exceed 50 per cent of the profit on property management in the long term.</li> <li>&gt; The equity ratio shall be at least 25 per cent.</li> <li>&gt; The interest coverage ratio shall be at least 1.5 multiples.</li> <li>&gt; The period of tied-up capital should be at least 1.5 years.</li> </ul> |
| <b>ADMINISTRATION 2013</b>                   | <ul style="list-style-type: none"> <li>&gt; The management organization should be active in long networks</li> <li>&gt; Customer surveys shall be made and serve as the basis for improved customer care.</li> <li>&gt; Sales shall be made more efficient.</li> <li>&gt; Energy consumption per sq.m. shall decrease in the long term.</li> <li>&gt; Administrative efficiency shall be developed.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Net moving-in should amount to at least 1 per cent of the rental value per year.</li> <li>&gt; The turnover rate should be at most 7 per cent per year.</li> <li>&gt; The operating margin should amount to at least 65 per cent in the long term.</li> <li>&gt; Heating consumption should decrease by at least 12 per cent from 2013 to 2015.</li> <li>&gt; The property value should increase to at least SEK 25 billion.</li> </ul>                                  |
| <b>ACQUISITIONS, SALES AND PROJECTS 2013</b> | <ul style="list-style-type: none"> <li>&gt; Acquisitions and sales shall be focused on geographic concentration with a view to creating effective management at prioritized locations.</li> <li>&gt; Prioritization of projects with a high yield.</li> <li>&gt; Create values by making use of building rights or new production projects for own management or for divestment.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Acquired investment properties shall have a long-term yield of at least 7 per cent per year.</li> <li>&gt; Project investment shall produce a yield of at least 15 per cent.</li> </ul>  |
| <b>PERSONNEL 2013</b>                        | <ul style="list-style-type: none"> <li>&gt; Annual development interviews with individual development plans.</li> <li>&gt; Health check-ups with support for individuals to improve health.</li> <li>&gt; Close collaboration with prioritized schools.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Personnel turnover should in the long term amount to around 10 per cent per year.</li> <li>&gt; Sickness absence should be less than 3 per cent per year.</li> </ul>   |

See page 144 for definitions of key ratios.

## Goals and outcomes 2012

### ADMINISTRATIVE GOALS

| Goal  | Outcome 2012   |  | Objective |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
|---|--|--|-----------|---|----|-------|----|-------|----|-------|----|-----|----|-----|--|-------|----|-------|----|-------|--|
| <p><b>PROPERTY VALUE</b></p> <p>The property value should amount to at least SEK 25 billion with an annual net growth of at least SEK 1 billion per year.</p> | <p>During 2012, Klöver focused mainly on acquisitions of properties through, among other things, the real estate company Dagon AB. The property value increased by SEK 7,744 million. This increase was a result of net acquisitions of SEK 6,916 million, investments of SEK 861 million and change in value of SEK -33 million. The average growth in the past eight years amounts to SEK 2,304 million.</p> | <table border="1"> <caption>Change, property value, SEKm</caption> <thead> <tr> <th>Year</th> <th>Change, property value, SEKm</th> </tr> </thead> <tbody> <tr><td>05</td><td>1,000</td></tr> <tr><td>06</td><td>4,000</td></tr> <tr><td>07</td><td>1,000</td></tr> <tr><td>08</td><td>0</td></tr> <tr><td>09</td><td>0</td></tr> <tr><td>10</td><td>1,000</td></tr> <tr><td>11</td><td>1,000</td></tr> <tr><td>12</td><td>7,744</td></tr> </tbody> </table> | Year      | Change, property value, SEKm                              | 05 | 1,000 | 06 | 4,000 | 07 | 1,000 | 08 | 0   | 09 | 0   | 10   | 1,000 | 11 | 1,000 | 12 | 7,744 | <p>A larger company, listed on NASDAQ OMX Large Cap would make possible a larger number of major institutional, in particular foreign, investors. Klöver's market value was around SEK 6.7 billion at year-end 2012. Growth can take place both through value-creating investments, new construction and refurbishment in our own portfolio as well as by acquisition of properties.</p> |
| Year  | Change, property value, SEKm   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 05  | 1,000  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 06  | 4,000  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 07  | 1,000  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 08  | 0  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 09  | 0  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 10  | 1,000  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 11  | 1,000  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 12  | 7,744  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| <p><b>TURNOVER RATE</b></p> <p>The tenant turnover rate shall be at most 7 per cent per year.</p>   | <p>During 2012, tenant turnover amounted to 6.3 per cent.</p>  | <table border="1"> <caption>Turnover rate, %</caption> <thead> <tr> <th>Year</th> <th>Turnover rate, %</th> </tr> </thead> <tbody> <tr><td>05</td><td>5.5</td></tr> <tr><td>06</td><td>5.5</td></tr> <tr><td>07</td><td>8.5</td></tr> <tr><td>08</td><td>7.5</td></tr> <tr><td>09</td><td>6.5</td></tr> <tr><td>10</td><td>6.5</td></tr> <tr><td>11</td><td>7.5</td></tr> <tr><td>12</td><td>6.3</td></tr> </tbody> </table>                                 | Year      | Turnover rate, %  | 05 | 5.5   | 06 | 5.5   | 07 | 8.5   | 08 | 7.5 | 09 | 6.5 | 10   | 6.5   | 11 | 7.5   | 12 | 6.3   | <p>Limiting the tenant turnover rate has a positive effect on the result by reduced costs for tenant customizations and lower income loss due to fewer periods of vacancy.</p>   |
| Year  | Turnover rate, %   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 05  | 5.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 06  | 5.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 07  | 8.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 08  | 7.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 09  | 6.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 10  | 6.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 11  | 7.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 12  | 6.3  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| <p><b>NET MOVING-IN</b></p> <p>Net moving-in shall be positive and amount to at least one per cent of the rental value per year</p>                           | <p>Net moving-in was positive during 2012. The target of at least one per cent of rental value was achieved. The outcome of SEK 69 million corresponds to a net moving-in of 2.8 per cent. The operating margin in the acquired company Dagon was lower than in Klöver.</p>  | <table border="1"> <caption>Net moving-in, %</caption> <thead> <tr> <th>Year</th> <th>Net moving-in, %</th> </tr> </thead> <tbody> <tr><td>05</td><td>1.2</td></tr> <tr><td>06</td><td>1.2</td></tr> <tr><td>07</td><td>2.8</td></tr> <tr><td>08</td><td>3.5</td></tr> <tr><td>09</td><td>0</td></tr> <tr><td>10</td><td>1.0</td></tr> <tr><td>11</td><td>0.2</td></tr> <tr><td>12</td><td>2.8</td></tr> </tbody> </table>                                   | Year      | Net moving-in, %  | 05 | 1.2   | 06 | 1.2   | 07 | 2.8   | 08 | 3.5 | 09 | 0   | 10   | 1.0   | 11 | 0.2   | 12 | 2.8   | <p>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 in relation to the rental value at year-end. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.</p>  |
| Year  | Net moving-in, %   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 05  | 1.2  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 06  | 1.2  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 07  | 2.8  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 08  | 3.5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 09  | 0  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 10  | 1.0  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 11  | 0.2  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 12  | 2.8  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| <p><b>OPERATING MARGIN</b></p> <p>The operating margin should amount to at least 64 per cent in the long term</p>   | <p>The operating margin amounted to 62 per cent during the year. The goal was accordingly not achieved.</p>  | <table border="1"> <caption>Operating margin, %</caption> <thead> <tr> <th>Year</th> <th>Operating margin, %</th> </tr> </thead> <tbody> <tr><td>05</td><td>60</td></tr> <tr><td>06</td><td>61</td></tr> <tr><td>07</td><td>63</td></tr> <tr><td>08</td><td>62</td></tr> <tr><td>09</td><td>62</td></tr> <tr><td>10</td><td>60</td></tr> <tr><td>11</td><td>63</td></tr> <tr><td>12</td><td>62</td></tr> </tbody> </table>                                   | Year      | Operating margin, %                                       | 05 | 60    | 06 | 61    | 07 | 63    | 08 | 62  | 09 | 62  | 10   | 60    | 11 | 63    | 12 | 62    | <p>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.</p>   |
| Year  | Operating margin, %  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 05  | 60   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 06  | 61   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 07  | 63   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 08  | 62   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 09  | 62   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 10  | 60   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 11  | 63   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 12  | 62   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| <p><b>HEAT CONSUMPTION</b></p> <p>Heat consumption shall be reduced by 20 per cent for the period 2008-2012.</p>  | <p>Heat consumption, adjusted for a normal year, has decreased by a total of 21 per cent during the period 2008-30 June 2012 and the goal has accordingly been attained.</p>   | <table border="1"> <caption>Accumulated reduction of heating consumption per sq.m., %</caption> <thead> <tr> <th>Year</th> <th>Accumulated reduction of heating consumption per sq.m., %</th> </tr> </thead> <tbody> <tr><td>08</td><td>5</td></tr> <tr><td>09</td><td>10</td></tr> <tr><td>10</td><td>12</td></tr> <tr><td>11</td><td>18</td></tr> <tr><td>12</td><td>21</td></tr> </tbody> </table>  | Year      | Accumulated reduction of heating consumption per sq.m., % | 08 | 5     | 09 | 10    | 10 | 12    | 11 | 18  | 12 | 21  | <p>Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.</p> |       |    |       |    |       |  |
| Year  | Accumulated reduction of heating consumption per sq.m., %  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 08  | 5  |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 09  | 10   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 10  | 12   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 11  | 18   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |
| 12  | 21   |  |           |   |    |       |    |       |    |       |    |     |    |     |  |       |    |       |    |       |  |

**FINANCIAL GOALS**

**Goal**

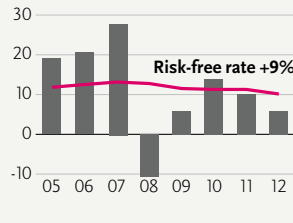
**Outcome 2012**

**Objective**

**RETURN ON EQUITY**

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

Return on equity amounted to 5.8 per cent in 2012. During the past eight years, the average return has been 18.6 per cent, which is above the long-term goal of 10.1 per cent.



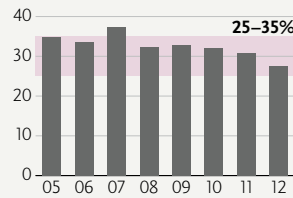
Return on equity must be reasonable in proportion to the risk level and the yield on other types of investments. The risk-free rate is measured as a five-year bond rate. The goal should be regarded as an average over a number of years, since the required return is partly affected by factors over which Klöver has no control.

■ Return on equity, % ■ Goal

**THE EQUITY RATIO**

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

The equity ratio has been above the lower threshold every year. The equity ratio was 27.6 per cent at year-end 2012, the adjusted equity ratio was 31.4 per cent.



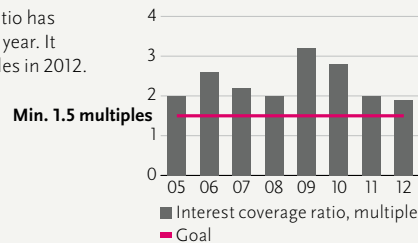
At the same time as making optimal use of equity, it is important to secure long-term survival and make attractive investments possible.

■ Equity ratio, % ■ Goal

**THE INTEREST COVERAGE RATIO**

The interest coverage ratio shall be at least 1.5 multiples.

The interest coverage ratio has exceeded the goal every year. It amounted to 1.9 multiples in 2012.



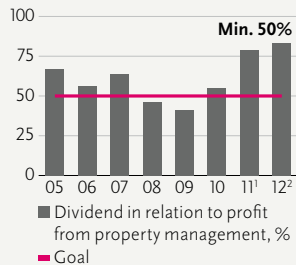
Interest expense is the single largest cost item for Klöver, and it is therefore important that earning capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 1.5 multiples means that profit after financial items exceeds interest expense by 50 per cent. Klöver 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 has also ensured an even level of expense over time.

■ Interest coverage ratio, multiples ■ Goal

**DIVIDEND**

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

A dividend of SEK 10 split into four quarters of SEK 2.50 is being proposed for the preference share. Together, this corresponds to 83 per cent of the profit from property management for 2012. During the past eight years, Klöver has distributed an average of 61 per cent of the profit from property management.



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.

- 1) Dividend paid to common and preference shares during 2012 in relation to profit from property management for 2011.
- 2) Proposed dividend, calculated on the basis of the number of outstanding common and preference shares as at 13 February 2013 in relation to profit from property management for 2012.

# CUSTOMERS

Klövern's staff shall make the customer's day easier every day. A good contact with tenants shall be achieved through closeness and commitment as well as being on hand at all prioritized locations with our own staff.

## CLOSENESS AND COMMITMENT

Klövern concentrates on commercial premises with a mix of private and public limited companies and public sector companies as tenants. The company is represented by its own staff at 17 business units around Sweden. Having our 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 also 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 the problems that crop up, but also being proactive, being a step ahead.

This approach to providing premises, with closeness 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.

## NET MOVING-IN

The goal of the business plan is for net moving-in to amount to at least one percentage point of the rental value per year. Satisfied tenants are a prerequisite for achieving this. Positive net moving-in will gradually increase Klöver's occupancy rates.

Letting work has been successful during the year. The contract value of tenants moving-in amounted to SEK 190 million (112) and vacating tenants amounted to SEK –121 million (–107). Klöver's net moving-in, i.e. tenants moving in less vacating tenants during the year, was positive and totalled SEK 69 million (5). The goal of an increase of at least one per cent of the rental value was achieved, the outcome amounting to 2.8 per cent (0.3).

## FUTURE MOVING-IN

The contract value for tenants moving in during 2012 and leases signed during 2012, where the tenant has not yet moved in, amounted to SEK 248 million (197).

Ugglum is an office and warehouse property located at Savenäs industrial estate, east of Gothenburg. There is a building right at the property, which permits an enlargement of an existing 14,000 sq.m. building with Posten's company

central/delivery office of around 1,200 sq.m. Moving-in is expected to take place in the spring of 2013. An additional 500 sq.m. is being built for another tenant.

Klövern has signed a lease contract with Svenska Dos, which packages pharmaceutical products for private persons, for 1,600 sq.m. at Fyrislund 6:6 in Uppsala. The premises currently contain a former biological laboratory and animal pens. 900 sq.m. is being refurbished as production space, 300 sq.m. as a warehouse reception for incoming and outgoing goods and 400 sq.m. as offices.

In Linköping at the eastern entrance to Mjärdevi Science Park at the property Idéläran 1, Klöver has signed a contract with Motorola Mobility Sweden AB to let 4,800 sq.m. The building is currently vacant after the municipality recently moved its educational activity out. The municipality has rented half of the building, the other half has not been updated since 1986 when the property was built. The age and state of the property means that a thorough renovation of the premises will be required.

Klövern has signed a ten-year lease contract with CGI, formerly Logica, for office premises in Kista. This contract consists of around 10,700 sq.m. CGI will move the whole of its Swedish head office with 1,500 personnel from Nacka Strand to Klöver's premises in Kista. Flexible premises of the right size with economic use of space in combination with good communications were important factors that contributed to this decision.

CGI is expected to take up residence at the premises, which mainly consist of offices and are located at Torshamnsgatan in Kista at the year-end 2013/14.

## 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 57 per cent (56), listed companies for 24 per cent (28) and public sector activities for 19 per cent (16) of the contract value. In all, Klöver had 7,600 leases (4,900) with almost 4,800 (2,900) tenants at year-end. The average lease term was 3.4 years (2.8).

The share of the 15 largest customers amounts to 28 per cent (29) at year-end and the average lease term for these tenants to 5.0 years (3.3).

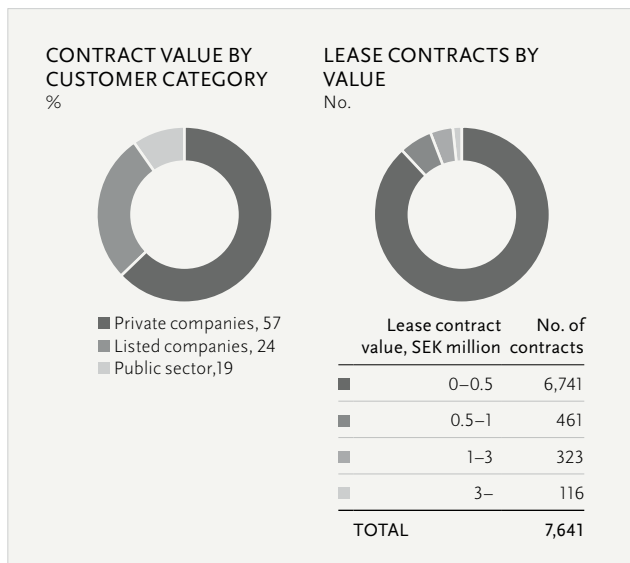


Tenants at Klöver's property Skeppsbron 1 in Karlskrona. The property is situated in a beautiful setting beside the sea.

#### KLÖVERN'S LARGEST TENANTS

| Tenant                           | Contract value, SEKm | Proportion of total contract value, % | Average remaining contract period, years | Number of contracts | Area. 000 sq.m. |
|----------------------------------|----------------------|---------------------------------------|--|---------------------|-----------------|
| Telefonaktiebolaget L M Ericsson | 283                  | 13                                    | 4.1                                      | 33                  | 161             |
| KappÅhl Sverige AB               | 38                   | 2                                     | 14.8                                     | 2                   | 48              |
| TeliaSonera Sverige AB           | 31                   | 1                                     | 2.1                                      | 45                  | 23              |
| Posten Meddelande AB             | 30                   | 1                                     | 2.6                                      | 42                  | 27              |
| Dalarna County Council           | 27                   | 1                                     | 6.7                                      | 39                  | 25              |
| Eniro Sverige AB                 | 25                   | 1                                     | 4.2 <sup>1)</sup>                        | 6                   | 10              |
| Municipality of Karlskrona       | 23                   | 1                                     | 6.8                                      | 49                  | 22              |
| JB Gymnasiet AB                  | 23                   | 1                                     | 3.4                                      | 18                  | 17              |
| Swedish Employment Service       | 20                   | 1                                     | 2.2                                      | 18                  | 14              |
| Orexo AB                         | 20                   | 1                                     | 2.0                                      | 11                  | 7               |
| Kistamässan AB                   | 19                   | 1                                     | 7.7                                      | 3                   | 16              |
| ALSTOM Power Sweden AB           | 17                   | 1                                     | 6.9                                      | 4                   | 20              |
| RUAG Space AB                    | 16                   | 1                                     | 10.3                                     | 1                   | 16              |
| Östergötland County Council      | 15                   | 1                                     | 3.3                                      | 13                  | 12              |
| WSP Sweden                       | 14                   | 1                                     | 3.8                                      | 14                  | 9               |
| <b>TOTAL (15 LARGEST)</b>        | <b>601</b>           | <b>28</b>                             | <b>5.0</b>                               | <b>298</b>          | <b>427</b>      |

1) As at January 2013.



Klövern’s total contract value amounted to SEK 2,173 million (1,380) at year-end.

**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 negligible. In 2012, they amounted to SEK 4.8 million (3.2) or 0.2 per cent (0.2) of total income.

**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 reduced costs for tenant customizations. The turnover rate for tenants should be at most 7 per cent per year. Structured meetings with customers enable us to anticipate needs and increase customer loyalty.

During 2012, tenant turnover rate amounted to 6.3 per cent (7.9) and the average for the past eight years is 6.9 per cent.

**NKI – SATISFIED CUSTOMER INDEX**

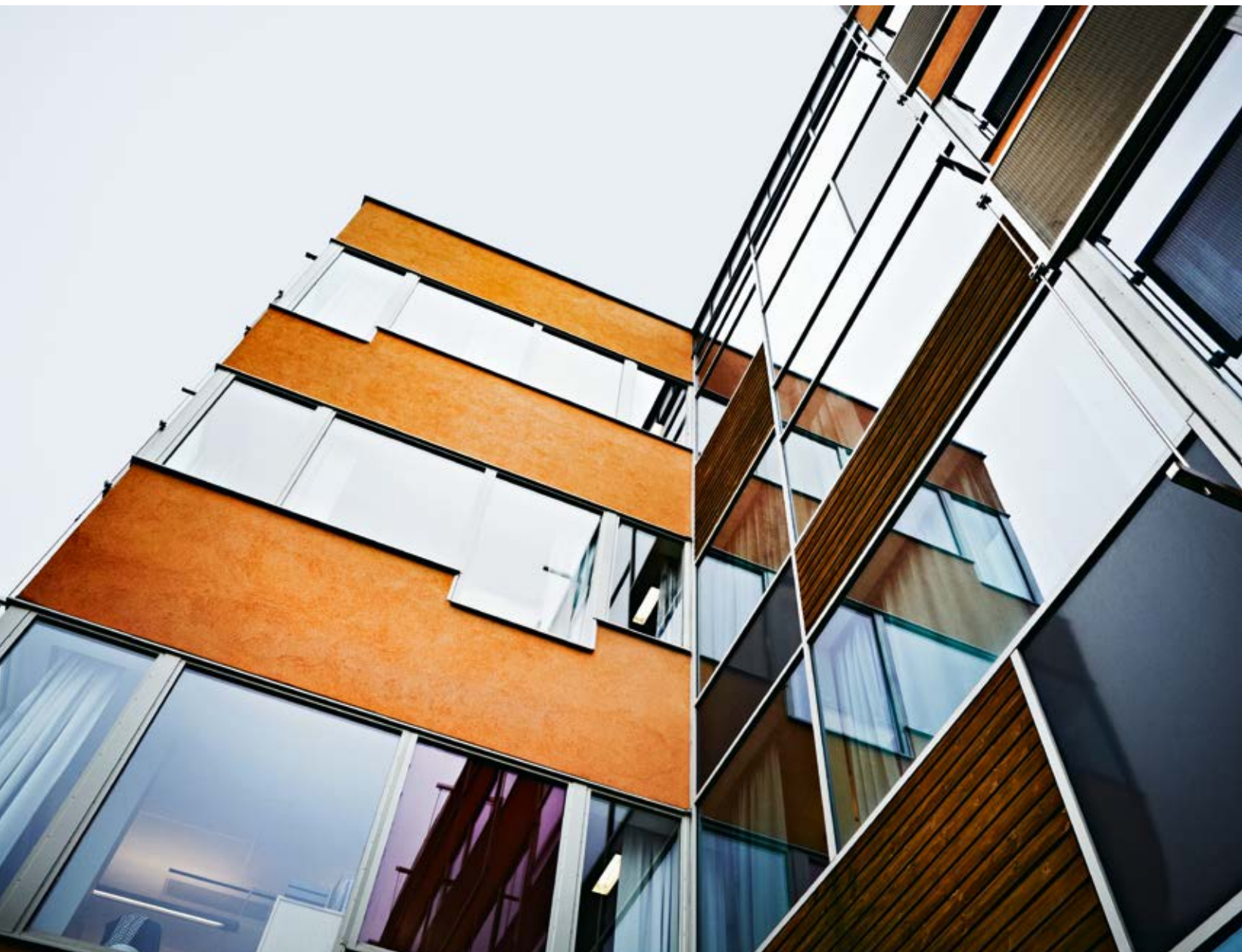
A Satisfied Customer survey was carried out during the latter part of 2012 among Klöverns tenants. A web-based questionnaire was sent to 2,335 tenants and answered by 1,004, which corresponded to 43 per cent, which is a high response rate for this type of survey.

The questions had a six-grade scale and the average of all answers was 4.5.

The three areas which were rated were the premises, Klöverns personnel and Klöverns as a whole. The tenants were also able to write their own open-ended comments. This provided Klöverns with very rewarding feedback from its tenants.

After the results had been produced, the report was sent to every business unit for analysis. Tenants who expected feedback received it during December. Action plans were drawn up for every unit and region and these are to be reviewed during March 2013.

The total result showed that the Karlskrona business unit received the best rating at 5.1 of a maximum 6.0 points, closely followed by Härnösand/Sollefteå, Kalmar and Borås. Of Klöverns four regions, South Region received the highest score, 4.8 of a possible maximum of 6.0 points.



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THE SWEDISH ECONOMY AND  
THE REAL ESTATE MARKET 20

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KLÖVERN'S REGIONS 21

---

– SOUTH REGION 24

---

– EAST REGION 26

---

– STOCKHOLM REGION 28

---

– CENTRAL/NORTH REGION 30

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INTRODUCTION

**MARKETS**

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

FINANCIAL REPORTS

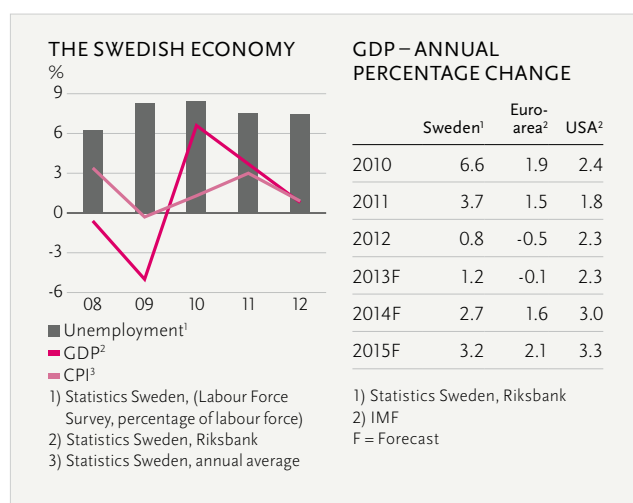
SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

*The property Glasblåsaren 7 in Linköping, acquired during 2012.*

# THE SWEDISH ECONOMY AND REAL ESTATE MARKET

After a period of relatively strong development, the Swedish economy has slackened. It may therefore be reasonable to assume that the real estate and rental markets will also be affected by this. At present, there are no clear general indications of problems in the property and rental markets. The current situation can be most accurately described as being in balance.



## THE ECONOMY

The first indications that the Swedish economy was slowing down could be noted during the autumn of 2012. Up until this point, the economy had been buoyed up by the unexpectedly high levels of domestic demand.

It was above all the export industry that started to show weaker figures, mainly due to the downturn in the euro zone. The number of redundancy notices started to rise apace with the downturn of the export industry. To start with, there was not much impact on unemployment but this started to rise towards the end of the year.

It was therefore not surprising that GDP growth declined for the whole year 2012. The annual rate of +0.8 per cent was, however, surprisingly high. Swedish growth is still surprisingly high compared with that in other countries.

The relatively weak development in other countries is expected to affect demand for Swedish export goods in a negative way. Households and firms adopt a cautious approach and confidence declines. Unemployment continues to rise.

A number of analysts expect the Swedish economy to recover towards the end of 2013. The rate of inflation is around zero. With a view to stimulating the economy, the

Riksbank cut the repo rate by 0.25 percentage points to 1.0 per cent in December.

## THE REAL ESTATE MARKET

The Swedish real estate market can, despite the economic uncertainty, still be described as being reasonably stable. Both the yield requirement and rental levels have generally stood still during 2012. This is above all true for the larger cities and other growth regions. No significant changes in value have occurred in these markets. However, there has been a small decline in value outside the markets in the expansive regions or for properties in peripheral locations.

The consumer price index (CPI) for October 2012 moreover showed that rental increases for existing lease contracts for premises with full index regulation was a moderate 0.4 per cent.

It is, however, still difficult to obtain loans on good terms in connection with property investments. This has meant that price levels have been pressed downwards in particular cases. However, it has been possible to note some improvement in the loan market at the end of 2012. Viewed over the year, loan costs have fallen.

The activity on the transaction market was rather weak during the first three quarters. However, a strong upswing during the fourth quarter meant that the total volume for 2012 was over SEK 100 billion, which is in line with the turnover in 2010 and 2011. The proportion of foreign purchasers of Swedish properties has gradually increased during the year and accounted for around 20 per cent of all purchases.

## MAJOR TRANSACTIONS AND EVENTS IN 2012

The third AP fund acquired half of the real estate company Hemsö. The purchase price amounted to over SEK 11 billion. Klöver acquired all the shares in the property company Dagon for SEK 5.7 billion.



Tenants in Klöver's property Skeppsbron 1, Karlskrona.

## KLÖVERN'S REGIONS

### SOUTH REGION

*Borås, Gothenburg, Halmstad, Kalmar, Karlskrona and Öresund*

An ever increasing proportion of Sweden's population has chosen to live in southern Sweden. Many municipalities in the region therefore now have positive population growth and an expanding business sector. The population of the Gothenburg area, for example, is expected to increase by almost 100,000 over an approximately eight-year period. There are a lot of major educational institutions and highly specialized hospitals in the southern part of Sweden. Access to communications, such as good roads, airports, ports and the railway network is good. There are a number of clear strong regional centres in the region.

Due to this population size and positive development, the southern region of Sweden is among the most attractive real estate markets. Many of the major real estate companies have their head office in the region.

Approximately 30 per cent of 2012 volume of transactions (in SEK billion) derives from transactions in Västra Götaland and Skåne. Among many investors, Swedish and

foreign, Sweden's southern districts are most often indicated as a prioritized area. Places such as Gothenburg and Skåne's larger cities are considered to be of special interest. Higher market rents for premises can also be noted here.

### Major transactions and events in 2012:

- > In December, Vasakronan purchased NCC's part of Triangeln in Malmö for SEK 1.2 billion.
- > In September, Hufvudstaden acquired a property from AMF of around 21,000 sq.m. which is part of Nordstan's shopping centre for around SEK 1.3 billion. The vendor was AMF.
- > In September, Grosvenor Fund Management purchased Burlöv centre outside Malmö for around SEK 1.1 billion from Eurocommercial.
- > In September, Rikshem purchased the municipally-owned properties in Kalmar for just over SEK 500 million.
- > Diligentia divested a number of properties in central Gothenburg, mainly offices and retail outlets.

**EAST REGION***Linköping, Norrköping, Nyköping*

Almost 500,000 people live in the East Region, which makes it one of Sweden's most densely populated areas. The neighbouring cities of Linköping and Norrköping alone have together a population of around 280,000. The population growth is positive although just below the national average.

The area has a relatively good basic structure as far as roads, railways, airports and ports are concerned. The most important national road and rail systems, the E4 highway and the southern rail line, pass through the area providing good communications with Stockholm and the Öresund region. The country's third biggest airport, Skavsta is in Nyköping. The labour market is dominated by the manufacturing industry and health care and social services, which account for a larger share than in most other regions of Sweden. The educational sector is also larger than the national average.

The region is relatively close to the Stockholm area and the good communications mean that there is a considerable and increasing amount of commuting. This is particularly the case for Nyköping. The region's real estate market is active. After the metropolitan cities, the region is usually one of the most transaction-intensive areas of the country. This was also the case in 2012. There is a relatively good balance between supply and demand in most local rental markets. The supply of, for example, new office premises has been low in recent years, although some new production has taken place.

**Major transactions and events in 2012**

- > During the autumn, Klöverns sold three retail properties in central Linköping. The properties' total lettable area amounts to around 8,700 sq.m. and the purchase price to around SEK 280 million. The purchasers were Cushman and Wakefield Investors.
- > During the spring, Fortin Properties sold a modern logistics property in Norrköping to Invesco Real Estate. The property consists, after an extension, of over 40,000 sq.m. The sport chain Stadium is the only tenant.
- > The municipally-owned housing property Nyköpingshem divested a total of 21 properties in two transactions. The purchasers were Rikshem and the local Dalhalls Fastighetsbolag respectively. The total purchase price was over SEK 500 million.

**STOCKHOLM REGION***Greater Stockholm, Uppsala and Kista*

The region is both the most expansive part of Sweden and the most active and attractive real estate market. The average population increase in the County of Stockholm is expected in

the next ten years to be almost 35,000 per year and Uppsala is also one of the fastest growing municipalities in Sweden.

The region offers everything which a developed capital city region should have. The universities and other institutions of higher education are of a very high international standard. The infrastructure is relatively good although a rail and road network has not developed at the same pace as the general development. The business sector is very diversified and also internationalized. The region is considered to be an important knowledge and research region and is above all renowned for preclinical research, mobile and cable communication, environmental technology, fashion and design. Many of the technically specialized companies are located in Uppsala or in Kista. The public sector is also very extensive – it is proportionally especially large in Uppsala. The Swedish financial centre is in Stockholm.

A lot of the Swedish property market is based in the Stockholm region. Most of the large real estate companies and institutions have their head offices here. It is most often in this region that most transactions and the largest real estate transactions take place. 2012 was no exception. Just over half of the transaction volume in 2012 took place in and around Stockholm. Both price and rent levels are normally higher than in the rest of the country. New production of both housing and premises takes place continuously. Demand for new housing is, however, considerably higher than the amount constructed.

**Major transactions and events in 2012**

- > Svenska Bostäder sold eleven residential properties with 1,172 apartments to Ikano Bostad. The purchase price is stated as being SEK 890 million.
- > During December, Vasakronan sold two office properties with around 7,000 sq.m. in central Uppsala to Aspholmen for SEK 118 million.
- > In December, Nordika purchased the office property Keflavik 1 in Kista. The property, which is called Elettum, has a lettable area of around 25,000 sq.m.
- > Fastighets AB L E Lundberg acquired an office property for SEK 478 million at Kungsholmen in Stockholm. The vendor was Niam. The property consists of over 11,000 sq.m. office space and a garage with around 100 places.
- > At the end of the year, DNB sold Kista Galleria for SEK 4.6 billion. The purchasers were Citycon and Canadian CPPIP.
- > The Carlyle Group acquired Nacka Strand for around SEK 3 billion.
- > Jernhusen sold Kungsbrohuset in Stockholm to Folksam.

**THE CENTRAL/NORTH REGION**

*Karlstad, Västerås, Örebro, Falun/Säter and Härnösand/Sollefteå*

There are a number of important regional cities in the region. In principle, these all have increasing populations. Places such as Karlstad, Västerås and Örebro are growing by around 700–1,500 inhabitants per year. The population density within the area varies very greatly, however.

Most of the larger places in the area have a varied business sector and a quite extensive public sector activity. Access to universities and institutions of higher education is good. A number of the places also have a strategic location from the point of view of communications, for example, Örebro, which is now an important centre for logistics. The region is also characterized by extensive retail trade. A number of Sweden's largest shopping centres are located within the area such as Marieberg in Örebro, Erikslund in Västerås and Bergvik in Karlstad.

While the local actors can be said to dominate the various real estate markets, there is also a large representation of more national real estate companies and institutions. Foreign investors are also present. At most of the larger places, there has been new production of both residential and commercial properties are more are being planned.

During 2012, the volume of transactions has been relatively weak. However, this is not a characteristic feature of the region. Normally, there are more and larger transactions. Market rents for premises are highest in Örebro and Västerås in this region. There is a fairly good balance between supply and demand for premises.

**Major transactions and events in 2012:**

- > In December, Klöver sold a property of around 4,800 sq.m., mainly retail outlets and offices in central Västerås. The purchaser was Imperia Invest and the purchase price around SEK 50 million.
- > During the summer, Alecta sold five industrial properties in Örebro to Aspholmen for SEK 299 million. The lettable area is around 64,000 sq.m. and the vacancy rate around 15 per cent.
- > During the autumn, Hemfosa bought a retail property of 3,400 sq.m. at the Bergvik retail estate in Karlstad. The price was SEK 48 million.
- > Willhelm carried out a number of acquisitions. One of the purchases was 2,600 apartments in Karlstad, Linköping and Västerås. The vendor was Akelius.

**LEVEL OF ECONOMIC ACTIVITY AT KLÖVERN'S LOCATIONS**

|                        | Population 2012 <sup>1</sup> ,<br>number | Population<br>change,<br>1 year, % | Population<br>change,<br>10 years, % | Employment <sup>2</sup> ,<br>number | Of which, public<br>sector <sup>3</sup> , % | Change in<br>employment,<br>1 year, % | Unemployment <sup>3</sup> ,<br>% | Change in<br>unemployment,<br>1 year, % |
|------------------------|--|------------------------------------|--------------------------------------|-------------------------------------|---|---------------------------------------|----------------------------------|---|
| Borås                  | 104,650                                  | 0.6                                | 6.6                                  | 54,099                              | 31.4  | 3.3                                   | 9                                | 0.4                                     |
| Falun                  | 56,404                                   | 0.7                                | 2.9                                  | 27,394                              | 40.7  | 1.6                                   | 7.6                              | -0.1                                    |
| Gothenburg             | 525,442                                  | 1.1                                | 10.6                                 | 308,919                             | 23.8  | 2.7                                   | 9.5                              | 0.2                                     |
| Halmstad               | 93,125                                   | 0.9                                | 7.6                                  | 45,370                              | 34.1  | 2.5                                   | 9.2                              | 0.3                                     |
| Härnösand              | 24,428                                   | -0.5                               | -3.0                                 | 10,618                              | 43.6  | 0.0                                   | 11                               | -0.2                                    |
| Kalmar                 | 63,586                                   | 1.0                                | 5.9                                  | 32,566                              | 35.7  | 1.2                                   | 9.1                              | 0.6                                     |
| Karlskrona             | 63,805                                   | -0.8                               | 5.2                                  | 30,748                              | 43.0  | 1.9                                   | 10.9                             | 0.3                                     |
| Karlstad               | 86,949                                   | 0.6                                | 7.4                                  | 48,729                              | 34.0  | 2.4                                   | 9.3                              | -0.3                                    |
| Linköping              | 148,374                                  | 0.7                                | 9.9                                  | 74,328                              | 30.7  | 2.2                                   | 8.8                              | -0.3                                    |
| Malmö <sup>5</sup>     | 307,207                                  | 1.7                                | 15.7                                 | 158,261                             | 26.3  | 2.5                                   | 14.5                             | 0.5                                     |
| Norrköping             | 131,917                                  | 1.0                                | 7.0                                  | 60,004                              | 29.8  | 2.2                                   | 13.1                             | 0.7                                     |
| Nyköping               | 52,286                                   | 0.6                                | 6.0                                  | 23,449                              | 31.9  | 3.8                                   | 8.8                              | 0                                       |
| Sollefteå              | 19,784                                   | -1.1                               | -7.5                                 | 8,476                               | 44.4  | 2.5                                   | 13.4                             | -0.2                                    |
| Stockholm <sup>4</sup> | 880,008                                  | 2.0                                | 16.0                                 | 606,173                             | 15.9  | 2.8                                   | 7                                | 0.2                                     |
| Säter                  | 10,871                                   | 0.1                                | -1.6                                 | 3,619                               | 43.1  | 4.3                                   | 5.3                              | 0.4                                     |
| Uppsala                | 202,275                                  | 1.2                                | 12.6                                 | 93,712                              | 38.3  | 2.7                                   | 6.2                              | -0.3                                    |
| Västerås               | 140,392                                  | 1.4                                | 8.9                                  | 67,788                              | 24.7  | 3.2                                   | 10.2                             | -0.4                                    |
| Örebro                 | 138,748                                  | 1.4                                | 10.5                                 | 70,484                              | 35.0  | 2.5                                   | 10.2                             | 0.2                                     |
| <b>All Sweden</b>      | <b>9,546,448</b>                         | <b>0.7</b>                         | <b>6.8</b>                           | <b>4,505,600</b>                    | <b>27.8</b>                                 | <b>2.6</b>                            | <b>8.9</b>                       | <b>0.2</b>                              |

Source: Statistics Sweden and the Swedish Employment Service.

1) Refers to November.

2) According to RAMS 2011.

3) Refers to December 2012 According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 18–64).

4) This information refers to the City of Stockholm.

5) The information refers to the City of Malmö which is part of the Öresund business unit.

# REGION

# SOUTH

The South Region consists of the Borås, Gothenburg, Halmstad, Kalmar, Karlskrona and Öresund business units.

The South Region is Klöver's second biggest region in terms of area. The property portfolio consists of 633,000 sq.m. of lettable area and the rental value amounts to SEK 473 million.

In Borås, Klöver's portfolio consists mainly of warehouse and logistics properties. Kalmar and Karlskrona are dominated by office properties, however. In Gothenburg, the properties consist of equal parts of industrial and office properties, while Halmstad is dominated by industry. In the Öresund region, there are properties with both classic office premises and properties with health care and educational premises.

The South Region had an occupancy rate of 89 per cent at the end of 2012, which is the highest regional figure together with the Central/North Region.

#### KLÖVERN'S LARGEST TENANTS IN THE SOUTH REGION

| Tenant                           | Contract value, SEKm | Proportion of region's contract value, % | Area, 000 sq.m. |
|----------------------------------|----------------------|--|-----------------|
| KappAhl Sverige                  | 38                   | 9.1                                      | 5               |
| Municipality of Karlskoga        | 23                   | 5.5                                      | 22              |
| RUAG Space                       | 16                   | 3.7                                      | 15              |
| Telefonaktiebolaget L M Ericsson | 14                   | 3.2                                      | 14              |
| ALSTOM Power Sweden              | 12                   | 2.9                                      | 14              |
| HMS Industrial Networks          | 7                    | 1.8                                      | 6               |
| Blekinge County Council          | 6                    | 1.5                                      | 2               |
| Municipality of Kalmar           | 6                    | 1.4                                      | 9               |
| Saab                             | 6                    | 1.4                                      | 6               |
| Hermods                          | 6                    | 1.3                                      | 4               |
| <b>TOTAL</b>                     | <b>134</b>           | <b>31.8</b>                              | <b>97</b>       |

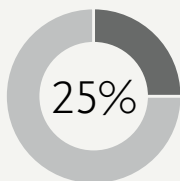


KappAhl's head office at the property Hästägaren 3, Mölndal. Acquired in November 2012.

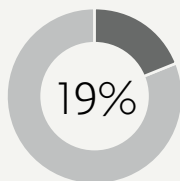


## PROPORTION OF KLÖVERN

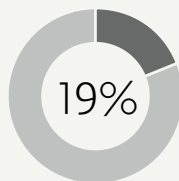
LETTABLE AREA



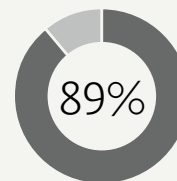
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



## AREA PER UNIT AS AT 31 DECEMBER 2012

|                   | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|-------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>BORÅS</b>      |                             |                       |                     |                          |
| Management        | 82                          | 54                    | 415                 | 91                       |
| Development       | –                           | –                     | –                   | –                        |
| <b>TOTAL</b>      | <b>82</b>                   | <b>54</b>             | <b>415</b>          | <b>91</b>                |
| <b>GOTHENBURG</b> |                             |                       |                     |                          |
| Management        | 132                         | 113                   | 1,139               | 96                       |
| Development       | –                           | –                     | 1                   | –                        |
| <b>TOTAL</b>      | <b>132</b>                  | <b>113</b>            | <b>1,140</b>        | <b>96</b>                |
| <b>HALMSTAD</b>   |                             |                       |                     |                          |
| Management        | 43                          | 30                    | 251                 | 96                       |
| Development       | 6                           | 3                     | 37                  | 54                       |
| <b>TOTAL</b>      | <b>49</b>                   | <b>33</b>             | <b>288</b>          | <b>92</b>                |
| <b>KALMAR</b>     |                             |                       |                     |                          |
| Management        | 60                          | 52                    | 422                 | 94                       |
| Development       | –                           | –                     | –                   | –                        |
| <b>TOTAL</b>      | <b>60</b>                   | <b>52</b>             | <b>422</b>          | <b>94</b>                |

|                           | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|---------------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>KARLSKRONA</b>         |                             |                       |                     |                          |
| Management                | 77                          | 72                    | 659                 | 97                       |
| Development               | –                           | –                     | 18                  | –                        |
| <b>TOTAL</b>              | <b>77</b>                   | <b>72</b>             | <b>677</b>          | <b>97</b>                |
| <b>ÖRESUND</b>            |                             |                       |                     |                          |
| Management                | 88                          | 73                    | 613                 | 91                       |
| Development               | 145                         | 76                    | 780                 | 61                       |
| <b>TOTAL</b>              | <b>233</b>                  | <b>148</b>            | <b>1,393</b>        | <b>76</b>                |
| <b>SOUTH REGION</b>       |                             |                       |                     |                          |
| Management                | 482                         | 394                   | 3,499               | 94                       |
| Development               | 151                         | 79                    | 836                 | 61                       |
| <b>TOTAL SOUTH REGION</b> | <b>633</b>                  | <b>473</b>            | <b>4,335</b>        | <b>89</b>                |
| <b>KLÖVERN</b>            |                             |                       |                     |                          |
| Management                | 2,143                       | 2,218                 | 20,237              | 92                       |
| Development               | 386                         | 250                   | 2,387               | 57                       |
| <b>TOTAL KLÖVERN</b>      | <b>2,529</b>                | <b>2,468</b>          | <b>22,624</b>       | <b>88</b>                |

## REGION

## EAST

The East Region consists of the business units Linköping, Norrköping and Nyköping.

The majority of the properties in the East Region consist of offices. This is particularly the case in Linköping and Norrköping. In Nyköping, the portfolio is dominated by retail premises, however. These three places are located geographically on a line which only extends 100 kilometres from north-east to south-west. The region is also Sweden's fourth largest metropolitan region.

The lettable area is 595,000 sq.m. and the rental value is SEK 523 million. The economic occupancy rate is 87 per cent.

KLÖVERN'S LARGEST TENANTS  
IN THE EAST REGION

| Tenant                           | Contract value, SEKm | Proportion of region's contract value, % | Area, 000 sq.m. |
|----------------------------------|----------------------|--|-----------------|
| TeliaSonera Sverige              | 16                   | 3.6                                      | 10              |
| Östergötland County Council      | 15                   | 3.4                                      | 12              |
| Municipality of Linköping        | 14                   | 3.0                                      | 11              |
| Municipality of Norrköping       | 10                   | 2.2                                      | 6               |
| Swedish Employment Service       | 9                    | 1.9                                      | 6               |
| Ahlsell Sverige                  | 8                    | 1.8                                      | 9               |
| Municipality of Nyköping         | 8                    | 1.7                                      | 7               |
| National Police Board            | 7                    | 1.5                                      | 4               |
| Stora Hotellet, Nyköping (hotel) | 7                    | 1.5                                      | 4               |
| JB Gymnasiet Mitt (school)       | 6                    | 1.3                                      | 5               |
| <b>TOTAL</b>                     | <b>100</b>           | <b>21.9</b>                              | <b>74</b>       |

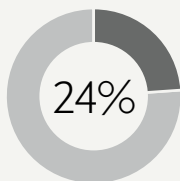




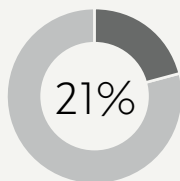
The entrance of the municipally owned cinema Cinema at the property Kopparhammaren 7 in the attractive industrial landscape in Norrköping.

## PROPORTION OF KLÖVERN

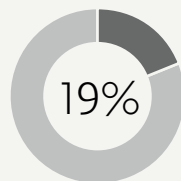
## LETTABLE AREA



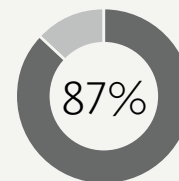
## RENTAL VALUE



## FAIR VALUE



## ECONOMIC OCCUPANCY RATE



## AREA PER UNIT AS AT 31 DECEMBER 2012

|                   | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|-------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>LINKÖPING</b>  |                             |                       |                     |                          |
| Management        | 232                         | 217                   | 1,797               | 88                       |
| Development       | 51                          | 24                    | 175                 | 58                       |
| <b>TOTAL</b>      | <b>283</b>                  | <b>241</b>            | <b>1,972</b>        | <b>85</b>                |
| <b>NORRKÖPING</b> |                             |                       |                     |                          |
| Management        | 144                         | 148                   | 1,300               | 92                       |
| Development       | 39                          | 21                    | 103                 | 68                       |
| <b>TOTAL</b>      | <b>183</b>                  | <b>169</b>            | <b>1,403</b>        | <b>89</b>                |
| <b>NYKÖPING</b>   |                             |                       |                     |                          |
| Management        | 123                         | 111                   | 948                 | 90                       |
| Development       | 6                           | 2                     | 19                  | 37                       |
| <b>TOTAL</b>      | <b>129</b>                  | <b>113</b>            | <b>967</b>          | <b>89</b>                |

|                          | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|--------------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>EAST REGION</b>       |                             |                       |                     |                          |
| Management               | 499                         | 476                   | 4,045               | 90                       |
| Development              | 96                          | 47                    | 297                 | 61                       |
| <b>TOTAL EAST REGION</b> | <b>595</b>                  | <b>523</b>            | <b>4,342</b>        | <b>87</b>                |
| <b>KLÖVERN</b>           |                             |                       |                     |                          |
| Management               | 2,143                       | 2 218                 | 20,237              | 92                       |
| Development              | 386                         | 250                   | 2,387               | 57                       |
| <b>TOTAL KLÖVERN</b>     | <b>2,529</b>                | <b>2,468</b>          | <b>22,624</b>       | <b>88</b>                |

## REGION

## STOCKHOLM

The Stockholm Region consists of the Kista, Greater Stockholm and Uppsala business units.

Stockholm is Klöver's largest region viewed by rental area.

The lettable area is 616,000 sq.m. and the rental value is SEK 860 million.

The population growth increases annually in Sweden's capital city region and premises and housing are in continuous demand. Many companies in the business sector, in finance and research have their head offices here. The whole of the Stockholm Region is primarily focused on office properties and the occupancy rate is 88 per cent.

KLÖVERN'S LARGEST TENANTS  
IN THE STOCKHOLM REGION

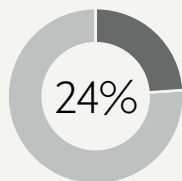
| Tenant                           | Contract value, SEKm | Proportion of region's contract value, % | Area, 000 sq.m. |
|----------------------------------|----------------------|--|-----------------|
| Telefonaktiebolaget L M Ericsson | 269                  | 35.7                                     | 147             |
| Eniro Sverige                    | 23                   | 3.0                                      | 8               |
| Orexo                            | 20                   | 2.6                                      | 7               |
| Kistamässan                      | 19                   | 2.6                                      | 16              |
| Kemwell                          | 13                   | 1.8                                      | 9               |
| Svenska Bil i Norden             | 12                   | 1.7                                      | 15              |
| Posten Meddelande                | 12                   | 1.6                                      | 10              |
| Bosch Rexroth Teknik             | 10                   | 1.3                                      | 11              |
| Swedish Employment Service       | 6                    | 0.8                                      | 4               |
| Arkitektkopia                    | 6                    | 0.8                                      | 5               |
| <b>TOTAL</b>                     | <b>390</b>           | <b>51.9</b>                              | <b>232</b>      |



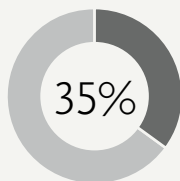
*In July 2012, Klöver acquired the property Hilton 3 in Solna. The property consists of three buildings and mainly contains office premises. The largest tenant is Eniro.*

## PROPORTION OF KLÖVERN

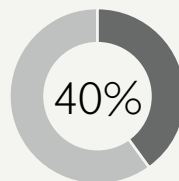
LETTABLE AREA



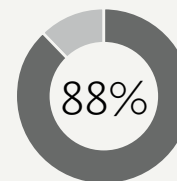
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



## AREA PER UNIT AS AT 31 DECEMBER 2012

|                          | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|--------------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>KISTA</b>             |                             |                       |                     |                          |
| Management               | 273                         | 469                   | 5,458               | 96                       |
| Development              | 46                          | 44                    | 680                 | 52                       |
| <b>TOTAL</b>             | <b>319</b>                  | <b>513</b>            | <b>6,138</b>        | <b>92</b>                |
| <b>GREATER STOCKHOLM</b> |                             |                       |                     |                          |
| Management               | 161                         | 177                   | 1,574               | 93                       |
| Development              | 51                          | 47                    | 274                 | 46                       |
| <b>TOTAL</b>             | <b>212</b>                  | <b>224</b>            | <b>1,848</b>        | <b>83</b>                |
| <b>UPPSALA</b>           |                             |                       |                     |                          |
| Management               | 76                          | 113                   | 865                 | 80                       |
| Development              | 9                           | 10                    | 146                 | 56                       |
| <b>TOTAL</b>             | <b>85</b>                   | <b>123</b>            | <b>1,011</b>        | <b>78</b>                |

|                               | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|-------------------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>STOCKHOLM REGION</b>       |                             |                       |                     |                          |
| Management                    | 510                         | 759                   | 7,897               | 93                       |
| Development                   | 106                         | 101                   | 1,100               | 50                       |
| <b>TOTAL STOCKHOLM REGION</b> | <b>616</b>                  | <b>860</b>            | <b>8,997</b>        | <b>88</b>                |
| <b>KLÖVERN</b>                |                             |                       |                     |                          |
| Management                    | 2,143                       | 2,218                 | 20,237              | 92                       |
| Development                   | 386                         | 250                   | 2,387               | 57                       |
| <b>TOTAL KLÖVERN</b>          | <b>2,529</b>                | <b>2,468</b>          | <b>22,624</b>       | <b>88</b>                |

## REGION

## CENTRAL/NORTH

The Central/North area consists of the Karlstad, Västerås, Örebro, Falun/Säter and Härnösand/Sollefteå business units.

Central/North is Klöver's largest region measured in terms of area. If the comparison is made instead on the basis of rental value, this is Klöver's second biggest region.

The lettable area consists of 685,000 sq.m. and the rental value amounts to SEK 612 million.

Karlstad and Örebro are typical white-collar cities and the major part of the space consists of offices. In Västerås, industrial and warehouse operations predominate. Falun, Härnösand and Sollefteå consist of refurbished regimental premises and the properties in Säter are mainly rented by the county council.

The aggregate occupancy rate for the Central/North Region is the highest among Klöver's regions, 89 per cent.

KLÖVERN'S LARGEST TENANTS  
IN THE CENTRAL/NORTH REGION

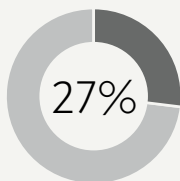
| Tenant                        | Contract value, SEKm | Proportion of region's contract value, % | Area, 000 sq.m. |
|-------------------------------|----------------------|--|-----------------|
| Dalarna County Council        | 27                   | 5.0                                      | 25              |
| Swedish Transport Agency      | 14                   | 2.5                                      | 16              |
| Municipality of Karlstad      | 14                   | 2.5                                      | 10              |
| Swedish Fortifications Agency | 13                   | 2.4                                      | 16              |
| Mid Sweden University         | 13                   | 2.4                                      | 13              |
| Posten Meddelande             | 13                   | 2.3                                      | 12              |
| TeliaSonera Sverige           | 12                   | 2.2                                      | 10              |
| JB Gymnasiet Mitt (school)    | 12                   | 2.1                                      | 8               |
| Tieto Sweden                  | 11                   | 2.0                                      | 10              |
| WSP Sweden                    | 9                    | 1.7                                      | 6               |
| <b>TOTAL</b>                  | <b>138</b>           | <b>25.1</b>                              | <b>126</b>      |



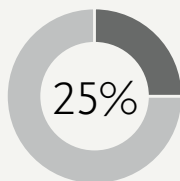


## PROPORTION OF KLÖVERN

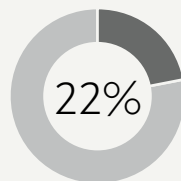
## LETTABLE AREA



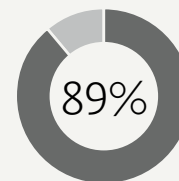
## RENTAL VALUE



## FAIR VALUE



## ECONOMIC OCCUPANCY RATE



## AREA PER UNIT AS AT 31 DECEMBER 2012

|                            | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|----------------------------|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>FALUN/SÄTER</b>         |                             |                       |                     |                          |
| Management                 | 93                          | 80                    | 529                 | 88                       |
| Development                | 1                           | 0                     | 5                   | 100                      |
| <b>TOTAL</b>               | <b>94</b>                   | <b>80</b>             | <b>534</b>          | <b>88</b>                |
| <b>HÄRNÖSAND/SOLLEFTEÅ</b> |                             |                       |                     |                          |
| Management                 | 96                          | 74                    | 506                 | 87                       |
| Development                | –                           | –                     | –                   | –                        |
| <b>TOTAL</b>               | <b>96</b>                   | <b>74</b>             | <b>506</b>          | <b>87</b>                |
| <b>KARLSTAD</b>            |                             |                       |                     |                          |
| Management                 | 196                         | 197                   | 1,761               | 92                       |
| Development                | 6                           | 7                     | 47                  | 94                       |
| <b>TOTAL</b>               | <b>202</b>                  | <b>204</b>            | <b>1,808</b>        | <b>92</b>                |
| <b>VÄSTERÅS</b>            |                             |                       |                     |                          |
| Management                 | 212                         | 185                   | 1,500               | 88                       |
| Development                | 26                          | 16                    | 102                 | 58                       |
| <b>TOTAL</b>               | <b>238</b>                  | <b>201</b>            | <b>1,602</b>        | <b>86</b>                |

|  | Lettable area,<br>000 sq.m. | Rental value,<br>SEKm | Fair value,<br>SEKm | Ec. occupancy<br>rate, % |
|--|-----------------------------|-----------------------|---------------------|--------------------------|
| <b>ÖREBRO</b>                          |                             |                       |                     |                          |
| Management                             | 55                          | 53                    | 500                 | 94                       |
| Development                            | –                           | –                     | –                   | –                        |
| <b>TOTAL</b>                           | <b>55</b>                   | <b>53</b>             | <b>500</b>          | <b>94</b>                |
| <b>CENTRAL/NORTH REGION</b>            |                             |                       |                     |                          |
| Management                             | 652                         | 589                   | 4,796               | 90                       |
| Development                            | 33                          | 23                    | 154                 | 70                       |
| <b>TOTAL CENTRAL/<br/>NORTH REGION</b> | <b>685</b>                  | <b>612</b>            | <b>4,950</b>        | <b>89</b>                |
| <b>KLÖVERN</b>                         |                             |                       |                     |                          |
| Management                             | 2,143                       | 2,218                 | 20,237              | 92                       |
| Development                            | 386                         | 250                   | 2,387               | 57                       |
| <b>TOTAL KLÖVERN</b>                   | <b>2,529</b>                | <b>2,468</b>          | <b>22,624</b>       | <b>88</b>                |



# REAL ESTATE OPERATIONS



|                         |    |
|-------------------------|----|
| PROPERTY PORTFOLIO      | 34 |
| TRANSACTIONS            | 38 |
| PROJECTS                | 40 |
| BUILDING RIGHTS         | 42 |
| THE VALUE OF PROPERTIES | 44 |

INTRODUCTION

MARKETS

**REAL ESTATE OPERATIONS**

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

*The property Skeppsbron 1 in Karlskrona.*

# PROPERTY PORTFOLIO

The value of the properties increased by 52 per cent (10). Net moving-in amounted to SEK 69 million (5) and the rental value increased by SEK 914 million (68). The economic occupancy rate decreased by 1 percentage point to 88 per cent, while the area-based occupancy rate increased by one percentage point to 81 per cent.

## PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2012, Klöver'n had a total of 387 properties (255) located in 44 municipalities (14). The total property value was SEK 22,624 million (14,880), the lettable area was 2,529,000 sq.m. (1,561,000) and the rental value amounted to SEK 2,468 million (1,554) at year-end. The increase in the value of the properties resulted from acquisitions of SEK 7,459 million (315), sales of SEK -543 million (-48), investments of SEK 861 million (685) and changes in value of SEK -33 million (435). The increase in rental value is among other things attributable to acquisitions during the year, investments at existing properties and increased index supplements.

## INCOME AND AVERAGE RENT

Income amounted to SEK 1,948 million (1,364) in 2012. The increase in income is attributable to net acquisitions, indexation of rents and positive net moving-in.

Income increased by 4 per cent for a comparable portfolio, mainly due to indexation for rents and positive net moving-in.

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,059 per sq.m. The average rent varies between different regions 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 2012 will affect the contract value by SEK 6 million (25) from 2013. This increase is not included in the rental value as at 31 December 2012.

## PROPERTY COSTS

Property costs increased and totalled SEK 733 million (507) at year-end 2012 due to the considerably larger portfolio for the full year 2012. Decreased costs as a result of the mild winter and energy saving measures operated in the opposite direction.

Total property costs decreased by 1 per cent (5) for a comparable portfolio. The costs amount to SEK 318 per sq.m. (325) for a comparable portfolio. Heat consumption amounted to 98 per cent (94) of a heat consumption adjusted for a normal year due to a higher average temperature.

Rent losses continue to be very low, totalling SEK 4.8 million on 31 December (3.2), or 0.2 per cent (0.2) of the total income.

## PROPERTY COSTS FOR A COMPARABLE PORTFOLIO<sup>1</sup>, SEK/SQ.M.

|                         | 2012       | 2011       |
|-------------------------|------------|------------|
| Operating costs         | 189        | 195        |
| Site leasehold fee      | 14         | 14         |
| Maintenance             | 21         | 21         |
| Property tax            | 41         | 41         |
| Property administration | 53         | 54         |
| <b>TOTAL</b>            | <b>318</b> | <b>325</b> |

1) Relates to properties owned for the whole of 2011 and 2012.

## OPERATING SURPLUS

At year-end 2012, the operating surplus amounted to SEK 1,215 million (857). This increase is mainly due to the larger portfolio for the full year but also to positive index development, positive net moving-in, and persistent work to reduce costs. The operating surplus has increased by 6 per cent to SEK 869 million (817) for a comparable portfolio.

## OPERATING MARGIN

Klöver'n's operating margin including one-off effects was 62 per cent (63). The operating margin is measured as the operating surplus in relation to income. The operating margin was 64 per cent in the investment portfolio.

An increased occupancy rate normally leads to an increase in the operating margin as operating costs do not increase proportionally with the occupancy rate.

## COMPARABLE PORTFOLIO

|                              | 31.12.2012 | 31.12.2011 | Change, % |
|------------------------------|------------|------------|-----------|
| Area, sq.m.                  | 1,514      | 1,499      | 1         |
| Fair value, SEKm             | 14,881     | 14,115     | 5         |
| Required return, %           | 7.1        | 7.1        | 0         |
| Economic occupancy rate, %   | 90         | 89         | 1         |
| Area-based occupancy rate, % | 80         | 79         | 1         |

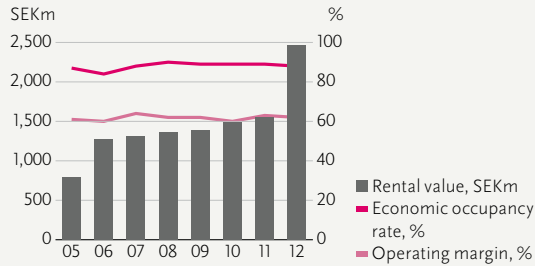
| SEKm                     | 2012 Jan-Dec | 2011 Jan-Dec | Change, % |
|--------------------------|--------------|--------------|-----------|
| Income                   | 1,351        | 1,304        | 4         |
| Property costs           | -482         | -487         | -1        |
| <b>OPERATING SURPLUS</b> | <b>869</b>   | <b>817</b>   | <b>6</b>  |

Refers to properties owned during the whole of 2011 and 2012.



Klövern's tenants in Karlskrona.  
Restaurant at the property Skeppsbron 1.

#### DEVELOPMENT OF THE PROPERTY PORTFOLIO



#### RENTAL VALUE PER REGION %



#### RENTAL VALUE PER TYPE OF PREMISES %

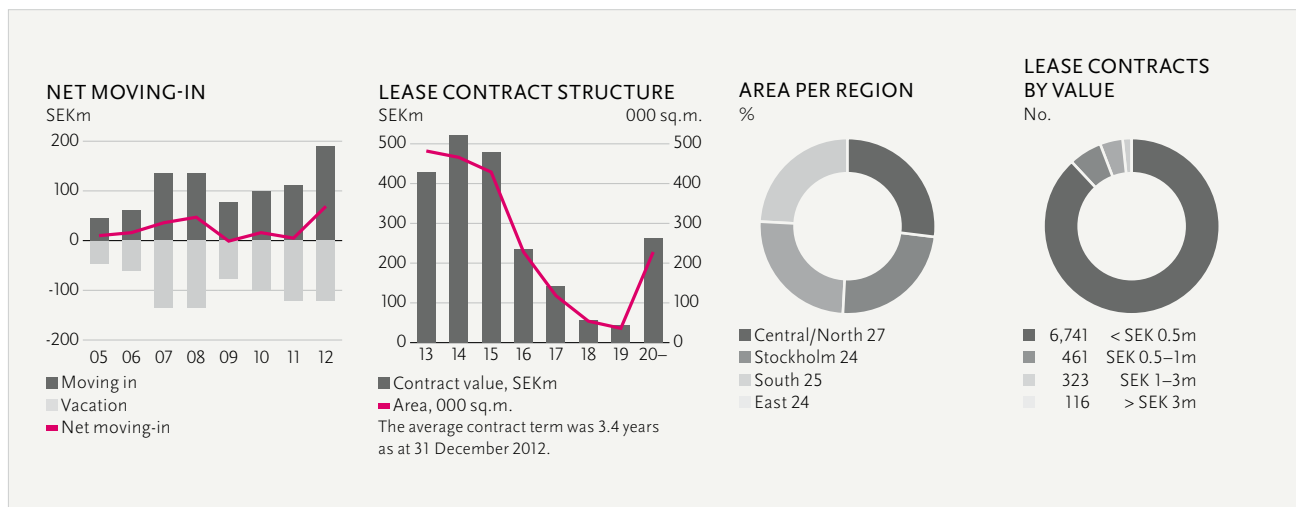


#### INVESTMENT PROPERTY: AREA AND AVERAGE RENT PER TYPE OF PREMISES

|               | Offices               |                                       | Industrial/warehouse  |                                       | Retail                |                                       | Other <sup>1</sup>    |                                       | Total                 |                                       |
|---------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|               | Total area, 000 sq.m. | Average rent <sup>2</sup> , SEK/sq.m. | Total area, 000 sq.m. | Average rent <sup>2</sup> , SEK/sq.m. | Total area, 000 sq.m. | Average rent <sup>2</sup> , SEK/sq.m. | Total area, 000 sq.m. | Average rent <sup>2</sup> , SEK/sq.m. | Total area, 000 sq.m. | Average rent <sup>2</sup> , SEK/sq.m. |
| SOUTH         | 184                   | 960                                   | 195                   | 663                                   | 23                    | 851                                   | 80                    | 997                                   | 482                   | 835                                   |
| EAST          | 241                   | 1,235                                 | 141                   | 510                                   | 67                    | 1,132                                 | 50                    | 1,092                                 | 499                   | 1,013                                 |
| STOCKHOLM     | 309                   | 1,639                                 | 134                   | 1,043                                 | 9                     | 1,202                                 | 58                    | 1,565                                 | 510                   | 1,455                                 |
| CENTRAL/NORTH | 276                   | 1,082                                 | 176                   | 601                                   | 62                    | 1,044                                 | 138                   | 1,056                                 | 652                   | 945                                   |
| <b>TOTAL</b>  | <b>1,010</b>          | <b>1,268</b>                          | <b>646</b>            | <b>704</b>                            | <b>161</b>            | <b>1,054</b>                          | <b>326</b>            | <b>1,132</b>                          | <b>2,143</b>          | <b>1,059</b>                          |

1) Consists of Education, Health care, Residential, Laboratories, Data centre and Recreation.

2) Calculated on the basis of total contract value for the types of premises Offices, Industrial/warehouse, Retail and Other, and the let area.



**OCCUPANCY RATE**

The economic occupancy rate, lease contract value in relation to rental value, decreased by one percentage point and amounted to 88 per cent (89) at year-end 2012. The change is largely attributable to lower average occupancy rate in acquired properties. The occupancy rate for investment properties totalled 92 per cent while it was 57 per cent for development properties. The total 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 occupancy rate measured as area amounted to 81 per cent (80). For investment properties the occupancy rate totalled 87 per cent and for development properties it was 48 per cent.

**NET MOVING-IN**

Net moving-in was positive during the year. The single largest tenant moving in was 27,000 sq.m. at the Isafjord 1 property in Kista. All four quarters show a positive net moving-in. Klöver's net moving-in amounted to SEK 69 million (5) on an annual basis, based on tenants moving in at SEK 190 million (112) and vacating tenants at SEK -121 million (-107).

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 2012 for SEK 58 million (85) with moving in in 2013 or subsequently. The contract value for tenants moving in together with contracts signed, where the tenant has not yet moved in, amounted to SEK 248 million (197).

**LEASE CONTRACT STRUCTURE**

In all, Klöver has 7,600 leases (4,949). Of the leases, measured as a proportion of contract value, 20 per cent (24) expire within a year. The average lease term has increased to 3.4 years (2.8) due to completed projections and acquisitions. Of the total contract value, excluding supplements, 80 per cent (83) was indexed in relation to the consumer price index (CPI).

**PROFIT AND KEY RATIOS**

The tables show profit and key ratios broken down by Klöver's regions and by investment or development property. Investment properties are properties in operating and active management. Development properties are properties with ongoing planned refurbishment or extensions that results in a higher standard or a changed property use. The current operating surplus is affected by project or occupancy restrictions for the improvement of the property. The table shows results for operating activities, including sold properties and investments made during the year.

The key ratios show the situation at the respective year-end and the figures in the two tables are therefore not wholly comparable. The comparability between the years is limited due to significant net acquisitions in 2012.

## PROFIT PER PROPERTY SEGMENT AND REGION

|                      | Income, SEKm    |                 | Costs, SEKm     |                 | Operating surplus, SEKm |                 | Operating margin, % |                 | Investments, SEKm |                 |
|----------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------------|---------------------|-----------------|-------------------|-----------------|
|                      | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec         | 2011<br>Jan–Dec | 2012<br>Jan–Dec     | 2011<br>Jan–Dec | 2012<br>Jan–Dec   | 2011<br>Jan–Dec |
| Investment           | 286             | 53              | -120            | -20             | 166                     | 33              | 58                  | 62              | 90                | 5               |
| Development          | 42              | –               | -22             | –               | 20                      | –               | 48                  | –               | -6                | –               |
| <b>SOUTH</b>         | <b>328</b>      | <b>53</b>       | <b>-142</b>     | <b>-20</b>      | <b>186</b>              | <b>33</b>       | <b>57</b>           | <b>62</b>       | <b>84</b>         | <b>5</b>        |
| Investment           | 440             | 426             | -148            | -145            | 292                     | 281             | 66                  | 66              | 173               | 142             |
| Development          | 27              | 28              | -20             | -20             | 7                       | 8               | 26                  | 29              | 24                | 26              |
| <b>EAST</b>          | <b>467</b>      | <b>454</b>      | <b>-168</b>     | <b>-165</b>     | <b>299</b>              | <b>289</b>      | <b>64</b>           | <b>64</b>       | <b>197</b>        | <b>168</b>      |
| Investment           | 596             | 442             | -188            | -150            | 408                     | 292             | 68                  | 66              | 366               | 415             |
| Development          | 48              | 41              | -34             | -22             | 14                      | 19              | 29                  | 46              | 25                | 14              |
| <b>STOCKHOLM</b>     | <b>644</b>      | <b>483</b>      | <b>-222</b>     | <b>-172</b>     | <b>422</b>              | <b>311</b>      | <b>66</b>           | <b>64</b>       | <b>391</b>        | <b>429</b>      |
| Investment           | 495             | 364             | -193            | -144            | 302                     | 220             | 61                  | 60              | 162               | 67              |
| Development          | 14              | 10              | -8              | -6              | 6                       | 4               | 43                  | 40              | 27                | 16              |
| <b>CENTRAL/NORTH</b> | <b>509</b>      | <b>374</b>      | <b>-201</b>     | <b>-150</b>     | <b>308</b>              | <b>224</b>      | <b>61</b>           | <b>60</b>       | <b>189</b>        | <b>83</b>       |
| Investment           | 1,817           | 1,285           | -649            | -459            | 1,168                   | 826             | 64                  | 64              | 791               | 629             |
| Development          | 131             | 79              | -84             | -48             | 47                      | 31              | 36                  | 39              | 70                | 56              |
| <b>TOTAL</b>         | <b>1,948</b>    | <b>1,364</b>    | <b>-733</b>     | <b>-507</b>     | <b>1,215</b>            | <b>857</b>      | <b>62</b>           | <b>63</b>       | <b>861</b>        | <b>685</b>      |

## KEY RATIOS PER PROPERTY SEGMENT AND REGION

|                      | Fair value, SEKm |                 | Required return <sup>1</sup> , % |                 | Area, 000 sq.m. |                 | Rental value, SEKm |                 | Economic occupancy rate, % |                 |
|----------------------|------------------|-----------------|----------------------------------|-----------------|-----------------|-----------------|--------------------|-----------------|----------------------------|-----------------|
|                      | 2012<br>Jan–Dec  | 2011<br>Jan–Dec | 2012<br>Jan–Dec                  | 2011<br>Jan–Dec | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec    | 2011<br>Jan–Dec | 2012<br>Jan–Dec            | 2011<br>Jan–Dec |
| Investment           | 3,499            | 436             | 7.5                              | 7.6             | 482             | 84              | 394                | 56              | 94                         | 95              |
| Development          | 836              | –               | 7.9                              | –               | 151             | –               | 79                 | –               | 61                         | –               |
| <b>SOUTH</b>         | <b>4,335</b>     | <b>436</b>      | <b>7.6</b>                       | <b>7.6</b>      | <b>633</b>      | <b>84</b>       | <b>473</b>         | <b>56</b>       | <b>89</b>                  | <b>95</b>       |
| Investment           | 4,045            | 4,085           | 7.3                              | 7.2             | 499             | 484             | 476                | 466             | 90                         | 90              |
| Development          | 297              | 297             | 9.2                              | 9.2             | 96              | 100             | 47                 | 49              | 61                         | 60              |
| <b>EAST</b>          | <b>4,342</b>     | <b>4,382</b>    | <b>7.4</b>                       | <b>7.3</b>      | <b>595</b>      | <b>584</b>      | <b>523</b>         | <b>515</b>      | <b>87</b>                  | <b>87</b>       |
| Investment           | 7,897            | 5,708           | 6.9                              | 6.8             | 510             | 360             | 759                | 515             | 93                         | 92              |
| Development          | 1,100            | 849             | 7.1                              | 6.7             | 106             | 56              | 101                | 54              | 50                         | 54              |
| <b>STOCKHOLM</b>     | <b>8,997</b>     | <b>6,557</b>    | <b>6.9</b>                       | <b>6.8</b>      | <b>616</b>      | <b>416</b>      | <b>860</b>         | <b>569</b>      | <b>88</b>                  | <b>89</b>       |
| Investment           | 4,796            | 3,372           | 7.5                              | 7.2             | 652             | 446             | 589                | 393             | 90                         | 91              |
| Development          | 154              | 133             | 8.0                              | 8.2             | 33              | 31              | 23                 | 21              | 70                         | 63              |
| <b>CENTRAL/NORTH</b> | <b>4,950</b>     | <b>3,505</b>    | <b>7.5</b>                       | <b>7.2</b>      | <b>685</b>      | <b>477</b>      | <b>612</b>         | <b>414</b>      | <b>89</b>                  | <b>90</b>       |
| Investment           | 20,237           | 13,601          | 7.2                              | 7.1             | 2,143           | 1,374           | 2,218              | 1,430           | 92                         | 91              |
| Development          | 2,387            | 1,279           | 7.7                              | 7.5             | 386             | 187             | 250                | 124             | 57                         | 58              |
| <b>TOTAL</b>         | <b>22,624</b>    | <b>14,880</b>   | <b>7.2</b>                       | <b>7.1</b>      | <b>2,529</b>    | <b>1,561</b>    | <b>2,468</b>       | <b>1,554</b>    | <b>88</b>                  | <b>89</b>       |

1) Calculated excluding building rights.

# TRANSACTIONS

The acquisition of Dagon AB (publ) as well as other property acquisitions in 2012 led Klöver to achieve the greatest growth in the company's history. Net acquisitions, including investments in existing properties, amounted to SEK 7,777 million (952).

## PROPERTY TRANSACTIONS

The transaction market in Sweden was weak during a large part of the year and it was only during the last quarter that several business transactions were concluded. The total transaction volume amounted to SEK 106 billion (104), which is somewhat higher than the previous year. The debt crisis in Europe, the nervous global finance markets combined with decreased access to financing have prolonged business transactions. Swedish players still dominate the market with an emphasis on institutional capital.

The proportion of business transactions exceeding SEK 500 million has increased compared to previous years and represented almost 70 per cent of the total transaction volume. The largest business transactions was the acquisition by the Third Swedish National Pension Fund from Kungsleden of the remaining 50 per cent in Hemsö with an estimated property value of SEK 11 billion as well as Klöver's acquisition of Dagon with a property value of almost SEK 6 billion.

## 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 2012 Klöver has carried out several important property acquisitions where the dominant business transaction is the acquisition of Dagon AB with a property value of SEK 5.7 billion. Total net acquisitions amounted to SEK 6,916 million (267) and investments to SEK 861 million (685), producing an aggregate investment volume of SEK 7,777 million (952). Together with slightly negative changes in value of -33 million (435), net growth was SEK 7,744 million (1,387) and the goal was achieved.

Klöver's objective is to continue to increase its property holding in existing cities with a focus on Stockholm, Gothenburg and Malmö. The acquired properties are likely to have a high occupancy rate compared to some earlier acquisitions. 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.

## DAGON

At the end of 2011, Klöver made a public offer for all shares in Dagon to the shareholders. Klöver acquired Dagon on 2 March 2012 after an acceptance by shareholders of around 99 per cent. Klöver has called for compulsory acquisition of the remaining shares. On the basis of the compulsory acquisition process the consolidated accounts have been established as though 100 per cent of Dagon was acquired.

The property value in Dagon amounted to SEK 5.7 billion divided between 124 properties and 818,000 sq.m. The acquisition increased the geographical spread of Klöver that is now established in, among other places, Gothenburg, Öresund as well as an expanded portfolio in Stockholm. The increased geographical spread contributes to decreasing the risk in the property portfolio.

Dagon's properties consisted of 37 per cent offices, 26 per cent warehouses/industrial, 10 per cent retail and 27 per cent other. A number of the properties also had significant existing and potential building rights, mainly for housing. Klöver will continue to develop the building rights and dispose of them at the point of time that is most profitable for the company.

During the year four properties from the Dagon portfolio have been divested, or contracts signed for divestment, in Höganäs and Trelleborg. Klöver thereby leaves these locations. Klöver will continue the streamlining of the property portfolio and will mainly divest properties in locations that are not prioritized.

The acquisition of Dagon is reported as a business combination, unlike Klöver's previous acquisitions that have been reported as asset acquisitions. In business combinations, full deferred tax on the differences between the properties fair and tax value must be reported in the balance sheet. In the acquisition, goodwill has mainly arisen from the value given to deferred tax by the parties. Deferred tax is normally valued based on the probability that it will reach maturity as well as a consideration for the time of the payment. Owing to the lowered company tax of 22 per cent and the negative change in value of certain properties, an impairment of goodwill was made as well as the reversal of deferred tax liabilities, each of SEK 95 million, following the adoption of the acquisition analysis. The impairments do not affect the results. Goodwill is not tax deductible.

**ACQUIRED NET ASSETS, SEKm**

|   |              |
|---|--------------|
| Investment properties   | 5,711        |
| Deferred tax asset  | 132          |
| Other assets  | 128          |
| Interest-bearing liabilities  | -3,928       |
| Reported deferred tax liability                                       | -226         |
| Other liabilities   | -287         |
| Additional deferred tax according to preliminary acquisition analysis | -404         |
| <b>ACQUIRED NET ASSETS</b>  | <b>1,126</b> |
| Cash component of purchase price                                      | -460         |
| Liquid funds in acquired subsidies                                    | 34           |
| <b>CHANGE IN THE GROUP'S LIQUID FUNDS UPON ACQUISITION</b>            | <b>-426</b>  |

**CALCULATION, GOODWILL, SEKm**

|  |              |
|--|--------------|
| Purchase price:                                    |              |
| cash component                                     | 460          |
| issues associated with acquisition                 | 1,048        |
| borrowing associated with acquisition              | 0            |
| not accepted shares associated with acquisition    | 2            |
| <b>OFFER VALUE, DAGON'S SHARES, 100% OF SHARES</b> | <b>1,510</b> |
| Acquired net assets                                | -1,126       |
| <b>GOODWILL</b>                                    | <b>384</b>   |

**OTHER PROPERTY ACQUISITIONS**

Klövern has strengthened its property portfolio in several of the prioritized markets during the year. In Stockholm Region the properties Borgarfjord 4, Varmvattnet 3 as well as Hilton 3 were acquired. The properties Borgarfjord 4 and Hilton 3 are office properties while Varmvattnet 3 is a facility for car sales leased by Svenska Bil. The total lettable area amounts to 49,000 sq.m. and the acquisition price totals SEK 744 million.

In the South Region two larger acquisitions were made in Gothenburg. The property Kallebäck 17:1, consisting of 22,000 sq.m. of offices, was acquired from Saab AB for SEK 180 million. The second property is Hästägaren 3 that was acquired from KappAhl AB for SEK 490 million. The property, comprising 48,000 sq.m. of lettable area, currently houses KappAhl's headquarters and central warehouse.

During the year, Nordicom's six Swedish properties were also acquired in a package deal. The properties have mixed operations but the core focus is on offices. The main tenant is Alstom Power Sweden AB, renting around 20,000 sq.m. of the total lettable area of 45,000 sq.m. The property value amounted to SEK 320 million.

**ACQUIRED PROPERTIES 2012**

|                      | Properties, no. | Lettable area, 000 sq.m. | Rental value, SEKm | Price, SEKm  |
|----------------------|-----------------|--------------------------|--------------------|--------------|
| South Region         | 92              | 556                      | 419                | 4,004        |
| East Region          | 4               | 26                       | 23                 | 159          |
| Stockholm Region     | 17              | 261                      | 266                | 2,013        |
| Central/North Region | 24              | 142                      | 145                | 1,283        |
| <b>TOTAL</b>         | <b>137</b>      | <b>985</b>               | <b>853</b>         | <b>7,459</b> |

**ACQUISITION OF SHARES IN DIÖS**

During the year, Klövern has through several transactions achieved a net acquisition of around 8.7 million shares, representing around 11.60 per cent of Diös AB. The average acquisition value is SEK 33.9 per share which gives a total acquisition value of around SEK 290 million.

All shares in Diös were divested at the end of 2012.

**SALES**

Klövern has sold 11 properties (5) with a total lettable area of 31,000 sq.m. (5,000). The sales price was SEK 543 million (48) and the sales have led to positive realized changes in value of SEK 46 million (5).

In Linköping, four central retail properties were sold for SEK 402 million. The properties have a lettable area of 13,000 sq.m. and were completely developed at the time of the sale. In Borås and Västerås the Nestor 1 property respectively the Kol 13 property were sold to local property owners.

The sold properties were either completely developed or located in areas that are not prioritized by Klövern.

**PROPERTIES SOLD DURING 2012**

|                      | No. of properties | Lettable area, 000 sq.m. | Rental value, SEKm | Price, SEKm |
|----------------------|-------------------|--------------------------|--------------------|-------------|
| South Region         | 3                 | 6                        | 6                  | 68          |
| East Region          | 5                 | 18                       | 33                 | 417         |
| Stockholm Region     | –                 | –                        | –                  | –           |
| Central/North Region | 3                 | 7                        | 6                  | 58          |
| <b>TOTAL</b>         | <b>11</b>         | <b>31</b>                | <b>45</b>          | <b>543</b>  |

**REFINEMENT GAIN FROM DEVELOPMENT 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 properties were 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.

Klövern has invested SEK 402 million (22) in the properties sold this year during its period of ownership. The sales price of the properties totalled SEK 543 million (48), which produces a refinement gain of SEK 141 million (26).



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# ACQUISITION: DAGON



Type of property    Offices, industrial/warehouse, retail

Lettable area:        819,000 sq.m.

Property value:      SEK 5,711 million

## **Klövern's largest acquisition**

The listed real estate company Dagon was acquired by Klöver in March 2012. The acquisition led to an increase in Klöver's property value from approximately SEK 15 billion to almost SEK 21 billion and the total number of properties rose from around 250 to 370. The acquisition, the largest so far for Klöver, enabled the company to become established in new expansive markets such as the Öresund region and Gothenburg.

The acquisition included office, industrial/warehouse and retail properties as well as a considerable number of building rights.



NO RIBBON

# ACQUISITION: NORDICOM



Type of property    Offices, industrial/warehouse, retail

Lettable area:        45,000 sq.m.

Property value:      SEK 320 million

## **Klövern's acquisition of Nordicom Sweden**

Klövern acquired the real estate company Nordicom Sweden AB during the autumn of 2012. The acquisition included six properties valued at SEK 320 million.

The properties, located in Linköping, Norrköping, Västerås and Växjö, accommodate offices, retail, warehouse and workshop premises. The largest tenant is Alstom that rents properties in both Västerås and Växjö on long leases.



# HÄSTÄGAREN 3

# ACQUISITION: HÄSTÄGAREN 3



Type of property    Office, industrial/warehouse

Lettable area:      48,000 sq.m.

Property value:    SEK 490 million

## **Acquisition of KappAhl's headquarters**

In November 2012 Klöver acquired the modern property Hästägaren 3 in Mölndal. The property consists of office and logistics premises and is KappAhl's head office and central warehouse.

The premises consist of around 48,000 sq.m. and a 15-year lease contract has been signed with KappAhl.



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# ACQUISITION: HILTON 3



Type of property    Offices, industrial/warehouse, retail

Lettable area:        18,000 sq.m.

Property value        SEK 510 million

## **Klövern acquires a property in Solna**

In the summer of 2012, Klövern acquired the property Hilton 3 in Solna. The property is well positioned next to the E4 highway in the Frösunda/Solna area.

The property consists of three office blocks, all constructed in 2003. They comprise a total of 18,000 sq.m. of which 17,000 sq.m. are offices. The rental value amounts to around SEK 50 million and the occupancy rate exceeds 90 per cent.

Eniro Sweden AB is the largest tenant with more than 8,000 sq.m., followed by Eli Lilly Sweden AB with almost 1,500 sq.m.

# PROJECTS

Klövern's project activities are focused on developing and improving existing properties for the letting of vacant spaces, energy-saving measures and new production on building rights. Increased letting and development of properties, as well as the acquisition of Dagon, has led Klöver's project volume to expand.

Most projects are of relatively limited size. Of the 328 projects in process at the year-end, only 15 projects have an estimated investment exceeding SEK 10 million. However, the smaller projects also require organizational efforts. Klöver has strengthened its project organization in all four regions over the past couple of years.

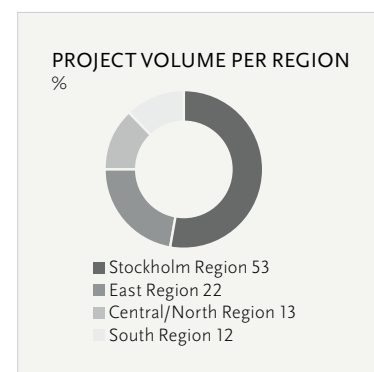
During 2012, Klöver has continued to invest heavily in energy optimization, which has an impact on both the environment and operating costs. At year-end, 31 energy projects were in progress.

The prerequisites for carrying out new construction are still present, which accords well with increased demand on the part of tenants for flexibility and quality. Providing modern and flexible premises for future business will be a profitable transaction for Klöver.

## PROJECTS IN 2012

Investments totaled SEK 861 million (685) in 2012. The investments in projects that were completed during the year, in some cases started in previous years, amounted to SEK 454 million (617).

At year-end 2012, a total of 328 projects (214) were in process with estimated expenditure totaling SEK 1,736 million (1,287). In all, SEK 446 million (588) remains to be invested in these projects.



## KLÖVERN'S LARGEST PROJECTS IN PROGRESS AS AT 31 DECEMBER 2012

| City            | Property       | Type of property                   | 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/Stockholm | Isafjord 1     | Offices/<br>customer centre        | 74,133               | 36,000 <sup>1</sup> | 0                             | 707                        | 38                         | 46 <sup>2</sup>                               | 137                              | 2013                           |
| Linköping       | Glasbitten 7   | Archive                            | 11,612               | 6,040               | 35                            | 47                         | 38                         | 6   | 12                               | 2013                           |
| Nyköping        | Mjölklaskan 8  | Health care                        | 8,035                | 3,560               | 7                             | 45                         | 21                         | 3   | 9                                | 2013                           |
| Linköping       | Idéläran 1     | Offices                            | 15,658               | 4,780               | 10                            | 42                         | 35                         | 4   | 7                                | 2013                           |
| Eskilstuna      | Vampyren 9     | Retail                             | 16,524               | 2,412               | 4                             | 36                         | 22                         | 1   | 25                               | 2013                           |
| Linköping       | Amor 1         | Offices                            | 3,292                | 3,292               | 0                             | 31                         | 31                         | 2   | 7                                | 2013                           |
| Gothenburg      | Ugglum 9:242   | Industrial/<br>warehouse           | 15,417               | 1,685               | 0                             | 23                         | 15                         | 3   | 14                               | 2013                           |
| Västerås        | Klas 8         | Offices/gym/<br>leisure facilities | 5,374                | 1,906               | 0                             | 17                         | 16                         | 2   | 9                                | 2013                           |
| Uppsala         | Fyrislund 6:6  | Production/<br>laboratories        | 57,567               | 1,317               | 15                            | 16                         | 15                         | 1   | 91                               | 2013                           |
| Malmö           | Västerbotten 9 | Offices                            | 20,548               | 5,902               | 20                            | 15                         | 10                         | 1   | 20                               | 2013                           |
| Katrineholm     | Nejlikan 13    | Education                          | 2,566                | 1,630               | 0                             | 13                         | 1                          | 2   | 3                                | 2013                           |
| Helsingborg     | Piken 1        | Industrial/<br>warehouse           | 2,509                | 1,019               | 0                             | 11                         | 10                         | 1   | 2                                | 2013                           |
| <b>TOTAL</b>    |                |                                    | <b>233,235</b>       | <b>69,543</b>       |                               | <b>1,003</b>               | <b>252</b>                 | <b>72</b>                                     | <b>336</b>                       |                                |

## OTHER PROJECTS IN PROGRESS AS AT 31 DECEMBER 2012

|                                   |  |  |  |  |  |              |            |          |          |             |
|-----------------------------------|--|--|--|--|--|--------------|------------|----------|----------|-------------|
| <b>TOTAL</b>                      |  |  |  |  |  | <b>733</b>   | <b>194</b> | <b>-</b> | <b>-</b> | <b>2013</b> |
| <b>TOTAL PROJECTS IN PROGRESS</b> |  |  |  |  |  | <b>1,736</b> | <b>446</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. 2) Of which SEK 6 million starting from the third quarter of 2011.



#### **NYKÖPING**

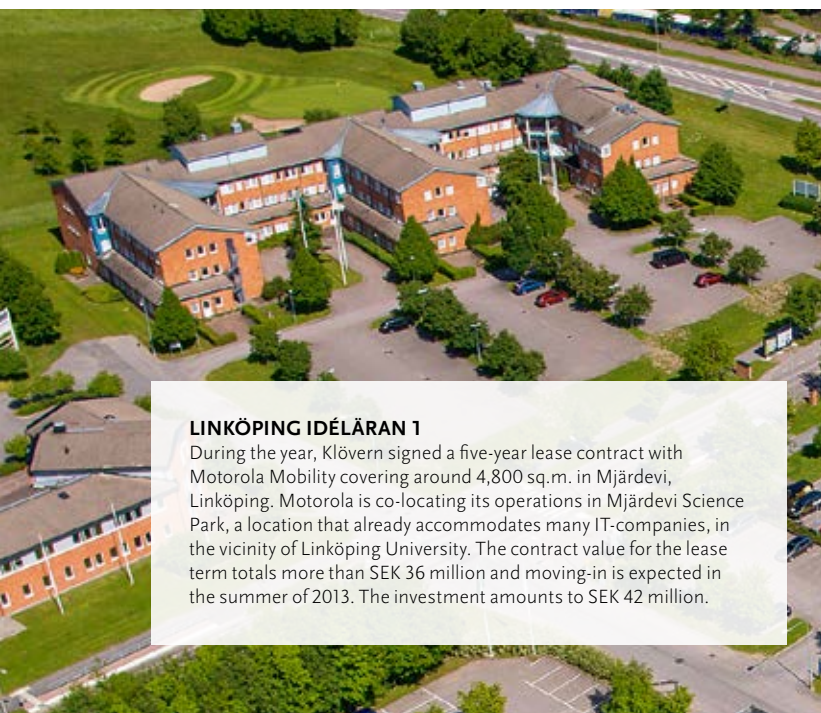
##### **MJÖLFLASKAN 1**

During the year, refurbishments have continued of an older health centre into modern health care and child and adolescent psychiatry premises. Sörmland County Council has signed a 20-year lease contract covering 3,600 sq.m. of fresh and newly renovated premises. The lease contract value amounts to almost SEK 4.9 million per year. Moving-in will take place in stages, starting in the first six months of 2013. Total estimated investments are SEK 45 million.



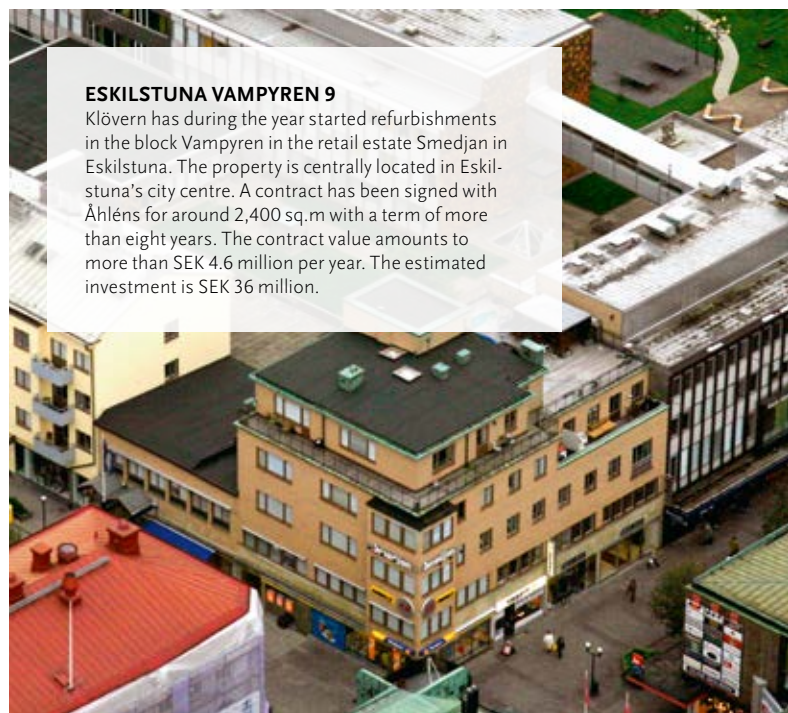
#### **HÄRNÖSAND ÖN 2:41**

Klövern has signed a lease contract for 2,600 sq.m. with Västernorrland County Council that has decided to establish a centralized patient records archive for the county in Härnösand. The contract has a term of 20 years and an annual contract value of more than SEK 3 million. The project consists of new construction of more than 500 sq.m. between two barrack buildings that include a lobby and offices as well as refurbishment of existing barracks into archives with around 24,800 shelf metres. Moving-in was on 1 April 2012. The investment amounts to SEK 33 million.



#### **LINKÖPING IDELÄRAN 1**

During the year, Klövern signed a five-year lease contract with Motorola Mobility covering around 4,800 sq.m. in Mjärdevi, Linköping. Motorola is co-locating its operations in Mjärdevi Science Park, a location that already accommodates many IT-companies, in the vicinity of Linköping University. The contract value for the lease term totals more than SEK 36 million and moving-in is expected in the summer of 2013. The investment amounts to SEK 42 million.



#### **ESKILSTUNA VAMPYREN 9**

Klövern has during the year started refurbishments in the block Vampyren in the retail estate Smedjan in Eskilstuna. The property is centrally located in Eskilstuna's city centre. A contract has been signed with Åhléns for around 2,400 sq.m with a term of more than eight years. The contract value amounts to more than SEK 4.6 million per year. The estimated investment is SEK 36 million.



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# PROJECT: SKEPPSBRON 1



Lettable area: 3,000 sq.m.

Project area: 3,100 sq.m.

Investment: SEK 70 million

## **Newly constructed office building in Karlskrona**

A new office building located on the waterfront in Karlskrona was completed in the spring of 2012. The building is designed as a dynamic workplace where several different “areas” have been created to enable spontaneous as well as secluded meetings in an open office environment. The restaurant is located on the ground floor and borders the sea.

The largest tenants are the County Administrative Board of Blekinge with 2,300 sq.m., Deloitte with 280 sq.m. and Lenandia with 160 sq.m. The property creates an interesting dynamic in the area with its stylish modern and simple design next to the Palanderska gården, a property dating back to the 17th century.



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# PROJECT: GLASBITEN 7



Lettable area: 11,600 sq.m.

Project area: 6,000 sq.m.

Estimated investment: SEK 47 million

## Tenant adaptation in Linköping

The Östergötland County Council will rent 6,000 sq.m. of the more than 11,600 sq.m. property Glasbiten 7 in Linköping. The lease contract is for 25 years and the contract value exceeds SEK 220 million during the rental period.

The property will accommodate all of Östergötland County Council's archives, amounting to 60,000 shelf metres of archives as well as offices for researchers and archive personnel.

The property was largely vacant at the acquisition in the autumn of 2010. After adaptations and refurbishment of the property the majority of tenants have moved in.



ISABELLA  
BRON

# PROJECT: ISAFJORD 1



Lettable area: 74,000 sq.m.

Project area: 36,000 sq.m.

Investment: SEK 707 million

## **New office building in Kista**

A brand new property has been constructed in Kista, comprising 27,000 sq.m. The fresh and modern offices were designed by Wingårdhs Arkitektkontor. The total project area of 36,000 sq.m. also includes 9,000 sq.m. of refurbishments. Ericsson has signed a ten-year lease contract with Klöver and Ericsson's employees will move in to their new, customized offices in 2013.

The objective is for the building to comply with the Green Building Requirements and attain the LEED gold level, which entails high cost and environmental efficiency. Isafjord 1 also accommodates Ericsson's current headquarters. The total area of the property is 74,000 sq.m.



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# PROJECT: KLAS 8



Lettable area: 5,400 sq.m.

Project area: 1,900 sq.m.

Estimated investment: SEK 17 million

## Refurbishment in Västerås

The office and retail property Klas 8 is centrally located on Västerås city's main pedestrian street. The investment of SEK 17 million originally included renovation and repainting of the facade in a new colour, new base and repainting of the roof, new glass sections as well as street areas outside of the building. Vacant premises are being successively prepared for new tenants.

Within the framework of the project all vacant spaces will be completed and the property will be fully let. Rent negotiations are under way with tenants for all remaining vacant spaces.

# BUILDING RIGHTS

Klövern is working actively to make use of existing building rights and create new ones. The work of creating new building rights has continued during 2012.

Klövern currently has building rights according to the local plan and assessed building rights at the majority of the prioritized locations. During the year, a significant amount of residential building rights have been added through the acquisition of Dagon. Most of these are located in the Öresund region. Furthermore, extensive planning work is under way for the travel interchanges that are planned or under construction in many of the locations where Klöver operates.

The building rights consist of building rights according to the local plan and assessed building rights. Assessed building rights means Klöver's assessment based on the local and overview plans for the area. In all, building rights totaled 1,369,000 sq.m. (936,000) at year-end. Of these 562,000 sq.m. (355,000) were included in local plans. The value of the building rights as at 31 December 2012 was SEK 896 million (497), which corresponds to SEK 645 per sq.m. (531).



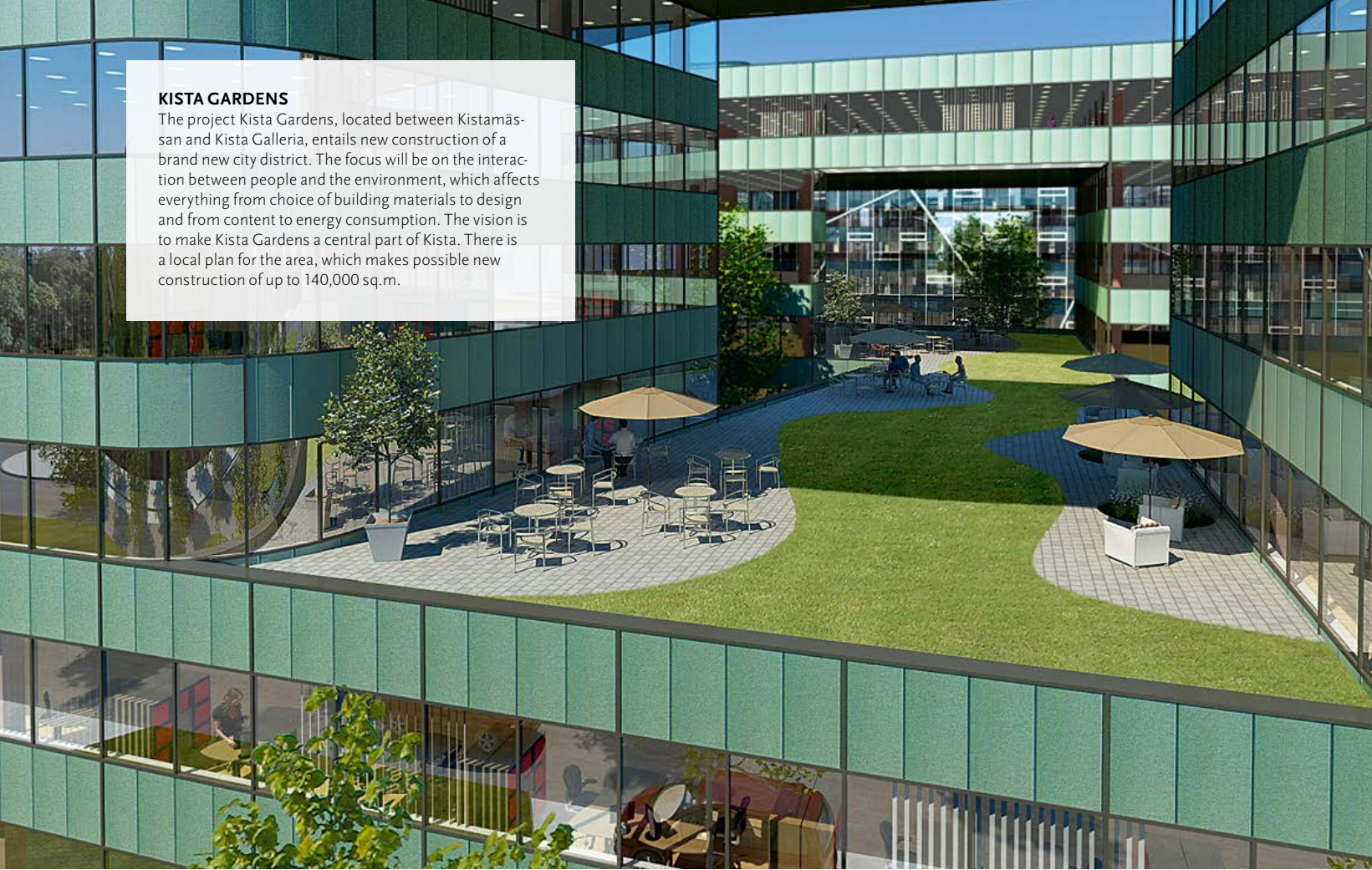
## BUILDING RIGHTS 2012

|                             | Total building rights, 000 sq.m. GA <sup>1</sup> | Building rights included in local plans, 000 sq.m. GA <sup>1</sup> | Assessed building rights, 000 sq.m. GA <sup>1</sup> |
|-----------------------------|--|--|---|
| Borås                       | 2  | 1  | 1   |
| Kalmar                      | –  | –  | –   |
| Karlskrona                  | 47   | 40   | 7   |
| Gothenburg                  | 18   | 15   | 3   |
| Halmstad                    | 11   | 7  | 4   |
| Öresund                     | 185  | 79   | 106   |
| <b>SOUTH REGION</b>         | <b>263</b>                                       | <b>142</b>   | <b>121</b>  |
| Linköping                   | 248  | 108  | 140   |
| Norrköping                  | 22   | 22   | –   |
| Nyköping                    | 55   | 18   | 37  |
| <b>EAST REGION</b>          | <b>325</b>                                       | <b>148</b>   | <b>177</b>  |
| Kista                       | 177  | 142  | 35  |
| Greater Stockholm           | 43   | 43   | –   |
| Uppsala                     | 106  | 6  | 100   |
| <b>STOCKHOLM REGION</b>     | <b>326</b>                                       | <b>191</b>   | <b>135</b>  |
| Falun/Säter                 | 38   | –  | 38  |
| Härnösand/Sollefteå         | 25   | 25   | –   |
| Karlstad                    | 262  | 15   | 247   |
| Västerås                    | 106  | 41   | 65  |
| Örebro                      | 24   | –  | 24  |
| <b>CENTRAL/NORTH REGION</b> | <b>455</b>                                       | <b>81</b>  | <b>374</b>  |
| <b>TOTAL KLÖVERN</b>        | <b>1,369</b>                                     | <b>562</b>   | <b>807</b>  |

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

### KISTA GARDENS

The project Kista Gardens, located between Kistamässan and Kista Galleria, entails new construction of a brand new city district. The focus will be on the interaction between people and the environment, which 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. There is a local plan for the area, which makes possible new construction of up to 140,000 sq.m.



### YSTAD – THE URMAKAREN BLOCK

The Urmakaren block is located north of Ystad town centre. The area is being transformed from a business to a residential district. Klöver currently owns a large part of the block. A construction proposal has been developed that provides the construction opportunity for 300 apartments in 4 and 6 storey buildings. Collaboration with the municipality is in progress to design a local plan for around 30,000 sq.m. GA.

### KARLSTAD KANIKENÅSET

In Karlstad work has been in progress to create new building rights for, among other things, apartments and offices at Kanikenåset. Klöver is expected to obtain infill building rights within the existing portfolio and new building rights on land owned by the municipality. The plan is currently being exhibited and it is hoped that it will gain legal force in the beginning of 2013. When a local plan has been adopted for the whole area, an addition of around 195,000 sq.m. of new building rights is expected. In the area, Klöver already owns the properties Barkassen 7 and 9 and Kanoten 9 and 10.



## THE VALUE OF THE PROPERTIES

The fair value of the properties was SEK 22,624 million (14,880) at the year-end. The changes in value amounted to SEK –33 million (435), of which realized changes in value amounted to SEK 46 million (5) and unrealized changes in value SEK –79 million (430).

The mood on the property market has been slightly uncertain during the year. The volume of transactions was at almost the same level as the previous year, mainly due to the strong end of the year. Swedish institutions have during the year shown a strong interest in property investments. The competition has been stiffest for the most attractive properties. The property values have above all been affected by management measures. Investments entailing higher rents and operating savings have led to positive changes in value. An increased required yield was noted for properties in less good locations with high vacancy rates.

### CHANGES IN VALUE OF PROPERTIES

The changes in value of properties amounted to SEK –33 million (435). The changes in value include realized changes in value of SEK 46 million (5) and unrealized changes in value of SEK –79 million (430). Unrealized changes in value represent a –0.3 per cent decrease (3). At year-end 2012, the average required yield for Klöverns properties was 7.2 per cent (7.1), excluding land and building rights.

The value of investment properties rose slightly, mainly as a result of positive net moving-in and newly signed contracts which have entailed increased rental levels and thus also increased market rents and lower operating costs. The changes in value were negatively affected by increased yield requirements for development properties with relatively high vacancy rates. Overall, unrealized changes in value show a slightly negative development during the year.

During the year, Klöverns average required yield increased somewhat due to acquisition of properties with higher yield requirements but also through higher required yields for properties with relatively high vacancy rates.

### VALUATION MODEL

Klöverns 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 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. External valuations have been carried out by:

- > DTZ Sweden
- > CBRE
- > Nordier
- > Savills
- > Widehov Konsult
- > Juris Smitmanis Fastighetskonsult

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

|                             |
|-----------------------------|
| + Rent payments             |
| – Operating payments        |
| <b>= Operating surplus</b>  |
| – Deduction for investments |
| <b>= Property cash flow</b> |

- > The property's cash flow is discounted to present-day value each year 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 or ten years.
- > The development of inflation has been assessed at two per cent (The Riksbank's inflation target).

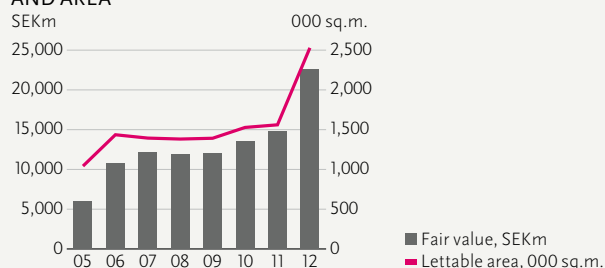
### BASIS FOR VALUATION

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.

## SUMMARY

|  |   |
|--|---|
| Value date                             | 31 December 2012                                  |
| Fair value                             | SEK 22,624 million                                |
| Calculation period                     | Five and ten years                                |
| Yield for assessment of residual value | Between 5.50 and 10.00 per cent                   |
| Cost of capital/discount rate          | Between 6.75 and 13.22 per cent                   |
| Long-term vacancy                      | Normally between 5 and 10 per cent                |
| Inflation                              | Two per cent<br>(The Riksbank's inflation target) |

## THE PROPERTIES' FAIR VALUE AND AREA



## SENSITIVITY ANALYSIS, PROPERTY VALUE

|                  | Change +/-           | Effect on profit, SEKm |
|------------------|----------------------|------------------------|
| Yield            | 0.5 percentage point | -1,405/1,606           |
| Rental income    | SEK 50/sq.m.         | +/-1,744               |
| Operating income | SEK 25/sq.m.         | -/+872                 |
| Vacancy rate     | 1.0 percentage point | -/+340                 |

## FAIR VALUE, SEKm

|                                     | 2012          | 2011          |
|-------------------------------------|---------------|---------------|
| Fair value as at 1 January          | 14,880        | 13,493        |
| Acquisitions                        | 7,459         | 315           |
| Investments                         | 861           | 685           |
| Sales                               | -543          | -48           |
| Changes in value, unrealized        | -79           | 430           |
| Changes in value, realized          | 46            | 5             |
| <b>FAIR VALUE AS AT 31 DECEMBER</b> | <b>22,624</b> | <b>14,880</b> |

## PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE 31 DECEMBER 2012

|                      | Fair value    | No. of properties | Rental value, SEKm <sup>1</sup> | Occupancy rate, % | Lettable area, 000 sq.m. | Cost of capital, % | Yield requirement, % | Yield | Yield requirement average, % |
|----------------------|---------------|-------------------|---------------------------------|-------------------|--------------------------|--------------------|----------------------|-------|------------------------------|
| Investment           | 3,499         | 82                | 394                             | 94                | 482                      | 7.43–11.44         | 5.50–9.25            |       | 7.5                          |
| Development          | 836           | 25                | 79                              | 61                | 151                      | 9.10–11.18         | 7.00–9.00            |       | 7.9                          |
| <b>SOUTH</b>         | <b>4,335</b>  | <b>107</b>        | <b>473</b>                      | <b>89</b>         | <b>633</b>               | <b>7.43–11.44</b>  | <b>5.50–9.25</b>     |       | <b>7.6</b>                   |
| Investment           | 4,045         | 85                | 476                             | 90                | 499                      | 6.75–12.00         | 6.00–10.00           |       | 7.3                          |
| Development          | 297           | 15                | 47                              | 61                | 96                       | 8.25–12.00         | 8.00–10.00           |       | 9.2                          |
| <b>EAST</b>          | <b>4,342</b>  | <b>100</b>        | <b>523</b>                      | <b>87</b>         | <b>595</b>               | <b>6.75–12.00</b>  | <b>6.00–10.00</b>    |       | <b>7.4</b>                   |
| Investment           | 7,897         | 69                | 759                             | 93                | 510                      | 6.75–12.00         | 6.25–10.00           |       | 6.9                          |
| Development          | 1,100         | 12                | 101                             | 50                | 106                      | 8.50–11.20         | 6.75–9.00            |       | 7.1                          |
| <b>STOCKHOLM</b>     | <b>8,997</b>  | <b>81</b>         | <b>860</b>                      | <b>88</b>         | <b>616</b>               | <b>6.75–12.00</b>  | <b>6.25–10.00</b>    |       | <b>6.9</b>                   |
| Investment           | 4,796         | 90                | 589                             | 90                | 652                      | 6.75–13.22         | 5.90–10.00           |       | 7.5                          |
| Development          | 154           | 9                 | 23                              | 70                | 33                       | 8.25–11.18         | 6.25–9.00            |       | 8.0                          |
| <b>CENTRAL/NORTH</b> | <b>4,950</b>  | <b>99</b>         | <b>612</b>                      | <b>89</b>         | <b>685</b>               | <b>6.75–13.22</b>  | <b>5.90–10.00</b>    |       | <b>7.5</b>                   |
| Investment           | 20,237        | 326               | 2,218                           | 92                | 2,143                    | 6.75–13.22         | 5.50–10.00           |       | 7.2                          |
| Development          | 2,387         | 61                | 250                             | 57                | 386                      | 8.25–12.00         | 6.25–10.00           |       | 7.7                          |
| <b>TOTAL</b>         | <b>22,624</b> | <b>387</b>        | <b>2,468</b>                    | <b>88</b>         | <b>2,529</b>             | <b>6.75–13.22</b>  | <b>5.50–10.00</b>    |       | <b>7.2</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.

**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 Klöver's 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 Klöver 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.

**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 in the property, the need for investments often increases.

**YIELD REQUIREMENT AND COST OF CAPITAL**

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 yield requirement. 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 by external valuers. 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.

# RESPONSIBLE ENTREPRENEURSHIP



|   |    |
|---|----|
| STARTING POINTS FOR RESPONSIBLE<br>ENTREPRENEURSHIP | 48 |
| PERSONNEL   | 49 |
| ENVIRONMENT   | 51 |

INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

**RESPONSIBLE ENTREPRENEURSHIP**

FINANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

# STARTING POINTS FOR RESPONSIBLE ENTREPRENEURSHIP

For Klövern the work on sustainable development has expanded in 2012. The acquisition of Dagon has, not the least, entailed demands to incorporate the new organization in Klövern taking into consideration employee and environmental perspectives. We have also continued to develop structures for general work on sustainability.

Klövern's organization has grown strongly in recent years. Today, almost 200 employees manage and develop properties where around 50,000 people work. Objectives and structures thus become increasingly important to work sustainably in the long term. Klövern's development is progressively moving in this direction and today environmental goals, development plans for the employees and customer surveys are natural parts of our business activities. The foundation nevertheless remains in Klövern's decentralized organization and local ties with our own staff. This is why Klövern must have regions that perform well with the right person at the right place.

## LOCAL MANAGEMENT

Our 17 local business units handle the day-to-day contacts with the customers, set guidelines for the operations of the unit and take responsibility for running the properties.

In 2012, much of the work has concerned the integration of Dagon into Klövern's organization, not least regarding environmental aspects, the working environment and the approach to work in general.

## KLÖVERN'S IMPACT AND RESPONSIBILITY

In accordance with the business plan, Klövern creates environments for future entrepreneurship by providing tenants with efficient premises and services in selected growth regions. Klövern strengthens the cities where we operate by participating actively in creating city neighbourhoods, areas and business clusters. We create physical environments that promote growth and thus prosperity for society and the individual. This is Klövern's most important contribution to sustainable development.

We must also at the same time act responsibly within our own business activities. A building, for example, has an impact on the community throughout its life cycle, from planning, projecting and construction through administration and refurbishment to demolition. Klövern also affects people's daily lives through our role as employer, by being a driving force in urban development in the localities where we operate and by creating good indoor environments, which give people a feeling of well-being and enable them to develop.

We understand that we are a player in the community and we therefore want to be involved in taking responsibility for our environment.

Acting responsibly creates a sustainable development that benefits shareholders, customers and personnel as well as the environment and the community.

## KLÖVERN'S RESPONSIBILITY



*Our work for responsible entrepreneurship is based on our vision. Besides the benefit that Klövern's core business activity brings, we also wish to act responsibly in all the business activities and in our role as a community player.*

# PERSONNEL

Our responsibility starts within our own organization. Klöver 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 and independent decision-making. This is the foundation of Klöver's process for attracting, developing and retaining competent staff and creating good working environments. The personnel process is summarized in the illustration below.

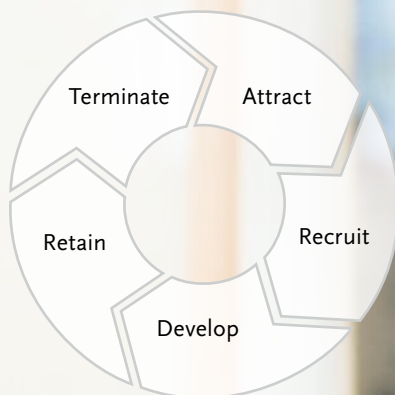
In 2012, around 30 employees were recruited while the acquisition of Dagon led to the addition of around 50 new employees to the organization. A lot of work was invested in introducing the new employees to the organization through introduction programmes, training courses and mentoring. The acquisition also entailed a number of terminations of employment that we have endeavoured to handle in a respectful and responsible way.

To be an attractive employer, Klöver invests a lot in staff opportunities for development. Despite the relatively small size of the organization, Klöver wishes to provide good career paths for the personnel. When appointing new managers, Klöver always seeks internal as well as external candidates.

## BUILDING BLOCKS FOR COMPETENCE AND COMMITMENT

During the year, a competence system was established with position descriptions for each role and employee. This was done to provide clarity on the existing competence in the organization, the competence gaps that need to be filled as well as the expectations on employees. In combination with annual development interviews, the competence system has

### KLÖVERN'S PERSONNEL PROCESS



*Our personnel process is based on the above six parts that form the foundation of how we attract and develop competent employees.*

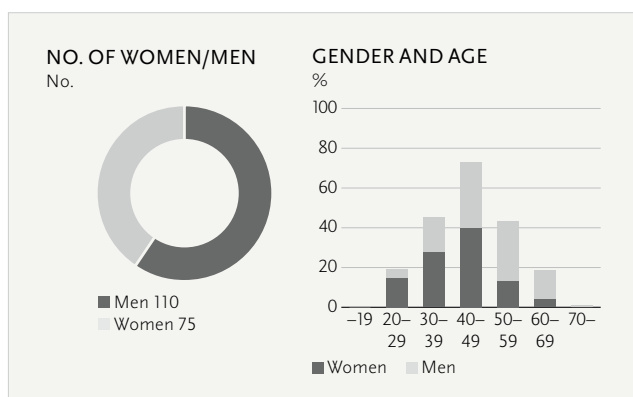
*Employees of Klöver Norrköping. Stefan Henriksson, business controller East Region, Jesper Nordqvist, manager.*



Employees at Klöver Kista. Charlotte Bengtsson, project manager, Marina Leksell, letting officer, at Klöver's premises on floor 28 of Victoria Tower.

## PERSONNEL

|  | 2012   | 2011  | 2010  | 2009  | 2008  |
|--|--------|-------|-------|-------|-------|
| No. of employees at year-end                           | 185    | 132   | 126   | 123   | 121   |
| no. of which women/men                                 | 75/110 | 58/74 | 54/72 | 48/75 | 51/70 |
| no. of which employed on collective agreement          | 44     | 32    | 29    | 32    | 30    |
| Average age, years                                     | 46     | 45    | 45    | 44    | 44    |
| Personnel turnover, %                                  | 10     | 8     | 10    | 6     | 9     |
| Added value per employee, SEKm                         | 7.3    | 5.6   | 6.7   | 6.6   | 6.4   |
| Competence development cost per employee, SEK thousand | 16     | 20    | 19    | 18    | 18    |



helped us establish individual development plans and identify the needs for further training in the organization.

During the year, courses have been arranged in, for example, management, landlord-tenant law, sales, IT, property management and the environment. The goal is to conduct our training courses in a more structured way in the future.

Klöver works systematically with working environment issues to prevent occupational injuries and work-related ill-health. During the year, all safety officers have undergone training in working environment adapted with special issues relating to the real estate industry. All employees are covered by health insurance with attractive terms, health check-ups every two years, an annual grant for keep-fit activities and are offered a subsidized lunch.

### PROFIT-SHARING FOUNDATION

To promote participation in the business and the development of Klöver's performance, all personnel are included in Klöver's profit-sharing foundation. All allocations to the foundation are based on a combination of Klöver's profit, required return and dividend to shareholders. The allocation may amount to at most one price base amount per employee per year. No allocation was made in 2012.

# ENVIRONMENT

Klövern shall provide environmentally adapted premises, developed and managed with the minimum possible use of resources and the least possible environmental impact. Each part of the business activities shall strive to act in an environmentally correct way.

In 2012, the environmental work has to a large part, besides operating activities, been focused on the acquisition of Dagon. An inventory of Dagon's environmental activities was made and work has started on integrating Dagon in Klöverns routines and work methods. This includes everything from environment training for new employees to measurement of monthly energy consumption.

Klövern's environmental work is well integrated into the everyday work of all personnel. Targeted environmental work takes place continuously in order to achieve steady improvements. Current legislation and environmental requirements, together with the environmental policy, action plan and environmental goals, serve as the basis for this work involving personnel and tenants as well as suppliers and entrepreneurs.

The environmental manager is responsible for the introduction of guidelines and policies and an environmental group with representatives from all regions pick up on environmental issues in the organization. The executive management takes all decisions, except for policies adopted by the board. The CEOs bears the ultimate responsibility for compliance with legislation.

## STRUCTURED WORK

Since 2011, Klöverns is environmentally certified according to the Swedish standard requirements for environmental certification Svensk Miljöbas. The certification has improved the structure of the environmental work and makes it possible to gradually introduce an environmental management system according to ISO 14001. During the certification process, the significant environmental impacts of the company's activities were identified. Klöverns has achieved its environmental goals for 2008–2012, with the exception of the introduction of purchase and travel policies that remain to be established in 2013.

In 2013, new environmental goals will be set regarding:

- > Energy
- > Chemicals
- > Transportation
- > Purchases
- > Waste
- > Communication



## ENERGY

*Klövern's goal is to reduce emissions from energy use and to minimize energy and water usage. Within the framework of this work the target has been to reduce heat consumption by 20 per cent between 2008 and 2012. The goal was attained by the end of the first half of 2012.*

Energy consumption is the most important parameter in Klöverns environmental work and minimizing the energy consumption of the properties has therefore been part of Klöverns work for a long time. This involves everything from investments and specific efficiency measures to personnel training and decreased tenant consumption. Klöverns own property technicians are the most important part of this work. Their presence and focus are the main contributing factors to the savings that are obtained. The presence of Klöverns employees at the properties helps them to see how ventilation, heat and cooling can be optimized and improved.

Heat consumption is decreased mainly through continuous training of property technicians. Energy managers at each business unit work on steady improvements of the



*Solar panels were installed on the property Vindhjulet 3 in Örebro during the autumn of 2012.*

energy optimization. The heat consumption can also be lowered through investments in properties with abnormal heat consumption. Klöverstrives to adapt heating and ventilation to customer requirements in order to make sure that no unnecessary energy is wasted. This is achieved through regular controls and follow-ups on flows and temperatures.

After the first six months of 2012, heat consumption had been reduced by 21 per cent since 2007 and thereby the target of a 20 % reduction in heat consumption was achieved.

Klöverstrives utilizes heating and cooling, for example through heat recycling in the ventilation system and modernization or adjustment of controls and rules. Lowering the temperature in the properties where this is possible reduces the heat consumption without investment.

#### **GREEN ENERGY**

In the summer of 2012, Klöverstrives signed an agreement with E.ON to use hydropower (surcharge 0.4 öre / Kwh) for the electricity supplied to the company by E.ON. The carbon dioxide emissions were thereby reduced by about 40,000 metric tonnes per year. The signing of green tenancy contracts is facilitated when there is an environmentally sound alternative for the tenants who cannot have their own electricity contract. We furthermore offer environmentally friendly alternatives to tenants with their own contracts and to all personnel.

In Örebro, 490 photovoltaic modules have been installed at Vindhjulet 3, one of Klöverstrives's properties. The property

currently has three tenants of which one is the Swedish Transport Agency.

The solar panels are expected to produce 100,000 kilowatt hours of electricity per year, which corresponds to a year's domestic consumption for 20 regular sized detached houses. The photovoltaic installation is the largest in Örebro and the fourth largest in Sweden and is expected to produce 30–40 per cent of the properties' electricity requirements.

#### **PURCHASES**

*Klöverstrives's purchases shall be assessed from an environmental perspective regarding both economy and life-span. An important part is to, as a first step, develop a common purchasing policy.*

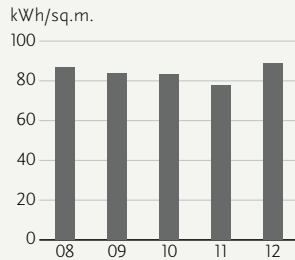
Klöverstrives makes a large amount of purchases in its business operations. In 2012, Klöverstrives employed 2,915 (2,134) different suppliers. The number of suppliers shall be reduced to increase efficiency and to facilitate the setting of relevant environmental demands. During 2013 a purchasing policy will be developed and implemented to simplify making demands on suppliers and to implement environmental management systems or deliver environmentally certified products and services.

#### **CHEMICALS**

*Klöverstrives's use of chemicals shall be optimized regarding function, working environment, environmental considerations and economy.*

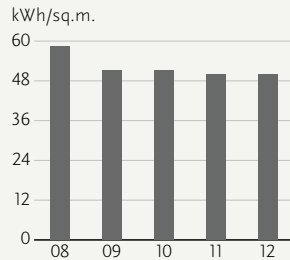
The use of chemicals is limited within Klöverstrives. Clear routines for chemical management have been developed through

**HEAT CONSUMPTION**



Acquisition of properties with high heat consumption in 2012 increased Klöverns total heat consumption to 89 kWh. According to Klöverns environmental goals, adjusted for a normal year, consumption of heating is to decrease by 20 per cent to 75 kWh per sq.m., from 2008 until year-end 2012. The decrease, excluding Dagon and up to 30 June 2012, totalled 21 per cent.

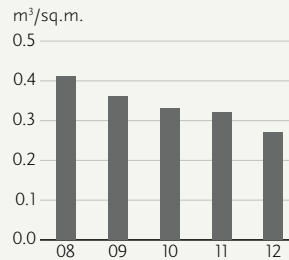
**ELECTRICITY CONSUMPTION INCLUDING TENANTS<sup>1</sup>**



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

The total electricity consumption, including parts of the tenants' consumption, has decreased by 5,821 MWh (2,626) in 2012. The properties average consumption amounted to 50 kWh (50) per sq.m. The electricity consumption has decreased by a total of 43 per cent since the establishment of the environmental goals in 2008. Part of the reduction can be related to transfer of electricity contracts to tenants. Acquisitions during the year did not affect Klöverns average electricity consumption.

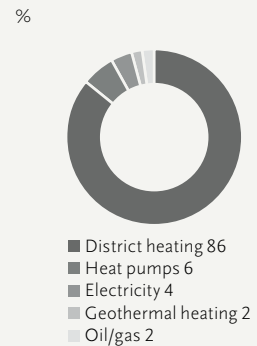
**WATER CONSUMPTION<sup>1</sup>**



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

Water consumption per sq.m. decreased slightly in connection with the acquisition of Dagon.

**HEATING TYPE**



Klövern acquired Dagon during the year. This led to an increase in the proportion of district heating used and also led to the addition of gas among the heating types for some of the properties in Malmö and Gothenburg. Oil is only present in a few properties and this heating type will be exchanged in the cases where oil is the main heating type.

**ENVIRONMENTALLY CERTIFIED BUILDINGS**

Klövern has decided to implement a number of environmental classifications of both existing buildings and new properties. Klövern mainly works with environmental classification through Green Building. Our first Green Building certified property in Västerås was approved in December 2011. In 2012, six more properties have been approved and four others are in the approval process. Ericsson's newly constructed offices in Kista comply with LEED gold requirements. Klövern is a member of the Sweden Green Building Council, which is the body in Sweden that deals with all classification systems.

**Green Building** is EU's programme to promote more energy efficient offices and industrial building by providing knowledge and best practices. In order to obtain this certification, new buildings must consume 25 per cent less energy than the standards set for new construction by the Swedish National Board of Housing, Building and Planning. In the case of renovation, the consumption should be reduced by at least 25 per cent.

**Miljöbyggnad (Swedish Green Building)** is a certification system based on Swedish construction and authority regulations and Swedish construction practices. The system is relatively simple and cost efficient but still effective for creating environmentally sustainable buildings. Within the classification Miljöbyggnad, a building can achieve the grades bronze, silver or gold.

**LEED (Leadership in Energy and Environmental Design)** is an international environment certification system developed in the USA by US Green Building Council. The system takes a general perspective on a building's environmental performance and includes more environmental aspects than Swedish systems, such as innovation and design, energy and atmosphere as well as localization and construction workplace. A building that is certified can reach one of four levels: certified, silver, gold or platinum. There are currently around 6,700 LEED-certified buildings in the world and many more are under way.

**KLÖVERN'S ENVIRONMENTALLY CERTIFIED PROPERTIES**

| City       | Property          | Environmental classification status |              |             |
|------------|-------------------|-------------------------------------|--------------|-------------|
|            |                   | Green Building                      | Miljöbyggnad | LEED        |
| Borås      | Grävlingen 5      | ✓ Approved by the EU                |              |             |
| Karlstad   | Druvan 13         | ✓ Approved by the EU                |              |             |
| Kista      | Helgafjäll 5      | In progress                         |              |             |
| Kista      | Isafjord 1        | In progress                         |              | In progress |
| Kista      | Hilton 3          | ✓ Approved by the EU                |              |             |
| Malmö      | Flygfynen 3       | ✓ Approved by the EU                |              |             |
| Norrköping | Kopparhammaren 2  |                                     | In progress  |             |
| Täby       | Svänghjulet 1     | ✓ Approved by the EU                |              |             |
| Täby       | Linjalen 60       | ✓ Approved by the SGBC <sup>1</sup> |              |             |
| Västerås   | Allmogekulturen 5 | ✓ Approved by the EU                |              |             |
| Örebro     | Vindhjulet 3      | ✓ Approved by the EU                |              |             |
| Örebro     | Oxbacken 7        | In progress                         |              |             |

1) Sweden Green Building Council.

an active inventory work and efforts from health and safety officers. During the year, Klöverner has continued to create routines and assess Dagon's chemical management.

#### WASTE

*Klöverner's waste shall, in an as large extent as possible, be sorted and recycled.*

We work for efficient waste management, are actively searching for environmental options in the choice of construction materials and train and engage personnel to promote systematic environmental work. We perform continuous review of the waste management, especially since the prerequisites for managing sorting and storage vary between properties. Tenants moving-in and vacating as well as Klöverner's purchase and sales of properties also affect the waste management. Work is in progress to improve the waste management in a number of business units together with the larger waste contractors.

#### TRANSPORTATION

*Klöverner's transportation, as well as travel to, from and within the company shall be assessed from an environmental, economic and time perspective. It is of particular importance to establish a company travel policy.*

Klöverner has both service vehicles and company cars in its business operations. Both freight and passenger transport take place to Klöverner's different offices, but also to many construction projects. The number of green vehicles has increased to 27 (24) during the year. Klöverner has acquired several gas-fuelled service vehicles as well as company bicycles for the business units.

Work is in progress to establish a travel policy that manages the selection of vehicles, how business trips are booked or how transportation shall take place. The goal is for the effects to be visible in 2013.

#### COMMUNICATION

*Klöverner's personnel shall have the knowledge to promote the company's environmental work.*

Communication with tenants is important. Being close to one's customers simplifies their day-to-day situation. One step in ensuring that the personnel have sufficient knowledge is an introduction day for new employees, during which environmental knowledge is one of many cornerstones. Furthermore, Klöverner's intranet is widely used to reach out with environmental information to the organization.



#### COMMUNITY PLAYER

Klöverner contributes to social responsibility both on a small-scale and more broadly; from participation in community development to collaboration with local government, the business sector and other organizations.

*Employee at Klöverner Norrköping, Christer Johnson, property technician.*



|                                 |    |
|---------------------------------|----|
| FINANCING                       | 56 |
| BONDS                           | 60 |
| THE COMMON AND PREFERENCE SHARE | 62 |
| TAX                             | 67 |
| RISK AND SENSITIVITY            | 68 |
| INVESTOR RELATIONS              | 72 |

INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

**FINANCE**

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

# FINANCING

Klövern's average interest rate increased somewhat during 2012 owing to higher bank margins, issuing of bonds and acquisition of further hedging in the form of interest rate swaps. At the end of 2012 and the beginning of 2013, Klöverner has hedged a further SEK 2.9 billion of the loan portfolio to ensure an even level of interest expense over time.

## THE CREDIT MARKET

The Riksbank lowered its policy rate, the repo rate, on three occasions during the year in conjunction with the debt crisis in parts of Europe and the United States and the extensive downturn in Sweden and most of the world. At the beginning of the year, the repo rate was 1.75 per cent and at year-end 1.00 per cent. Access to liquidity in the bank market is still limited, which led to decreasing leverage and high margins.

The year was characterized by low short and long-term market rates. The 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 Klöverner'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 Klöverner's Board.

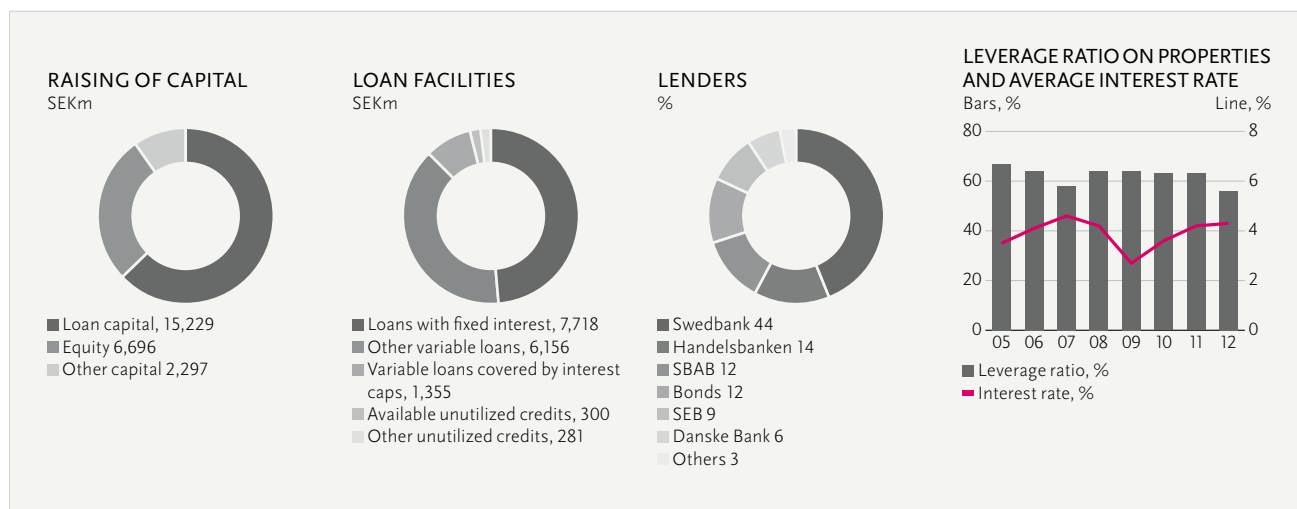
## RAISING OF CAPITAL

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. For a company like Klöverner, equity is normally the most expensive financing form of the three while other capital is the cheapest.

On 31 December 2012, Klöverner's assets amounted to SEK 24,222 million (15,390). Equity accounted for SEK

## FIXED INTEREST AND TIED-UP CAPITAL

| Maturity year | Fixed interest    |                  | Tied-up capital       |                |                  |                          |
|---------------|-------------------|------------------|-----------------------|----------------|------------------|--------------------------|
|               | Loan volume, SEKm | Interest rate, % | Contract volume, SEKm | Utilized, SEKm | Unutilized, SEKm | Of which available, SEKm |
| Variable      | 7,511             | 3.7              | –                     | –              | –                | –                        |
| 2013          | 11                | 4.5              | 4,051                 | 3,751          | 300              | 300                      |
| 2014          | 339               | 5.5              | 5,168                 | 4,984          | 184              | –                        |
| 2015          | 1,593             | 4.9              | 5,722                 | 5,625          | 97               | –                        |
| 2016          | 400               | 5.1              | –                     | –              | –                | –                        |
| 2017          | 1,075             | 4.5              | 650                   | 650            | –                | –                        |
| 2018          | 900               | 5.3              | –                     | –              | –                | –                        |
| 2019          | 400               | 5.6              | –                     | –              | –                | –                        |
| 2020          | 1,000             | 4.0              | –                     | –              | –                | –                        |
| 2021          | 1,000             | 4.3              | –                     | –              | –                | –                        |
| 2022–         | 1,000             | 5.4              | 219                   | 219            | –                | –                        |
| <b>TOTAL</b>  | <b>15,229</b>     | <b>4.3</b>       | <b>15,810</b>         | <b>15,229</b>  | <b>581</b>       | <b>300</b>               |



6,696 million (4,740) of the asset value, loan capital for SEK 15,229 million (9,345) and other capital for SEK 2,297 million (1,305).

## EQUITY

Equity consists of the difference between assets and liabilities. The shareholders have a share in the equity, based on their holdings. Klöver has two classes of shares: common shares and preference shares.

Klöver's equity ratio, or share of equity in proportion to total capital, is 28 per cent (31) and the adjusted equity ratio is 31 per cent (35). 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 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. This goal, which is really a long-term goal, was not achieved in 2012 as the return on equity amounted to 5.8 per cent (10.1).

### 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 63 per cent (61) of the total financing at year-end. The leverage ratio, measured as interest-bearing liabilities relating to real estate value, amounted to 67 per cent (63). However, collateral in the form of property pledges has not been provided for all liabilities. The leverage ratio for liabilities with pledged collateral amounts to 56 per cent (63). This change is attributable to, among other things, the four bonds issued by Klöver in 2012, totalling SEK 1.8 billion.

Practically all loans are based on the variable Stibor rate, which normally makes it possible to change the capital structure without having to pay early redemption charges. With a view to reducing the interest rate risk, Klöver has chosen to swap 49 per cent (51) of the volume, SEK 7,420 million (4,800), for fixed interest with a long maturity. Ordinary fixed-rate loans amount to 2 per cent, SEK 298 million. Variable loans account for 49 per cent (49), SEK 7,511 million (4,545). A further 9 per cent (16), corresponding to SEK 1,355 million (1,500) are protected against sharp interest rate rises by an interest cap.

During the year, SEK 5,480 million (2,644) of existing credit facilities have been refinanced and SEK 660 million (563) raised in new loans. Klöver furthermore raised another SEK 1,825 million (–) through bond issues.

In addition to existing loans, Klöver had unused credit and overdraft facilities of SEK 581 million (1,078), of which SEK 300 million (583) was immediately available

for use with existing collateral. The unused loan facilities are distributed among three different lenders and are subject to renegotiation in 2013, 2014 and 2015 respectively. All financing takes place in Swedish kronor. At year-end 2012, liquid funds amounted to SEK 375 million (11).

#### **Other capital**

Other capital consists mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. The financing form Other capital amounted to SEK 2,297 million (1,305) and constituted 9 per cent (8) of Klöver's total financing as at 31 December.

#### **AVERAGE INTEREST RATE AND FIXED INTEREST**

Klövern's average borrowing rate for the interest-bearing liabilities rose during the year. At year-end, Klöver's average interest rate was 4.3 per cent (4.2) after an increase of 0.1 percentage points during the year. The increase is attributable to the introduction of more expensive financing in the form of bonds, higher margins when refinancing, and additional acquisitions of interest rate swaps that 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, Klöver's average borrowing rate was 3.6 per cent (3.9) at the year-end. The average period of tied-up capital, taking into consideration interest rate derivatives, was 3.0 years (2.7). After additional acquisitions of interest rate swaps at the beginning of 2013, the period of tied-up capital was 3.5 years in mid-January.

#### **TIED-UP CAPITAL**

At the year-end, the average period of tied-up capital was 2.2 years (1.9). During 2013, loans mature totalling SEK 3,751 million (4,390), excluding overdraft facilities.

#### **DERIVATIVES**

Klövern uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 8,775 million (6,300) at year-end, corresponding to 58 per cent (67) of the interest-bearing liabilities. Klöver has 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. Klöver 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 1.6 and 5.0 per cent.

At year-end 2012, the volume of swaps was SEK 7,420 million (4,800). The interest rate swaps and fixed-interest loans entail that 51 per cent of the interest-bearing liabilities has fixed interest. Additional acquisitions of interest rate swaps totalling SEK 700 million were made after year-end, in mid-January. No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Handelsbanken, Nordea, SEB and Swedbank.

The interest cap holdings amounted to SEK 1,355 million (1,500) 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 Klöver's average borrowing rate. The counterparties for interest caps are Handelsbanken and 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 2012, the change in value of the derivatives amounted to SEK 2 million (-1) for the interest rate caps and SEK -177 million (-224) for the swap agreements. The aggregate change in value for the derivatives was SEK -175 million (-225), of which realized SEK -78 million (0). The fair value at year-end amounted to SEK 0 million (0) for the interest caps and SEK -432 million (-242) for the interest rate swaps. The total value of derivatives at year-end was SEK -432 million (-242). All changes in value regarding derivatives have been reported in the balance sheet. Hedge accounting was not applied.

## DERIVATIVE AGREEMENTS

| Counterparty                       | Amount, SEKm | Remaining time to maturity, years | Interest rate level, % | Market value, SEKm |
|------------------------------------|--------------|-----------------------------------|------------------------|--------------------|
| <i>Nominal interest rate swaps</i> |              |                                   |                        |                    |
| Handelsbanken                      | 145          | 1.3                               | 5.0                    | -7                 |
| Handelsbanken                      | 100          | 2.1                               | 3.1                    | -4                 |
| Swedbank                           | 600          | 2.1                               | 2.8                    | -21                |
| Handelsbanken                      | 800          | 2.1                               | 2.8                    | -27                |
| Danske Bank                        | 400          | 3.1                               | 3.0                    | -21                |
| Danske Bank                        | 545          | 4.1                               | 3.1                    | -38                |
| Nordea                             | 30           | 4.8                               | 4.0                    | -3                 |
| SEB                                | 500          | 5.0                               | 1.6                    | -1                 |
| Swedbank                           | 300          | 5.6                               | 2.7                    | -18                |
| Swedbank                           | 200          | 5.6                               | 2.7                    | -12                |
| Swedbank                           | 400          | 6.0                               | 3.7                    | -49                |
| Swedbank                           | 100          | 6.0                               | 1.8                    |                    |
| Swedbank                           | 400          | 6.1                               | 3.5                    | -45                |
| Swedbank                           | 100          | 7.0                               | 1.9                    |                    |
| Swedbank                           | 800          | 8.0                               | 1.9                    | -3                 |
| Swedbank                           | 200          | 8.0                               | 1.9                    | -1                 |
| Swedbank                           | 300          | 8.7                               | 2.5                    | -14                |
| Swedbank                           | 700          | 9.0                               | 2.0                    | -7                 |
| Swedbank                           | 400          | 9.1                               | 3.3                    | -64                |
| Swedbank                           | 600          | 9.1                               | 3.3                    | -97                |
| Swedbank                           | 500          | 10.0                              | 2.2                    |                    |
| <b>TOTAL SWAPS</b>                 | <b>8,120</b> | <b>6.1</b>                        | <b>2.7</b>             | <b>-432</b>        |
| <i>Interest cap</i>                |              |                                   |                        |                    |
| Swedbank                           | 500          | 1.0                               | 4.5                    | 0                  |
| Handelsbanken                      | 355          | 1.3                               | 5.0                    | 0                  |
| Swedbank                           | 500          | 1.3                               | 4.3                    | 0                  |
| <b>TOTAL INTEREST CAPS</b>         | <b>1,355</b> | <b>1.2</b>                        | <b>4.6</b>             | <b>0</b>           |
| <b>TOTAL</b>                       | <b>9,475</b> | <b>5.4</b>                        | <b>3.0</b>             | <b>-432</b>        |

■ Acquired in January 2013

## CREDITORS AND COLLATERAL

The loan portfolio is distributed among eight lenders: Danske Bank, Handelsbanken, Länsförsäkringar Bank, Nordea, SBAB, SEB, Swedbank and Sörmlands Sparbank.

Property mortgages of SEK 15,078 million (10,429) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klöver'n has provided a pledge in the form of shares in property-owning subsidiaries and Parent Company guarantees from Klöver'n AB.

## COVENANTS AND RISK-TAKING

Klöver'n'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 sometimes set limit values, known as covenants, in credit agreements with banks and credit institutions specifically for these three key ratios. Klöver'n's own goals comply well with the banks' requirements.

Klöver'n's goal for 2012 was for the equity ratio to be between 25 and 35 per cent. The banks that have an equity ratio covenant have set 20–25 per cent as the lower limit. Klöver'n's goal is for the interest coverage ratio to amount to at least 1.5 multiples, which complies with the banks' requirements. Klöver'n has no goal of its own for leverage but the banks' requirements vary between 60 and 75 per cent, depending among other things on the volume of collateral volume.

Klöver'n meets all of the banks' goals and requirements as at the balance sheet date and we expect to continue doing so in 2013. The equity ratio was 28 per cent (31), adjusted equity ratio 31 per cent (35), the interest coverage ratio 1.9 multiples (2.2), total leverage 67 per cent (63) and leverage against property pledges amounted to 56 per cent (63).

## BONDS

In 2012, Klöver issued four bonds on the Swedish market with an aggregate volume of SEK 1,825 million. The bonds constitute a complement to bank financing.

### KLÖVERN'S ISSUES

Klövern issued four uncovered bonds on the Swedish market in 2012. Demand was great for the first bond loan of SEK 500 million, issued in February, and the bond was heavily oversubscribed. This allowed Klöver to issue at the lowest level in the interest margin range offered. Owing to the high demand, Klöver decided to immediately issue another loan of SEK 320 million with a maximum volume of SEK 500 million. The remaining SEK 180 million was issued in April.

A third bond of SEK 650 million was issued in October, with a total loan volume of SEK 2,000 million. In December, a fourth bond of SEK 175 million was issued with a total volume of SEK 500 million. When the total bond loan volume is greater than the issued amount, this means that there is additional scope for issuing within the same loan.

The issuing agent for the first three bonds was Swedbank and for the fourth the issuing agent was Pareto-Öhman. The total issued volume amounted to SEK 1,825 million at year-end.

### ALTERNATIVE FORM OF FINANCING

During the past years, the financial crisis, the downturn, insufficient liquidity and changes in regulatory requirements have led banks to be increasingly restrictive in their lending operations. In 2011 and 2012, it became clear that the banks' leverage ratios, the proportion of loans in relation to the properties' value, followed a declining trend. From the 75 per cent ratio that was previously typical, a ratio of 70, 65 and even 60 per cent, depending on the volume of collateral, became increasingly common. However, Klöver's goal of loan capital financing amounting to 65–75 per cent of property value still remains and alternative forms of financing, such as bonds, have therefore become more attractive.

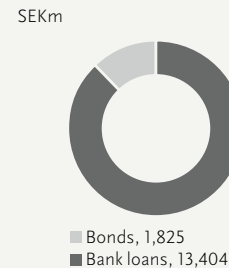
The capital raised from bond issues has not only been used to cover the difference between the banks' maximum leverage limit and Klöver's wishes but also to carry out rapid and profitable acquisitions when the banks' lead time was long. Part of the bond capital also replaced a short-term bank loan that was obtained in conjunction with the acquisition of Dagon.

### PROPERTY BONDS ISSUED IN 2012

| Issuer      | ISIN code    | Maturity, years | Fixed/variable interest rate | Coupon            | Volume, SEKm |
|-------------|--------------|-----------------|------------------------------|-------------------|--------------|
| Klövern     | SE0004453108 | 3               | Variable                     | 3m Stibor + 4.00% | 500          |
| Klövern     | SE0004491512 | 3               | Variable                     | 3m Stibor + 4.00% | 500          |
| Sagax       | SE0004491637 | 5               | Fixed                        | 6.50%             | 350          |
| Hemsö       | SE0004634632 | 3               | Variable                     | 3m Stibor + 2.25% | 750          |
| Akelius     | SE0004649739 | 3               | Variable                     | 3m Stibor + 4.75% | 420          |
| Castellum   | SE0004807964 | 3               | Variable                     | 3m Stibor + 2.35% | 1,075        |
| Castellum   | SE0004807972 | 3               | Fixed                        | 4.00%             | 125          |
| FastPartner | SE0004810158 | 4               | Variable                     | 3m Stibor + 3.90% | 500          |
| Balder      | SE0004807402 | 3               | Variable                     | 3m Stibor + 2.75% | 250          |
| Klövern     | SE0004868453 | 4.25            | Variable                     | 3m Stibor + 4.00% | 650          |
| Klövern     | SE0004951648 | 2.25            | Variable                     | 3m Stibor + 3.60% | 175          |

Listed companies plus Hemsö, arranged by issue date.

### BOND SHARE OF LOAN CAPITAL





### INVESTORS

The minimum subscription amounts for Klöver's bonds were SEK 500,000 and SEK 1 million respectively. This relatively low limit has contributed to considerable interest, not only from institutional investors but also from individuals. Investors include banks, funds, trade unions, real estate companies, private companies as well as individuals. In total, more than 500 investors chose to invest in Klöver's bonds in conjunction with the issues.

### SECONDARY MARKET

Three of Klöver's four issued bond loans were listed on the Corporate Bond List at NASDAQ OMX Stockholm at year-end. The fourth loan was listed in the beginning of 2013. The bond loans are not however traded on the stock exchange but instead via Swedish banks and bond brokers. Some of these market participants voluntarily set indicative prices for each bond loan.

### PROPERTY BONDS ISSUED IN 2012

A total of eleven uncovered property bonds were issued on the Swedish market in 2012, of which four were issued by Klöver. Uncovered means that there is no specific collateral linked to the bond. Most of the bonds have variable interest rates.

### COMMERCIAL PAPER PROGRAMME AND COVERED BONDS

At present, Klöver has not issued any commercial paper or covered bonds but may very well do so in the future with a view to further diversify financing. The commercial paper programme works in the same way as bonds with the exception of the period to maturity that is limited to a maximum of one year. The short maturity leads to a high refinancing risk and a bank therefore always guarantees the corresponding loan volume if the issue proves to be impossible. The guaranteed loan volume is called a back-up facility and the bank requires collateral for it in the form of mortgages. The bank also demands payment for the back-up facility.

Covered bonds, unlike the uncovered bonds that Klöver has issued, replace bank loans and can thus free up some of the loan capacity of lending banks. Property mortgage deeds are used as collateral in the same way as for bank loans.

# COMMON AND PREFERENCE SHARE

During the year, Klöver has issued preference shares, among other things in connection with acquisitions. The preference share has added SEK 1,965 million to equity and over 20,000 preference shareholders to the company.

The market value of the Klöver share rose by 60 per cent to SEK 6,670 million (4,165). Klöver's shares are included in the OMX Stockholm Benchmark index (OMXSB). The share capital amounted to SEK 925 million (833), divided by 185,080,698 shares at year-end. There are two share classes: common and preference shares, both with a quota value of SEK 5 per share. The company's main shareholders are Corem Property Group AB and AB Arvid Svensson Invest.

## MARKET INFORMATION

The price of Klöver's common shares decreased by 1 per cent (-24) during the year to SEK 25.60 (25.90). However, during the year a value corresponding to SEK 3.30 per common share has been separated and allocated without compensation to existing shareholders as at 26 January 2012 in the form of preference shares. Taking this into consideration, the share price rose by 12 per cent. The preference share price rose by 6 per cent (-) compared to the listing in January 2012. At year-end, the share price of the preference share amounted to SEK 136.75.

In 2012, the Stockholm stock exchange as a whole, measured as the All-Share index, rose by 12 per cent (-17) and NASDAQ OMX Stockholm Real Estate index rose by 14 per cent (-16).

From November 2012, Klöver is included in the OMX Stockholm Benchmark index (OMXSB). OMXSB consists of the 80 to 100 largest and most traded share classes on the Stockholm stock exchange's. Like the OMX Stockholm All-Share index (OMXS), it gives an indication of the overall development on the Stockholm stock exchange. OMX Stockholm Benchmark is constructed to mirror developments on the Stockholm stock exchange of shares that constitute potential investments for larger market participants.

Klöver's market value had increased to SEK 6,670 million (4,165) at year-end 2012, based on the number of outstanding shares. The turnover rate was 46 per cent (52) for the common shares and 80 per cent (-) for the preference shares, an indication of continued high liquidity. Total turnover for Klöver's common share was SEK 1,827 million (2,464) and SEK 1,304 million (-) for the preference share.

Klöver's share capital amounted to SEK 925,403,490 at year-end (832,721,630). The share's quota value was SEK 5 per share and the total number of registered shares amounted to 185,080,698 (166,544,326) divided between 166,544,360

common shares (166,544,326) and 18,536,338 preference shares (-), as at 31 December 2012.

## THE KLÖVERN SHARE

Klöver has two classes of shares: common shares and preference shares. The differences between the share classes are differing voting rights and differing rights to the company's assets and profit.

Besides voting rights, the difference between Klöver's share classes is that the preference shares entail a preferential right to the company's profit and assets through a preferential right over common shares to dividends as well as access to a set amount, but nothing beyond this, in the event of bankruptcy or liquidation. The regulations on voting rights and dividends are decided upon by the Shareholders' Meeting and can be found in the Articles of Association.

### The common share

Klöver's common share has been listed on NASDAQ OMX Stockholm Mid Cap since 2003. The share's ISIN code is SE0000331225 and the short name is KLOV. Each common share, apart from repurchased shares, confers one vote unlike the preference shares that confer one-tenth of a vote.

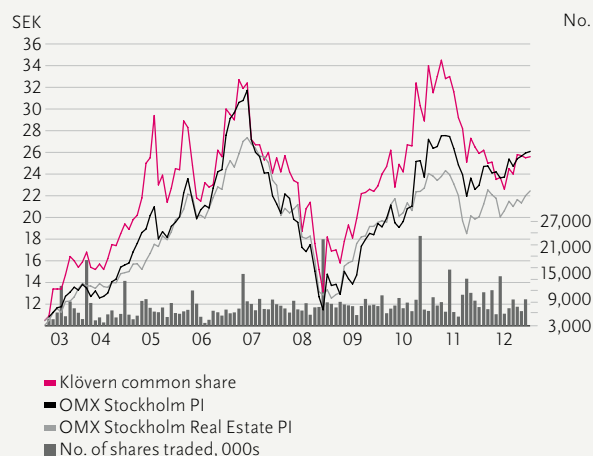
The total number of registered common shares was 166,544,360 (166,544,326) at year-end. The addition of 34 shares (-) during the year is due to a cash issue at the Extraordinary Shareholders Meeting on 12 January 2012.

### The preference share

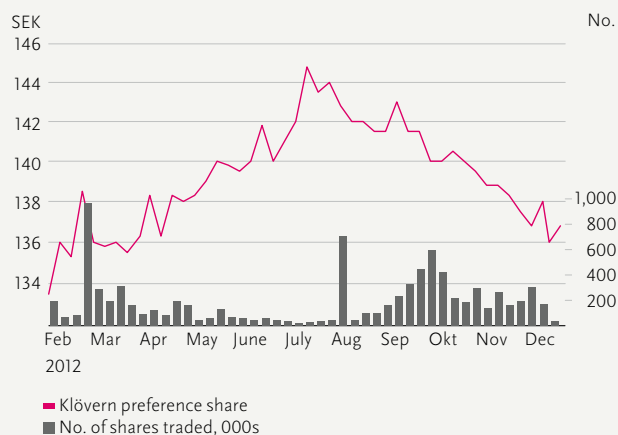
An Extraordinary Shareholders Meeting on 12 January 2012 decided on a bonus issue of preference shares to Klöver's common shareholders. The decision was made to achieve good liquidity in the preference shares that were part of the settlement for the public offer to shareholders of Dagon AB. All shareholders in Klöver received one preference share per forty common shares without any additional requirement. The shares started to be traded on NASDAQ OMX Stockholm Mid Cap on 30 January 2012. The ISIN code is SE0004390037 and the short name is KLOV PREF.

A preference share confers one-tenth of a vote unlike common shares that, apart from repurchased shares, confer one vote per share.

## COMMON SHARE



## PREFERENCE SHARE



## THE KLÖVERN SHARE DURING AN EIGHT-YEAR PERIOD

|  | 2012               | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  | 2005  |
|--|--------------------|-------|-------|-------|-------|-------|-------|-------|
| Share price at year-end, common shares, SEK                | 25.60              | 25.90 | 34.00 | 22.90 | 18.20 | 25.50 | 30.00 | 24.50 |
| Share price at year-end, preference shares, SEK            | 136.75             | –     | –     | –     | –     | –     | –     | –     |
| Capitalization, outstanding shares, SEKm                   | 6,670              | 4,165 | 5,467 | 3,682 | 2,929 | 4,227 | 4,996 | 2,949 |
| Profit from property management per share, SEK             | 2.38               | 2.66  | 2.73  | 3.07  | 2.17  | 2.32  | 2.25  | 1.49  |
| Earnings per common share, SEK                             | 1.24               | 2.89  | 3.76  | 1.48  | -2.92 | 7.36  | 5.04  | 3.27  |
| Earnings per preference share, SEK                         | 7.52               | –     | –     | –     | –     | –     | –     | –     |
| Equity per share, SEK                                      | 37.2               | 29.5  | 28.1  | 25.6  | 25.1  | 29.4  | 23.2  | 18.8  |
| Dividend per common share, SEK                             | 1.50 <sup>1</sup>  | 1.25  | 1.50  | 1.25  | 1.00  | 1.50  | 1.25  | 1.00  |
| Dividend per preference share, SEK                         | 10.00 <sup>1</sup> | 10.00 | –     | –     | –     | –     | –     | –     |
| Dividend in relation to profit from property management, % | 83 <sup>1</sup>    | 79    | 55    | 41    | 46    | 64    | 56    | 47    |
| Yield, common shares <sup>2</sup> , %                      | 5.9 <sup>1</sup>   | 4.8   | 4.4   | 5.5   | 5.5   | 5.9   | 4.2   | 4.1   |
| Total return, common shares <sup>3</sup> , %               | 3.7                | -19.4 | 54.0  | 31.3  | -22.7 | -10.8 | 26.5  | 30.2  |
| No. of registered common shares, million                   | 166.5              | 166.5 | 166.5 | 166.5 | 166.5 | 166.5 | 166.5 | 120.4 |
| No. of outstanding common shares, million                  | 161.5              | 160.8 | 160.8 | 160.8 | 160.8 | 165.8 | 166.5 | 120.4 |
| No. of registered preference shares, million               | 18.5               | –     | –     | –     | –     | –     | –     | –     |
| No. of outstanding preference shares, million              | 18.5               | –     | –     | –     | –     | –     | –     | –     |

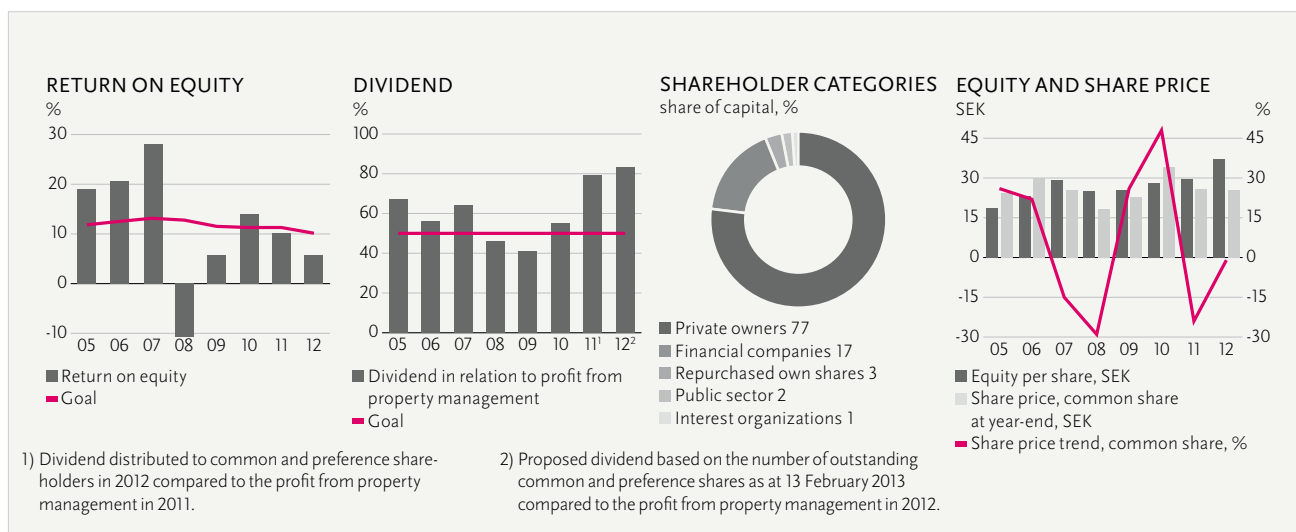
1) Based on proposed dividend    2) Based on proposed dividend for the previous fiscal year, %    3) Share price trend and dividends distributed during the year, %

Klövern's preference shares confer a preferential right over common shares to an annual dividend of SEK 10.00 per preference share. From the first quarter of 2012, dividend payments are made quarterly with SEK 2.50 per preference share. The preference share does not otherwise confer a right to dividend. If the general meeting decided not to pay dividends or to pay dividends that fall below SEK 2.50 per preference share during a quarter, the difference between paid dividends and SEK 2.50 shall be accumulated and adjusted upwards with an annual interest rate of 8 per cent until full dividends have been distributed. No dividends may be distributed to the common shareholders until the prefer-

ence shareholders have received full dividends including the withheld amount. Any difference between SEK 2.50 and the dividend paid per preference share is accumulated for each quarter.

The annual cash yield was around 7.5 per cent based on the issue price of SEK 133.00 per preference share. 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.

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 and in the



month of March the year after the Annual General Meeting.

At year-end, the total number of registered preference shares was 18,536,338 (-).

Detailed information regarding dividends, issues and redemption can be found in Klöver's Articles of Association on p.141 of the Annual Report. The dates for record days and distribution of dividends is available in the calendar on [klovern.se](http://klovern.se).

#### Share issues

Klöver decided on a bonus issue of preference shares to Klöver's shareholders at an Extraordinary Shareholders Meeting on 12 January 2012. All shareholders in Klöver received one (1) preference share per forty (40) common shares without any additional requirement. The decision on a bonus issue was taken to achieve good liquidity in the preference shares that were part of the settlement for the public offer to the shareholders of Dagon AB (publ) during the acquisition of all outstanding shares. Accordingly, the number of issued preference shares in the bonus issue was 4,163,609.

In total, a further 7,611,754 preference shares were issued through the bonus issue as a partial settlement in the acquisition of the shares in Dagon AB (publ).

The Annual General Meeting on 17 April 2012 authorized the Board of Directors to, on one or several occasions, in the time up to the next Annual General Meeting, decide on issues of common and/or preference shares, with or without disapplication of the shareholders' pre-emption rights. The authorization has been used on two occasions, one of which regarded a partial settlement for the acquisition of the property Borgarfjord 4 in Kista and the other a partial settlement for the acquisition of shares in Diös Fastigheter AB (publ). In total, 911,000 preference shares were issued on these two occasions.

At an Extraordinary Shareholders Meeting on 14 September 2012 the decision was made to issue 1,044,975 preference shares. The right to sign the shares, disapplying the existing shareholders' pre-emption rights, was given to Lantbrukarnas Ekonomi AB and Catella Select. The reason for disapplying the shareholders' pre-emption rights was that Klöver through the agreement acquired shares in Diös. Additionally, a total of 4,805,000 preference shares were issued. This issue was directed to the Swedish public and institutional investors in Sweden and abroad. Around 4,000 new shareholders and SEK 650 million were added to the company through this issue.

#### REPURCHASE

Since 2007, the Board of Directors of Klöver has been authorized by the Annual General Meeting to repurchase shares up to a 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.

Following the renewal of the authorization in the Annual General Meeting in 2012, Klöver has acquired a further 6,065,564 common shares. The Extraordinary Shareholders Meeting on 14 September authorized the Board of Directors to initiate a transfer of shares with the same purpose. Klöver has, up to 31 December 2012, transferred 6,807,027 common shares and 143,536 preference shares.

At the end of the year, Klöver's holdings of own shares included 5,000,000 common shares, corresponding to 3 per cent of the total of the total number of registered shares. The common shares were acquired at an average price of SEK 22.4

per share. The common shares were sold at an average price of SEK 23.9 per share and the preference shares at SEK 137.2. After the end of the year, all repurchased shares have been divested.

#### DIVIDEND

Klövern's shareholders have over the past five years seen a stable development of earnings per share. The company's goal is for dividend to amount to at least 50 per cent of the profit from property management in the long term.

The Board of Directors' proposal to the Annual General Meeting is for a dividend of SEK 1.50 (1.25) to be paid per common share and SEK 10.00 per preference share, distributed at SEK 2.50 per quarter.

According to the present proposal, dividend during 2013 amounts to 83 per cent (79) of the profit from property management in 2012. During the past eight years, this would correspond to an average dividend amounting to 61 per cent of the profit from property management.

#### DIVIDEND IN 2012

At an Extraordinary Shareholders Meeting on 12 January 2012, the dividend for preference shares was set at SEK 2.50 with the record day on 30 March. The Annual General Meeting decided, according to the Board of Directors' proposal, that the dividend shall amount to SEK 1.25 (1.50) for the common share and to SEK 10.00 for the preference share, distributed at SEK 2.50 per quarter. The record day for preference shareholders is the last weekday of each quarter and dividends are normally distributed three business days later. The first record day was 30 June 2012.

The Extraordinary Shareholders Meeting on 14 September 2012 decided that dividend is to be distributed also to preference shares issued after the Annual General Meeting. All dates for record days and distribution can be found in the calendar at klovern.se.

During the year, a dividend of SEK 10.00 (–) per preference share has been paid, amounting to a total of SEK 139 million (–). The dividend for the common share was SEK 1.25 (1.50), in total SEK 201 million (241). Klövern's repurchased shares do not confer right to dividend.

#### Yield

Real estate companies pay a relatively high dividend as a rule and the same applies to yield. The proposed dividend in 2013 of SEK 1.50 (1.25) per common share corresponds to a yield of 5.2 per cent (5.8) if the SEK 3.30 that was separated for the preference share in January 2012, is included. During 2012, the common share's total return per share, including dividend of SEK 1.25 and the above mentioned SEK 3.30, has been 16 per cent (–20).

#### Return on equity

Klövern's goal for return on equity over a business cycle is the risk-free rate plus nine percentage points. The risk-free rate was 1.1 per cent during 2012. The return on equity was 5.8 per cent in 2012 and the goal was therefore not achieved.

#### Equity and equity ratio

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 2012 to SEK 6,696 million (4,740) and equity per share to SEK 37.2 (29.5). On the liabilities side of the balance sheet, there is a deferred tax liability of SEK 1,108 million (673), 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 Klövern'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 8,817 million (5,666). If the equity was adjusted with deferred tax on properties, calculated at 5 per cent, goodwill and the value of derivatives, the equity ratio would be 31.4 per cent (34.9).

#### OWNERSHIP

At year-end 2012, there were 31,651 shareholders (27,213) in Klövern. The ten largest shareholders represented 58.5 per cent (63.0) of the total number of outstanding shares, corresponding to a market capitalization of SEK 3,233 million (2,629). 81 per cent (84) 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 2012, a shareholding exceeding 10 per cent. During the year, Brinova Fastigheter AB declared sale of its shareholding and Länsförsäkringar Fondförvaltning AB declared purchase of shares.

#### DISTRIBUTION OF SHAREHOLDING

| Shareholding                                | No. of shareholders |
|---|---------------------|
| 1 – 500                                     | 23,953              |
| 501 – 1,000                                 | 3,078               |
| 1,001 – 5,000                               | 3,477               |
| 5,001 – 10,000                              | 496                 |
| 10,001 – 15,000                             | 209                 |
| 15,001 – 20,000                             | 100                 |
| 20,001 –                                    | 338                 |
| <b>BASED ON NUMBER OF REGISTERED SHARES</b> | <b>31,651</b>       |

## DEVELOPMENT OF THE SHARE CAPITAL

| Date       | Event  | No. of common shares | No. of preference shares | Accumulated share capital, SEK |
|------------|--|----------------------|--------------------------|--------------------------------|
| 01.01.2002 | The company was established                    | 575,672,226          |                          | 57,567,223                     |
| 18.06.2002 | Directed new share issue                       | 575,672,250          |                          | 57,567,225                     |
| 27.06.2002 | Reverse stock split 1:250                      | 2,302,689            |                          | 57,567,225                     |
| 27.06.2002 | Reduction of share capital                     | –                    |                          | 11,513,445                     |
| 07.08.2002 | Preferential issue                             | 25,329,579           |                          | 126,648,895                    |
| 17.12.2002 | Non-cash issue                                 | 41,323,980           |                          | 206,619,900                    |
| 15.08.2003 | Non-cash issue                                 | 55,331,670           |                          | 278,658,350                    |
| 15.08.2003 | Non-cash issue                                 | 60,870,130           |                          | 304,350,650                    |
| 25.09.2003 | Redemption of convertible loan                 | 60,960,630           |                          | 304,803,150                    |
| 17.10.2003 | Non-cash issue                                 | 67,408,322           |                          | 337,041,610                    |
| 12.01.2004 | Conversion of Class A shares to Class B shares | 67,408,322           |                          | 337,041,610                    |
| 19.01.2004 | Redemption of convertible loan                 | 67,590,322           |                          | 337,951,610                    |
| 13.02.2004 | Non-cash issue                                 | 71,770,322           |                          | 358,851,610                    |
| 18.02.2004 | Conversion of Class A shares to Class B shares | 71,770,322           |                          | 358,851,610                    |
| 18.02.2004 | Non-cash issue                                 | 84,496,317           |                          | 422,481,585                    |
| 06.04.2004 | Redemption of convertible loan                 | 88,541,544           |                          | 442,707,720                    |
| 07.05.2004 | Redemption of convertible loan                 | 88,678,044           |                          | 443,390,220                    |
| 02.07.2004 | Redemption of convertible loan                 | 88,769,272           |                          | 443,846,360                    |
| 16.08.2004 | Non-cash issue                                 | 105,785,881          |                          | 528,929,405                    |
| 03.03.2005 | Non-cash issue                                 | 112,385,881          |                          | 561,929,405                    |
| 06.06.2005 | Non-cash issue                                 | 120,364,259          |                          | 601,821,295                    |
| 22.11.2006 | Non-cash issue                                 | 166,544,326          |                          | 832,721,630                    |
| 13.01.2012 | Cash new issue                                 | 166,544,360          |                          | 832,721,800                    |
| 13.01.2012 | Bonus issue                                    |                      | 4,163,609                | 853,539,845                    |
| 06.03.2012 | New issue                                      |                      | 11,708,140               | 891,262,500                    |
| 10.04.2012 | New issue                                      |                      | 11,774,778               | 891,595,690                    |
| 19.04.2012 | New issue                                      |                      | 11,775,363               | 891,598,615                    |
| 29.06.2012 | New issue                                      |                      | 12,238,363               | 893,913,615                    |
| 09.07.2012 | New issue                                      |                      | 12,686,363               | 896,153,615                    |
| 14.09.2012 | New issue                                      |                      | 13,598,863               | 900,716,115                    |
| 17.09.2012 | New issue                                      |                      | 13,731,338               | 901,378,490                    |
| 08.10.2012 | New issue                                      |                      | 17,314,688               | 919,295,240                    |
| 08.10.2012 | New issue                                      |                      | 18,419,688               | 924,820,240                    |
| 17.10.2012 | New issue                                      |                      | 18,536,338               | 925,403,490                    |

## MAJOR COMMON SHAREHOLDERS

|  | No. of common shares, 000s | No. of preference shares, 000s | Share of share capital, % | Share of votes, % |
|--|----------------------------|--------------------------------|---------------------------|-------------------|
| Corem Property Group                     | 32,200                     | –                              | 17.4                      | 19.1              |
| Arvid Svensson Invest                    | 24,159                     | 2,456                          | 14.4                      | 14.5              |
| Rutger Arnhult via companies             | 15,576                     | 299                            | 8.6                       | 9.3               |
| Länsförsäkringar fund management         | 9,675                      | –                              | 5.2                       | 5.7               |
| Swedbank Robur funds                     | 6,312                      | 37                             | 3.4                       | 3.8               |
| Handelsbanken funds                      | 4,465                      | 1                              | 2.4                       | 2.7               |
| JPM Chase                                | 3,905                      | 6                              | 2.1                       | 2.3               |
| SEB Investment Management                | 2,954                      | 62                             | 1.6                       | 1.8               |
| Lantbruk associates                      | 2,740                      | 1,231                          | 2.1                       | 1.7               |
| BP2S Lux/Fim/Luxembourg Funds            | 2,453                      | –                              | 1.3                       | 1.5               |
| <b>TOTAL LARGEST OWNERS</b>              | <b>104,439</b>             | <b>4,092</b>                   | <b>58.5</b>               | <b>62.4</b>       |
| Other owners                             | 57,105                     | 14,444                         | 41.5                      | 37.6              |
| <b>TOTAL OUTSTANDING SHARES</b>          | <b>161,544</b>             | <b>18,536</b>                  | <b>100.0</b>              | <b>100.0</b>      |
| Repurchased own shares                   | 5,000                      | –                              |                           |                   |
| <b>TOTAL NUMBER OF REGISTERED SHARES</b> | <b>166,544</b>             | <b>18,536</b>                  |                           |                   |

## LARGEST PREFERENCE SHAREHOLDERS

|                                    | No. of preference shares, 000s | No. of common shares, 000s | Share of share capital, % | Share of votes, % |
|------------------------------------|--------------------------------|----------------------------|---------------------------|-------------------|
| Arvid Svensson Invest              | 2,456                          | 24,159                     | 14.4                      | 14.5              |
| Cormac Förv                        | 1,477                          | –                          | 0.8                       | 0.9               |
| Lantbruk associates                | 1,231                          | 2,740                      | 2.1                       | 1.7               |
| Robur Försäkring                   | 619                            | 244                        | 0.5                       | 0.2               |
| Avanza Pension                     | 486                            | 913                        | 0.8                       | 0.6               |
| Henningson Affärsfast.             | 463                            | –                          | 0.3                       | 0.0               |
| BK Julius Baer & Co Sweden Main AC | 404                            | 76                         | 0.3                       | 0.1               |
| SEB Life International Assurance   | 300                            | –                          | 0.2                       | 0.0               |
| Rutger Arnhult via companies       | 299                            | 15,576                     | 8.6                       | 9.3               |
| Didner & Gerge Fonder              | 260                            | –                          | 0.1                       | 0.0               |
| <b>TOTAL LARGEST OWNERS</b>        | <b>7,995</b>                   | <b>43,708</b>              | <b>28.1</b>               | <b>27.3</b>       |
| Other owners                       | 10,541                         | 117,836                    | 71.9                      | 72.7              |
| <b>TOTAL OUTSTANDING SHARES</b>    | <b>18,536</b>                  | <b>161,544</b>             | <b>100.0</b>              | <b>100.0</b>      |
| Repurchased own shares             | –                              | 5,000                      |                           |                   |
| <b>REPURCHASED OWN SHARES</b>      | <b>18,536</b>                  | <b>166,544</b>             |                           |                   |

# TAX

Klövern's tax loss carry forwards amounted to SEK 1,940 million at year-end 2012. With the present earning capacity, the company is not expected to have to pay current tax for the next eight years.

Klövern reports tax expenses in the form of current tax and deferred tax. Current tax is calculated on the basis of the current tax rate of 26.3 per cent in 2012. Deferred tax is calculated on the basis of a 22 per cent tax rate adopted by the Riksdag and effective from 2013 onwards.

## 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 or sold 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, that is 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 realized 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. Temporary differences acquired through company acquisitions are handled differently depending on whether they are asset acquisitions or business combinations. No deferred tax liabilities are reported on the temporary differences for asset acquisitions. If the acquisition is classified as a business combination, the deferred tax liabilities are reported for the entire temporary difference. 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 Klövern's case, practically all properties are sold in corporate form.

## CHANGED CORPORATE TAX

The Swedish parliament, the Riksdag, has decided to lower the corporate tax from 26.3 per cent to 22 per cent from 1 January 2013.

Since the deferred tax in Klövern's balance sheet will be settled in the future, it has been revalued based on the new tax rate of 22 per cent. The lowered corporate tax has affected Klövern's deferred tax asset by SEK –83 million and deferred tax liabilities by SEK –217 million, which gives an effect on earnings of SEK 39 million after impairment of goodwill of SEK –95 million.

## TAX IN 2012

The calculation of this year's tax includes a re-evaluation due to changed corporate tax. Profit in current real estate operations was charged with deferred tax of SEK –73 million (–8). Furthermore, the change in difference between fair value and residual values for tax purposes for properties and derivatives have led to an effect on deferred tax of SEK 183 million (–165). The total effect on deferred tax is SEK 110 million (–173) and on current tax SEK –2 million (–).

## TAX DISPUTES

In 2012, Klövern had two ongoing tax disputes of greater importance:

- > **A tax supplement of SEK 493 million without consideration of the matter on its merits.** Klövern filed a claim in 2003 for additional tax loss carryforwards of SEK 4,933 million through a reconsideration of the earlier declaration. A tax surcharge of SEK 493 million was imposed on Klövern 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 2012, the Administrative Court decided to quash the tax surcharge, as it was manifestly inequitable. As the Tax Agency chose not to appeal against the Administrative Court's decision to the Administrative Court of Appeal, the tax surcharge issue is closed.
- > **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 Klövern's taxation by around SEK 77 million, which may entail a tax expense of around SEK 21 million. Klövern has appealed against the decision to the Administrative Court.

# 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

Change in value of Klöver entails both risk and opportunity. 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 19 per cent in the public sector, 24 per

cent in listed companies and 57 per cent in private companies. 94 per cent of the contract value of the property portfolio is concentrated to the 17 business units where Klöver has its own personnel.

## CHANGES IN VALUE, PROPERTIES

|                                    | -10%   | -5%    | 0% | 5%    | 10%   |
|------------------------------------|--------|--------|----|-------|-------|
| Changes in profit before tax, SEKm | -2,262 | -1,131 | 0  | 1,131 | 2,262 |
| Equity ratio, %                    | 22     | 25     | 28 | 30    | 32    |
| Leverage ratio, %                  | 75     | 71     | 67 | 64    | 61    |

## FINANCING

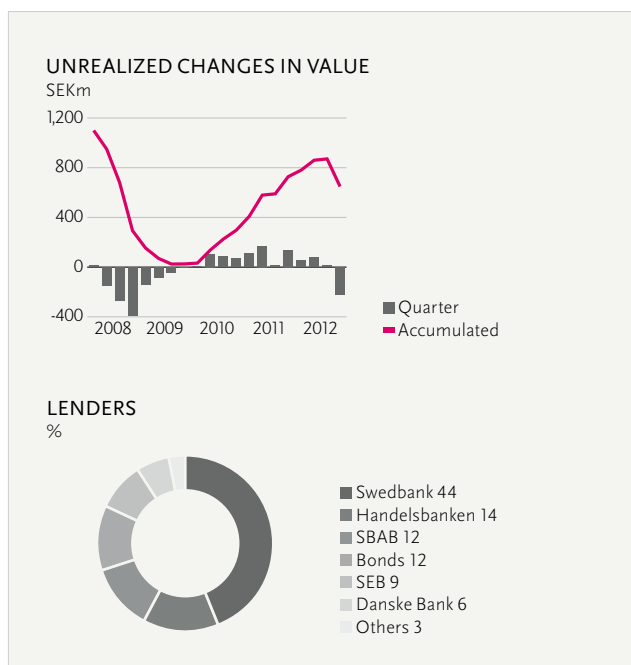
### Risk

Just over 55 per cent of Klöver's activities are financed by borrowing from banks and credit institutions and around 8 per cent are financed by lending from capital markets through bonds. 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 in 2012 was for it to be at least three years. From 2013, the goal is 1.5 years. The tied-up capital maturity amounted to 2.2 years at year-end. The problems in the financial market in recent years with restricted liquidity and high margins, in particular for long-term capital, mean that compliance with the old goal for tied-up capital would have made Klöver's borrowing significantly more expensive. 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 according to the old business plan and 40 per cent according to the new one. At year-end, loan maturities for 2015 amounted to 37 per cent, which was the highest proportion for a single year.

A spread of borrowing among many lenders reduces the financing risk. Klöver has eight different credit institutions



and the goal of a maximum of 50 per cent of Klöverns interest-bearing liabilities is not exceeded for any counterpart.

In 2012, Klöverns diversified the forms of financing by issuing preference shares (equity) as well as four bond loan issues (loan capital).

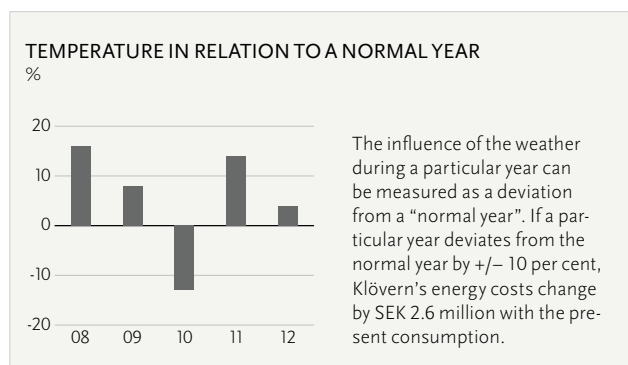
Klöverns has chosen to protect itself against rising interest rates by exchanging variable loans for fixed loans through interest rate swaps. The total volume of swaps is SEK 7,420 million. Fixed-interest loans thus account for about half of the loan portfolio. At the beginning of January 2013, Klöverns acquired additional interest rate swaps of SEK 700 million, which meant that 56 per cent of Klöverns loans had fixed interest rates in mid-January. In addition, Klöverns has entered into SEK 1,355 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 Klöverns is always zero.

**Exposure**

**FINANCIAL GOALS AND OUTCOME IN 2012 ACCORDING TO FINANCIAL POLICY**

|                                | Goals 2012   | Outcome 2012                                | Goals 2013  |
|--------------------------------|--|---|---|
| <b>Interest coverage ratio</b> | Shall amount to at least 1.5 multiples.  | Achieved, 1.9 multiples.                    | Shall amount to at least 1.5 multiples.   |
| <b>Equity ratio</b>            | Should be between 25 to 35 per cent.   | Achieved, 27.6%.                            | Shall amount to at least 25%.   |
| <b>Interest rate risk</b>      | At least 50 per cent of the total loan volume shall have fixed interest or be hedged by interest caps.                   | Achieved, 58%.                              | At least 40 per cent of total loan volume shall have fixed interest or be hedged with a remaining hedging period of at least 2.5 years. |
| <b>Base risk</b>               | Tied-up capital is to be at least 3 years. At most 35 per cent of the total liability is to mature during the same year. | Not achieved, 2.2 years. Not achieved, 37%. | Tied-up capital is to be at least 1.5 years. At most 40 per cent of the total liability is to mature during the same year.              |
| <b>Refinancing risk</b>        | At most 50 per cent of the capital requirement in relation to the same lender.   | Achieved, maximum share 44%.                | At most 50 per cent of the capital requirement in relation to the same lender.  |



**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 Klöverns 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**

Klöverns 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 Klöverns.

**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 Klöverns property costs and consumption and energy costs can rise sharply if control is lacking. 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, Klöverna 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. Klöverna 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, Klöverna's energy costs change by SEK 2.6 million with the present consumption. In the past two years, Klöverna 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 Klöverna.

**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 for new tenants and vacancy periods.

**Management**

At year-end 2012, Klöverna had a total of 7,600 lease contracts (4,900) with almost 4,800 companies (2,900) in many different branches of business activity. The increase is attributable to acquisitions and a positive net letting. The tenant turnover rate has been relatively low at 6.3 per cent (7.9), which achieves the goal of a desired maximum limit of 7.0 per cent. The turnover rate is measured as vacation in SEK during the year in relation to average lease contract value. The average lease term in Klöverna's stock was 3.4 years (2.8). The increase is mainly attributable to acquisitions and newly signed lease contracts.

Klöverna 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 Klöverna's result. Due to the frequent dialogue with tenants, Klöverna has very low rent losses. These amounted to SEK 4.8 million (3.2) or 0.2 per cent (0.2), of Klöverna's total income during 2012. Klöverna has reserved around SEK 15 million for loss of rental income for the fourth quarter of 2012 due to a rental dispute with Ericsson regarding the time of moving-in to the newly constructed property Isafjord 1 in Stockholm, Kista.

Ericsson has deposited the corresponding amount at the County Administrative Board.

**Exposure**

The largest tenant is the IT and telecom company Ericsson, which mainly leases large office areas in Kista, among which is the head office with the group executive management. The managements of Ericsson's three business areas, Global Services, Multimedia and Networks, and parts of R&D activities are also located in 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 in Kista. Ericsson's total contract value amounted at year-end 2012 to SEK 283 million, which corresponds to 13 per cent of Klöverna's total contract value.

The second largest tenant is KappAhl Sweden AB with a total contract value of SEK 38 million at year-end 2012. The operations are located in KappAhl's main office and central warehouse in Mölndal.

**KLÖVERN'S LARGEST TENANTS**

| Tenant                           | Contract value, SEKm | Proportion of total contract value, % |
|----------------------------------|----------------------|---------------------------------------|
| Telefonaktiebolaget L M Ericsson | 283                  | 13                                    |
| KappAhl Sverige                  | 38                   | 2                                     |
| TeliaSonera Sverige              | 31                   | 1                                     |
| Posten Meddelande                | 30                   | 1                                     |
| Dalarna County Council           | 27                   | 1                                     |
| Eniro Sverige                    | 25                   | 1                                     |
| Municipality of Karlskrona       | 23                   | 1                                     |
| JB Gymnasiet                     | 23                   | 1                                     |
| Swedish Employment Service       | 20                   | 1                                     |
| Orexo                            | 20                   | 1                                     |
| Kistamässan                      | 19                   | 1                                     |
| ALSTOM Power Sweden              | 17                   | 1                                     |
| RUAG Space                       | 16                   | 1                                     |
| Östergötland County Council      | 15                   | 1                                     |
| WSP Sweden                       | 14                   | 1                                     |
| <b>TOTAL (15 LARGEST)</b>        | <b>601</b>           | <b>28</b>                             |

**TAXES****Risk**

Klöverna'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 Klöverna, like other companies, cannot always anticipate the tax outcome of its actions.



### Management

Klövern uses tax expertise from a number of reputable firms, of which Ernst & Young and Skeppsbron Skatt.

### Exposure

At the beginning of 2012, Klövern had two ongoing tax disputes of greater importance. A tax surcharge of SEK 493 million was imposed on Klövern in the spring of 2006 without consideration of the matter on its merits. The Supreme Administrative Court (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 which decided to remove the tax surcharge, as it was manifestly inequitable. As the Tax Agency chose not to appeal against the Administrative Court's decision to the Administrative Court of Appeal, the tax surcharge issue is closed. The second dispute concerns the upward adjustment of taxation for the 2008 income year where the Tax Agency decided to increase Klövern's taxation by around SEK 77 million, which may entail a tax expense of around SEK 21 million. Klövern has appealed against the decision 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, Klövern works continuously to monitor the company's administrative security and control.

### Personnel

Personnel risk is the risk of not being able to meet Klövern'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 2012, Klövern had a staff turnover of 10 per cent (8).

### Sensitivity analysis

The sensitivity analysis is based on the Group's earning capacity and balance sheet on 31 December 2012. 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.

|                          | Change       | Annual effect on profit, SEKm |
|--------------------------|--------------|-------------------------------|
| Economic occupancy rate  | +/-1 %-point | +/-25                         |
| Rental income            | +/-1 %       | +/-19                         |
| Property costs           | +/-1 %       | -/+7                          |
| Klövern's borrowing rate | +/-1 %-point | -/+152                        |

# 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 both concerning shares and bonds. During 2012, Klöver has, among other activities, been on a road show in Amsterdam, London, Luxembourg, New York, Oslo and participated in capital market days in Stockholm. Klöver has also 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.

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 10 (11) during the year.

## PROPERTY ANALYSTS

| Company                  | Analysts         |
|--------------------------|------------------|
| ABC Sundal Collier       | Fredrik Cyon     |
| ABN Amro                 | Ruud van Maanen  |
| Carnegie Investment Bank | Tobias Kaj       |
| Danske Bank              | Peter Trigarszky |
| DnB Nor                  | Simen Mortensen  |
| Handelsbanken            | Albin Sandberg   |
| Nordea                   | Jonas Andersson  |
| SEB Enskilda             | Bengt Claesson   |
| Swedbank                 | Andreas Daag     |
| Pareto Öhman             | Johan Edberg     |

## Press releases 2012

|            |  |            |  |
|------------|--|------------|--|
| 28.12.2012 | Klöver to sell properties in Trelleborg  | 29.06.2012 | Klöver acquires a property at Frösunda, Stockholm  |
| 19.12.2012 | Klöver sells Postgallerian in Västerås   | 19.06.2012 | Klöver acquires a property in Kista  |
| 18.12.2012 | Klöver issues bond loan of SEK 175m  | 19.06.2012 | Klöver lets to the County Council in Linköping   |
| 30.11.2012 | Klöver sells a property in Borås   | 14.06.2012 | Klöver sells a property in Linköping   |
| 16.11.2012 | Klöver transfers its own shares  | 13.06.2012 | Klöver acquires a property in Gothenburg   |
| 06.11.2012 | To the minority shareholders of Dagon AB (publ)  | 31.05.2012 | Klöver repurchase own shares   |
| 05.11.2012 | Klöver publishes prospectus and applies for listing of bond loan on NASDAQ OMX Stockholm | 25.05.2012 | Klöver initiates repurchase of shares  |
| 31.10.2012 | Total number of outstanding shares in Klöver AB 31 October 2012                          | 16.05.2012 | Klöver wins the tax surcharge case   |
| 23.10.2012 | Interim Report January–September 2012  | 11.05.2012 | Klöver issues an additional SEK 180 million in bond loan No. 2   |
| 12.10.2012 | Klöver issues bond loan of SEK 650m  | 30.04.2012 | Total number of shares in Klöver on 30 April 2012  |
| 12.10.2012 | Klöver sells properties in Linköping   | 18.04.2012 | Klöver has received 99.8 percent of the shares in Dagon  |
| 12.10.2012 | Klöver concentrates its portfolio – sells properties in Eskilstuna and Höganäs           | 17.04.2012 | Decisions at Annual General Meeting of Shareholders of Klöver AB (publ)                                      |
| 11.10.2012 | Klöver lets to Motorola in Linköping   | 17.04.2012 | Interim Report January–March 2012  |
| 10.10.2012 | Klöver acquires a property in Mölndal  | 10.04.2012 | Klöver AB (publ): Klöver publishes prospectus and applies for listing of bond loans on NASDAQ OMX Stockholm  |
| 01.10.2012 | Klöver has carried out additional issue of preference shares                             | 05.04.2012 | Klöver has received 99.8 percent of the shares in Dagon and extends the offer a final time                   |
| 01.10.2012 | Klöver's issue of preference shares fully subscribed                                     | 30.03.2012 | Total number of shares in Klöver on 30 March 2012  |
| 28.09.2012 | Total number of outstanding shares in Klöver AB 30 September 2012                        | 14.03.2012 | Notice of Annual General Meeting of Shareholders of Klöver AB (publ)   |
| 26.09.2012 | Klöver has decided to shorten the subscription period for the offer                      | 14.03.2012 | Klöver's tax surcharge quashed by the Administrative Court   |
| 20.09.2012 | Publication of prospectus regarding Klöver's preference share issue                      | 12.03.2012 | Klöver's Annual Report 2011 and acquisition analysis of Dagon  |
| 20.09.2012 | Klöver carries out an issue of preference shares of approximately SEK 500 million        | 05.03.2012 | Klöver AB (publ): Klöver has received 98.9 percent of the shares in Dagon and completes the offer            |
| 14.09.2012 | Decisions at Extraordinary Shareholders Meetings of Klöver AB (publ)                     | 01.03.2012 | Lets in Kista and Västerås   |
| 22.08.2012 | Notice of the Extraordinary Shareholders Meetings of Klöver AB (publ)                    | 29.02.2012 | Issues a three-year bond loan of SEK 320 million   |
| 09.08.2012 | Klöver increases its shareholding in Diös  | 24.02.2012 | Klöver publishes supplement to offer document  |
| 31.07.2012 | Total number of outstanding shares in Klöver AB on 31 July 2012                          | 23.02.2012 | Klöver AB (publ): Issues a three-year bond loan of SEK 500 million   |
| 11.07.2012 | Klöver acquires Nordicom Sverige AB  | 15.02.2012 | Klöver AB (publ): Year-end report 2011   |
| 10.07.2012 | Interim Report January–June 2012   | 08.02.2012 | Klöver lets offices at Victoria Tower  |
| 04.07.2012 | Klöver acquires a property in Akalla   | 10.02.2012 | Total number of shares in Klöver AB (publ) 31 January 2012   |
| 02.07.2012 | Klöver acquires shares in Diös   | 13.01.2012 | Klöver publishes prospectus and equity statement as per 30 November 2011 and an amended period of acceptance |
| 29.06.2012 | Total number of shares in Klöver AB on 29 June 2012                                      | 12.01.2012 | Resolution of the Extraordinary Shareholders Meetings of Klöver AB (publ) on 12 January 2012                 |

# FINANCIAL REPORTS



|   |     |
|---|-----|
| APPROPRIATION OF PROFITS                        | 74  |
| ALLOCATION OF EARNINGS                          | 75  |
| CONSOLIDATED STATEMENT OF INCOME                | 76  |
| CONSOLIDATED BALANCE SHEET                      | 77  |
| CHANGE IN GROUP SHAREHOLDERS' EQUITY            | 78  |
| CONSOLIDATED STATEMENT OF CASH FLOW             | 79  |
| PARENT COMPANY STATEMENT OF INCOME              | 80  |
| PARENT COMPANY BALANCE SHEET                    | 81  |
| CHANGE IN PARENT COMPANY'S SHAREHOLDERS' EQUITY | 82  |
| NOTES   | 83  |
| AUDIT REPORT                                    | 102 |

*Cinema in Norrköping municipality's Cinema, located at the property Kopparhammaren 7 in Norrköping.*

INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

**FINANCIAL REPORTS**

SPECIFICATION OF PROPERTIES

CORPORATE GOVERNANCE REPORT AND REVIEW

# 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 2013 Annual General Meeting is that a dividend of SEK 1.50 per common share be paid. A dividend of SEK 10 per preference share and year is proposed, distributed equally over four quarters.

Together, this constitutes 83 per cent of the profit from property management for 2012. During the past eight years, this would correspond to an average dividend of 61 per cent of the profit from property management.

## Proposed appropriation of profits

The Board proposes that the earning in the Parent Company available for distribution by the Annual General Meeting be allocated as follows:

|                         |                        |
|-------------------------|------------------------|
| Amount brought forward  | SEK 165,704,257        |
| Net profit for the year | SEK 382,528,013        |
| <b>Total</b>            | <b>SEK 548,232,270</b> |

|                                     |                        |
|-------------------------------------|------------------------|
| Dividend to common shareholders     | SEK 249,816,540        |
| Dividend to preference shareholders | SEK 185,363,380        |
| To be carried forward               | SEK 113,052,350        |
| <b>Total</b>                        | <b>SEK 548,232,270</b> |

As at 31 December 2012, the number of registered common shares in Klöver totalled 166,544,360, of which 5,000,000 had been repurchased by the company. After the year-end, these have been sold and Klöver has no repurchased shares.

The above calculation is based on the total number of registered common shares, 166,544,360 and the total number of registered preference shares, 18,536,338.

# 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 2012 financial year, the Board of Directors proposes to the Annual General Meeting on 17 April 2013 that a dividend be paid of SEK 10 per preference share, distributed equally over four quarters and SEK 1.50 per common share. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 22 April 2013 as the record day for the common share with 25 April 2013 as payment day. It is proposed that the record days for the preference share be 28 June, 30 September, 30 December 2013 and 31 March 2014, the associated payment days being 3 July, 3 October 2013 and 7 January and 3 April 2014.

The following earnings are available to the Annual General Meeting for disposition:

|                         |                        |
|-------------------------|------------------------|
| Amount brought forward  | SEK 165,704,257        |
| Net profit for the year | SEK 382,528,013        |
| <b>Total</b>            | <b>SEK 548,232,270</b> |

The Board proposes that the earnings be allocated as follows:

|                                    |                        |
|------------------------------------|------------------------|
| <i>Dividend to shareholders</i>    |                        |
| SEK 1.50 per common share, total   | SEK 249,816,540        |
| SEK 10 per preference share, total | SEK 185,363,380        |
| To be carried forward              | SEK 113,052,350        |
| <b>Total</b>                       | <b>SEK 548,232,270</b> |

The above calculation is based on the total number of registered common shares, 166,544,360 and the total number of registered preference shares, 18,536,338.

The Board further proposes that the Annual General Meeting decide that all new preference shares – a total of 1,853,634 preference shares – which can be issued by virtue of the Annual General Meeting's authorization in accordance with item 17 at the Annual General Meeting, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 2.50 per preference share on the following record day as above.

In the event of a maximum use of the authorization for the Board to decide on a new issue, a dividend for future preference shares of at most SEK 18,536,340 will be paid. At least SEK 94,516,010 of the amount available for distribution will remain after dividends totalling at most SEK 453,716,260.

### Klövern AB's financial position

Klövern's financial goals are:

- > Return on equity is to be at least equal to the risk-free interest rate plus at least nine percentage points in the long-term.
- > 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 the profit from property management in the long term.

The financial goals were achieved in 2012 with the exception of return on equity. According to the annual report, Klöverns equity ratio is 27.6 per cent in the Group and 52.1 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 26.3 per cent in the Group and 49.9 per cent in the Parent Company. The proposed dividend constitutes 6.5 per cent of shareholders' equity in the Group and 8.4 per cent of the equity in the Parent Company.

### 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 Klöverns AB to comply with its commitments in the short and long term or to make the necessary investments.

Nyköping, 15 March 2013

Klövern AB (publ) Company registration no. 556482-5833

## Consolidated Statement of Income

| Amount in SEK million                  | Notes  | 2012         | 2011       |
|--|--------|--------------|------------|
| Income                                 | 2,4,23 | 1,948        | 1,364      |
| Property costs                         | 3,4,6  | -733         | -507       |
| <b>Operating surplus</b>               |        | <b>1,215</b> | <b>857</b> |
| Central administration                 | 3,5,6  | -86          | -71        |
| Financial income                       | 7      | 1            | 1          |
| Financial expenses                     | 7      | -606         | -359       |
| <b>Profit from property management</b> |        | <b>524</b>   | <b>428</b> |
| Changes in value, properties           | 10     | -33          | 435        |
| Changes in value, derivatives          | 20     | -175         | -225       |
| Changes in value, financial assets     |        | 10           | -          |
| Impairment of goodwill                 | 9      | -95          | -          |
| <b>Profit before tax</b>               |        | <b>231</b>   | <b>638</b> |
| Current tax                            | 8      | -2           | 0          |
| Deferred tax                           | 8      | 110          | -173       |
| <b>NET PROFIT FOR THE YEAR</b>         |        | <b>339</b>   | <b>465</b> |

## Consolidated Report of Comprehensive Income

|  |    |                     |            |
|--|----|---------------------|------------|
| Net profit for the year                      |    | 339                 | 465        |
| Other comprehensive income                   |    | -                   | -          |
| <b>NET COMPREHENSIVE INCOME FOR THE YEAR</b> |    | <b>339</b>          | <b>465</b> |
| Attributable to:                             |    |                     |            |
| Parent Company shareholders                  | 18 | 339                 | 465        |
| Minority interest                            |    | 0                   | -          |
|  |    | <b>339</b>          | <b>465</b> |
| Earnings per common share, SEK               | 18 | 1.24                | 2.89       |
| Earnings per preference share, SEK           | 18 | 7.52                | -          |
| Dividend per common share, SEK               |    | 1.50 <sup>1)</sup>  | 1.25       |
| Dividend per preference share, SEK           |    | 10.00 <sup>1)</sup> | 10.00      |

1) Proposed dividend.

Rental income has been positively affected by a larger property portfolio but also by upward index adjustment of rents and positive net moving-in.

Property costs increased to SEK -733 million (-507) during the year, which was largely attributable to a larger property portfolio.

Central administration costs amounted to SEK -86 million (-71), SEK 14 million of the increase being attributable to acquisition costs for Dagon. The increase in financial expenses is attributable to higher interest-bearing liabilities. Profit from property management increased and was mainly affected by net acquisitions.

The value of the properties has increased slightly, primarily due to increased operating surplus as a result of rising rental levels in new leases.

The direct yield requirement has increased for development properties with a relatively high level of vacancies, which has had a negative effect on the property value. Altogether, the change in value of properties is very small, amounting to SEK -33 million (435).

Falling long-term market rates have led to decreased values for derivatives. The change in value of derivatives amounts to SEK -175 million (-225).

Net profit for the year decreased to SEK 339 million (465) due to negative changes in the value of properties and derivatives. The decrease in corporate tax to 22 per cent, which has been decided upon, entails a positive one-off effect on tax of SEK 39 million after deduction for goodwill.

## Consolidated Balance Sheet

| Amount in SEK million   | Notes | 31.12.2012    | 31.12.2011    |
|---|-------|---------------|---------------|
| <b>ASSETS</b>   |       |               |               |
| <b>Non-current assets</b>   |       |               |               |
| Goodwill  | 9     | 289           | -             |
| Investment properties   | 10    | 22,624        | 14,880        |
| Machinery and equipment   | 11    | 14            | 8             |
| Deferred tax asset  | 8     | 427           | 397           |
| Financial assets at fair value via the income statement                       | 12    | 330           | -             |
| <b>Total non-current assets</b>   |       | <b>23,684</b> | <b>15,285</b> |
| <b>Current assets</b>   |       |               |               |
| Accounts receivable   | 13    | 46            | 15            |
| Other receivables   | 14    | 39            | 33            |
| Prepaid expenses and accrued income   | 15    | 78            | 46            |
| Liquid funds  | 16    | 375           | 11            |
| <b>Total current assets</b>   |       | <b>538</b>    | <b>105</b>    |
| <b>TOTAL ASSETS</b>   |       | <b>24,222</b> | <b>15,390</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                                   |       |               |               |
| <b>Equity</b>   |       |               |               |
| Share capital   | 17    | 925           | 833           |
| Other capital contributed   |       | 3,588         | 1,715         |
| Retained profits including net profit for the year                            |       | 2,183         | 2,192         |
| <b>Shareholders' equity attributable to the Parent Company's shareholders</b> |       | <b>6,696</b>  | <b>4,740</b>  |
| <b>Long-term liabilities</b>  |       |               |               |
| Deferred tax liability  | 8     | 1,108         | 673           |
| Long-term interest-bearing liabilities  | 19    | 14,202        | 9,284         |
| Other long-term liabilities   |       | 10            | -             |
| Derivatives   | 20    | 432           | 242           |
| <b>Total long-term liabilities</b>  |       | <b>15,752</b> | <b>10,199</b> |
| <b>Current liabilities</b>  |       |               |               |
| Current interest-bearing liabilities  | 19    | 1,027         | 61            |
| Accounts payable  |       | 158           | 49            |
| Income tax liability  |       | 7             | 1             |
| Other liabilities   | 21    | 123           | 33            |
| Accrued expenses and prepaid income   | 22    | 459           | 307           |
| <b>Total current liabilities</b>  |       | <b>1,774</b>  | <b>451</b>    |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                             |       | <b>24,222</b> | <b>15,390</b> |

See Note 24 for information about the Group's pledged assets and contingencies.

As at 31 December 2012, Klöver's portfolio consisted of 387 properties (255) and the fair value of the properties was SEK 22,624 million (14,880).

Accounts receivable amounted to SEK 46 million (15). Established losses were SEK 3 million (4), consisting mainly of completed bankruptcies.

Prepaid expenses and accrued income of SEK 78 million (46) consist mainly of prepaid rental discounts and accrued income.

The Group's assets totalled SEK 24,222 million (15,390), the change being mainly attributable to increased property value. Equity and liabilities have primarily been affected by new issues of preference shares and increased interest-bearing liabilities which at the year-end totalled SEK 15,229 million (9,345).

## Change in Group Shareholders' Equity

Shareholders' equity attributable to the Parent Company's shareholders.

| Amount in SEK million   | Share capital | Other capital contributed | Retained earnings including net profit for the year | Total shareholders' equity |
|---|---------------|---------------------------|---|----------------------------|
| Shareholders' equity, 31.12.2010  | 833           | 1,715                     | 1,967   | 4,515                      |
| Net profit for the year   | -             | -                         | 465   | 465                        |
| Other comprehensive income  | -             | -                         | -   | -                          |
| Total changes in assets, excluding transactions with the company's owners | -             | -                         | 465   | 465                        |
| Dividend  | -             | -                         | -241  | -241                       |
| Total transactions with the company's owners                              | -             | -                         | -241  | -241                       |
| Shareholders' equity, 31.12.2011  | 833           | 1,715                     | 2,191   | 4,739                      |
| Net profit for the year   | -             | -                         | 339   | 339                        |
| Other comprehensive income  | -             | -                         | -   | -                          |
| Total changes in assets, excluding transactions with the company's owners | -             | -                         | 339   | 339                        |
| New issue   | 92            | 1,873                     | -   | 1,965                      |
| Repurchase/sale of own shares   | -             | -                         | 40  | 40                         |
| Dividend to common shareholders   | -             | -                         | -201  | -201                       |
| Dividend to preference shareholders                                       | -             | -                         | -186  | -186                       |
| Total transactions with the company's owners                              | 92            | 1,873                     | -347  | 1,618                      |
| Shareholders' equity, 31.12.2012  | 925           | 3,588                     | 2,183   | 6,696                      |

## Consolidated Statement of Cash Flow

| Amount in SEK million  | Notes | 2012          | 2011        |
|--|-------|---------------|-------------|
| <b>Current operations</b>  |       |               |             |
| Profit from property management  |       | 524           | 428         |
| Adjustment for items not included in the cash flow                         | 27    | 3             | 6           |
| Income tax paid  |       | -1            | -1          |
| <b>Cash flow from current operations before changes in working capital</b> |       | <b>526</b>    | <b>433</b>  |
| Change in operating receivables  |       | 1             | 35          |
| Change in operating liabilities  |       | 185           | -127        |
| <b>Total change in working capital</b>                                     |       | <b>186</b>    | <b>-92</b>  |
| <b>Cash flow from current operations</b>                                   |       | <b>712</b>    | <b>341</b>  |
| <b>Investment operations</b>   |       |               |             |
| Disposal of properties   | 10    | 543           | 48          |
| Acquisition of properties  | 10    | -2,541        | -1,000      |
| Acquisition of machinery and equipment                                     | 11    | -8            | -1          |
| Acquisition of subsidiaries  | 9     | -426          | -           |
| Investments in financial assets  |       | -25           | -           |
| <b>Cash flow from investment operations</b>                                |       | <b>-2,457</b> | <b>-953</b> |
| <b>Financing operations</b>  |       |               |             |
| Change in interest-bearing liabilities                                     |       | 1,942         | 828         |
| Realized changes in value, derivatives                                     |       | -78           | -           |
| Repurchase/sale of own shares  |       | -23           | -           |
| New issue of preference shares   |       | 655           | -           |
| Dividend   |       | -387          | -241        |
| <b>Cash flow from financing operations</b>                                 |       | <b>2,109</b>  | <b>587</b>  |
| <b>Cash flow for the year</b>  |       | <b>364</b>    | <b>-25</b>  |
| <b>Liquid funds at beginning of year</b>                                   |       | <b>11</b>     | <b>36</b>   |
| <b>Liquid funds at year-end</b>  | 16    | <b>375</b>    | <b>11</b>   |

## Parent Company Statement of Income

| Amount in SEK million          | Notes   | 2012       | 2011       |
|--------------------------------|---------|------------|------------|
| Net sales                      | 2       | 140        | 108        |
| Cost of services sold          | 25      | -98        | -81        |
| <b>Gross profit</b>            |         | <b>42</b>  | <b>27</b>  |
| Central administration         | 3,5,6,9 | -71        | -69        |
| <b>Operating profit</b>        |         | <b>-29</b> | <b>-42</b> |
| Financial income               | 7       | 549        | 466        |
| Financial expense              | 7       | -86        | -3         |
| <b>Profit before tax</b>       |         | <b>434</b> | <b>421</b> |
| Current tax                    | 8       | -          | -          |
| Deferred tax                   | 8       | -51        | -8         |
| <b>NET PROFIT FOR THE YEAR</b> |         | <b>383</b> | <b>413</b> |

## Parent Company's Report on Comprehensive Income

|  |            |            |
|--|------------|------------|
| Net profit for the year                  | 383        | 413        |
| Other comprehensive income               | -          | -          |
| <b>COMPREHENSIVE INCOME FOR THE YEAR</b> | <b>383</b> | <b>413</b> |

## Parent Company Balance Sheet

| Amount in SEK million                             | Notes | 31.12.2012   | 31.12.2011   |
|---|-------|--------------|--------------|
| <b>ASSETS</b>                                     |       |              |              |
| <b>Non-current assets</b>                         |       |              |              |
| Machinery and equipment                           | 11    | 4            | 2            |
| Participation rights in group companies           | 26    | 1,836        | 320          |
| Participation rights in other companies           | 12    | 294          | -            |
| Receivables from group companies                  | 25    | 3,502        | 3,178        |
| Deferred tax asset                                | 8     | 346          | 397          |
| <b>Total non-current assets</b>                   |       | <b>5,982</b> | <b>3,897</b> |
| <b>Current assets</b>                             |       |              |              |
| Accounts receivable                               | 13    | 0            | 0            |
| Receivables from group companies                  | 25    | 3,583        | 932          |
| Other receivables                                 | 14    | 3            | 4            |
| Prepaid expenses and accrued income               | 15    | 28           | 6            |
| Cash and bank                                     | 16    | 164          | 8            |
| <b>Total current assets</b>                       |       | <b>3,778</b> | <b>950</b>   |
| <b>TOTAL ASSETS</b>                               |       | <b>9,760</b> | <b>4,847</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |       |              |              |
| <b>Equity</b>                                     |       |              |              |
| Share capital                                     | 17    | 925          | 833          |
| Statutory reserve                                 |       | 1,720        | 1,740        |
| Share premium reserve                             |       | 1,892        | -            |
| Retained earnings                                 |       | 166          | 100          |
| Net profit for the year                           |       | 383          | 413          |
| <b>Total shareholders' equity</b>                 |       | <b>5,086</b> | <b>3,086</b> |
| <b>Long-term liabilities</b>                      |       |              |              |
| Interest-bearing liabilities                      | 19    | 3,841        | -            |
| Liabilities to group companies                    | 25    | 204          | 1,449        |
| <b>Total long-term liabilities</b>                |       | <b>4,045</b> | <b>1,449</b> |
| <b>Current liabilities</b>                        |       |              |              |
| Accounts payable                                  |       | 8            | 8            |
| Liabilities to group companies                    | 25    | 481          | 270          |
| Other liabilities                                 | 21    | 106          | 9            |
| Accrued expenses and prepaid income               | 22    | 34           | 25           |
| <b>Total current liabilities</b>                  |       | <b>629</b>   | <b>312</b>   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> |       | <b>9,760</b> | <b>4,847</b> |

See Note 24 for information about the Parent Company's pledged assets and contingencies.

## Change in Parent Company's Shareholders' Equity

Shareholders' equity attributable to the Parent Company shareholders.

| Amount in SEK million   | Share capital | Statutory reserve | Share premium reserve | Retained earnings including net profit for the year | Total shareholders' equity |
|---|---------------|-------------------|-----------------------|---|----------------------------|
| Shareholders' equity, 31.12.2010  | 833           | 1,740             |                       | 341   | 2,914                      |
| Net profit for the year   | -             | -                 | -                     | 413   | 413                        |
| Other comprehensive income  | -             | -                 | -                     | -   | -                          |
| <b>Total change in assets, excluding transactions with the company's owners</b> | -             | -                 | -                     | 413   | 413                        |
| Dividend  | -             | -                 | -                     | -241  | -241                       |
| <b>Total transactions with the company's owners</b>                             | -             | -                 | -                     | -241  | -241                       |
| Shareholders' equity, 31.12.2011  | 833           | 1,740             | -                     | 513   | 3,086                      |
| Net profit for the year   | -             | -                 | -                     | 383   | 383                        |
| Other comprehensive income  | -             | -                 | -                     | -   | -                          |
| <b>Total change in assets, excluding transactions with the company's owners</b> | -             | -                 | -                     | 383   | 383                        |
| Bonus issue of preference shares  | -             | -20               | 20                    | -   | -                          |
| New issue   | 92            | -                 | 1,872                 | -   | 1,964                      |
| Repurchase/sale of own shares   | -             | -                 | -                     | 40  | 40                         |
| Dividend to common shareholders   | -             | -                 | -                     | -201  | -201                       |
| Dividend to preference shareholders   | -             | -                 | -                     | -186  | -186                       |
| <b>Total transactions with the company's owners</b>                             | 92            | -20               | 1,892                 | -347  | 1,617                      |
| Shareholders' equity 31.12.2012   | 925           | 1 720             | 1,892                 | 549   | 5,086                      |

## Parent Company Statement of Cash Flow

| Amount in SEK million  | Notes | 2012   | 2011 |
|--|-------|--------|------|
| <b>Current operations</b>  |       |        |      |
| Profit before tax  |       | 433    | 421  |
| Adjustment for items not included in the cash flow                 | 27    | 1      | 1    |
| Income tax paid  |       | -      | -    |
| <b>Cash flow from operations before changes in working capital</b> |       | 434    | 422  |
| Change in operating receivables                                    |       | -2,672 | -523 |
| Change in operating liabilities                                    |       | 316    | 180  |
| <b>Total change in working capital</b>                             |       | -2,356 | -343 |
| <b>Cash flow from current operations</b>                           |       | -1,922 | 79   |
| <b>Investment operations</b>                                       |       |        |      |
| Acquisition of machinery and equipment                             | 11    | -2     | -1   |
| Investment in financial assets                                     | 27    | -827   | -174 |
| <b>Cash flow from investment operations</b>                        |       | -829   | -175 |
| <b>Financing operations</b>  |       |        |      |
| Change in long-term liabilities                                    |       | 2,596  | 291  |
| Repurchase/sale of own shares                                      |       | -22    | -    |
| New issue of preference shares                                     |       | 720    | -    |
| Dividend   |       | -387   | -241 |
| <b>Cash flow from financing operations</b>                         |       | 2,907  | 50   |
| Cash flow for the period   |       | 156    | -46  |
| Liquid funds at beginning of year                                  |       | 8      | 54   |
| Liquid funds at year-end   | 16    | 164    | 8    |

## Notes

Amounts are given in SEK million, unless otherwise stated.

### 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 2012 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 15 March 2013. 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 2013.

#### 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 million. Assets and liabilities are reported at their historical acquisition values, except for certain financial assets, 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 and securities, 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. There have been few changes in accounting in 2012, these do not affect the company. IFRS 7 Financial Instruments has been revised which has increased the disclosure requirements for derecognition of financial items. Certain clarifications have also been made in IAS12 Income Taxes.

New and changed standards that come into force for financial years starting after 1 January 2013 or later, which are not expected to affect the company:

|         |  |                         |
|---------|--|-------------------------|
| 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 19  | Change in recording of benefit-defined pension schemes | 1 January 2013 or later |

#### CLASSIFICATION

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 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.

##### 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 a business combination and if they are present to a small extent as an asset acquisition. In the case of operating acquisitions full deferred tax is recorded on the temporary differences between the fair value of properties and their tax residual value. All acquisitions made during the 2012 financial year have been classified as asset acquisitions except the acquisition of Dagon AB.

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 relative fair values at the time of acquisition. The acquisition of Dagon AB has been classified as a business combination and thereby the deferred tax liabilities have been adjusted in the balance sheet.

Properties and financial instruments are valued at their relative fair values. Other items have not been revalued. Goodwill is mainly achieved by the calculation of deferred tax according to accounting rules and the value given to deferred tax between parties in transactions. For accounting purposes deferred tax is calculated on the difference between fair and tax values. In transactions the deferred tax is normally valued based on the probability that it will reach maturity as well as considering the time it might take for this payment to be made. An evaluation of goodwill impairment needs is made annually.

##### 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.

**NOTE 1 CONTINUED****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 four regions. These are in turn divided into seventeen 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.

**Financial income and expense**

Financial income and expense consists of interest income on bank funds and receivables, interest expense on loans. Interest expense includes accrued amounts of issue costs and similar direct transaction costs to raise loans.

Dividend income is reported when the right to receive payment is established. 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 or associated companies 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.

The current tax has been calculated according to the current tax rate 26.3 per cent. The deferred tax is calculated at 22 per cent, which is the tax rate that applies from 1 January 2013.

**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 as well as derivatives and financial instruments. The company does not apply hedge accounting.

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.

**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.

**NOTE 1 CONTINUED****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 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 fair value, which includes expenses 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. 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.

**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 transaction 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 for 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.

**NOTE 1 CONTINUED****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, dividends and shareholder contribution for legal entities**

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

|   | 2012         | 2011         |
|---|--------------|--------------|
| <b>Group</b>                            |              |              |
| Rental income                           | 1,934        | 1,343        |
| Rental guarantees                       | 13           | 16           |
| Redemption of lease contracts           | 1            | 5            |
| <b>Total income</b>                     | <b>1,948</b> | <b>1,364</b> |
| <b>Parent Company</b>                   |              |              |
| Invoiced administration to subsidiaries | 140          | 108          |

Due to ongoing rental disputes, Klöverns has reduced income during the fourth quarter by SEK 15 million.

**NOTE 3 EMPLOYEES, THE BOARD AND REMUNERATION****Employees and Board**

| Average number of employees | 2012       | Proportion of women, % | 2011       | Proportion of women, % |
|-----------------------------|------------|------------------------|------------|------------------------|
| Parent Company              | 185        | 41                     | 130        | 43                     |
| Subsidiaries                | 0          | 0                      | 0          | 0                      |
| <b>Group total</b>          | <b>185</b> | <b>41</b>              | <b>130</b> | <b>43</b>              |

All are employees in Sweden

**Gender distribution in executive management**

| Average                 | 2012<br>Proportion of women, % | 2011<br>Proportion of women, % |
|-------------------------|--------------------------------|--------------------------------|
| <b>Parent Company</b>   |                                |                                |
| Board                   | 55                             | 36                             |
| Other senior executives | 26                             | 29                             |
| <b>Group total</b>      |                                |                                |
| Board                   | 55                             | 36                             |
| Other senior executives | 26                             | 29                             |

The number of senior executives (including the CEO) in the Parent Company was eight (8), of which two (2) were women. Rutger Arnhult is CEO. The Deputy CEOs are Britt-Marie Nyman, Finance and IR manager and Per-Gunnar Sabel, regional manager Stockholm. Other senior executives are Mattias Rickardsson, CFO, Elisabeth Norling, Personnel Manager, Hans Lindh, regional manager Central/North, Mikael Forkner, regional manager East and Per Johansson, regional manager South.

At the end of 2012, the Board of the Parent Company (including the CEO) consisted of five (7) members, of which three women (3). The Chairman of the Board is Fredrik Svensson. Members are Rutger Arnhult (CEO, Klöverns), Ann-Cathrin Bengtson, Eva Landén and Anna-Greta Lundh. Erik Paulsson and Gustaf Hermelin resigned at the 2012 Annual General Meeting.

**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.

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 employed by the Company during this period.

The CEO does not have a performance-based salary. The CEO is entitled to a company car as well as a subsistence benefit, health insurance and participation in Klöverns's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. The 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.

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.

Deputy CEOs and other senior executives are entitled to a company car, subsistence benefit, health insurance and participation in Klöverns's profit-sharing foundation.

Variable salary for the Deputy CEO and other senior executives has been paid equivalent to one monthly salary for 2012. There is no remuneration in the form of share-related remuneration programmes or other financial instruments.

**NOTE 3 CONTINUED****Employees and the Board**

|  | Group          |                | Parent Company |                |
|--|----------------|----------------|----------------|----------------|
|  | 2012           | 2011           | 2012           | 2011           |
| <b>Salaries, remuneration and benefits</b>                                     |                |                |                |                |
| Chairman of the Board  | 280            | 273            | 280            | 273            |
| Other members of the board, 3.5 persons (5.0)                                  | 490            | 680            | 490            | 680            |
| CEO  |                |                |                |                |
| Basic salary   | 3,016          | 2,815          | 3,419          | 2,815          |
| Variable salary  | -              | 2,548          | -              | 2,548          |
| Benefits   | 162            | 69             | 162            | 69             |
| Deputy CEOs, 2 persons (2)   |                |                |                |                |
| Basic salary   | 3,323          | 2,908          | 3,323          | 2,908          |
| Variable salary  | 337            | 441            | 337            | 441            |
| Benefits   | 172            | 131            | 172            | 131            |
| Other senior executives, 4.7 persons (4.6)                                     |                |                |                |                |
| Basic salary   | 5,766          | 5,125          | 5,080          | 5,125          |
| Variable salary  | 514            | 701            | 514            | 701            |
| Benefits   | 471            | 488            | 448            | 488            |
| Other employees  |                |                |                |                |
| Basic salary   | 75,840         | 49,653         | 63,460         | 49,653         |
| Variable salary  | -              | -              | -              | -              |
| Benefits   | 4,084          | 2,920          | 3,649          | 2,920          |
| <b>Total</b>   | <b>94,455</b>  | <b>68,752</b>  | <b>81,334</b>  | <b>68,752</b>  |
| <b>Contractual pension costs, including Fora</b>                               |                |                |                |                |
| CEO  | 1,068          | 936            | 1,068          | 936            |
| Deputy CEOs, 2 persons (2)   | 988            | 967            | 988            | 967            |
| Other senior executives, 4.7 persons (4.6)                                     | 1,663          | 1,773          | 1,484          | 1,773          |
| Other employees  | 7,898          | 5,283          | 6,387          | 5,283          |
| <b>Total</b>   | <b>11,617</b>  | <b>8,959</b>   | <b>9,927</b>   | <b>8,959</b>   |
| <b>Statutory social security contributions, including wages tax</b>            |                |                |                |                |
| Chairman of the Board  | 88             | 86             | 88             | 86             |
| Other members of the board, 3.5 persons (5.0)                                  | 124            | 210            | 124            | 210            |
| CEO  | 1,258          | 2,031          | 1,384          | 2,031          |
| Deputy CEOs, 2 persons (2)   | 1,443          | 1,346          | 1,443          | 1,346          |
| Other senior executives, 4.7 persons (4.6)                                     | 3,127          | 2,488          | 2,861          | 2,488          |
| Other employees  | 25,710         | 17,082         | 21,640         | 17,082         |
| <b>Total</b>   | <b>31,750</b>  | <b>23,243</b>  | <b>27,540</b>  | <b>23,243</b>  |
| <b>Salaries, fees, benefits and social security expenditure, Dagon's board</b> |                |                |                |                |
| Dagon's board, 6 persons   | 1,097          | -              | -              | -              |
| <b>Total</b>   | <b>1,097</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Grand total</b>   | <b>138,919</b> | <b>100,954</b> | <b>118,801</b> | <b>100,954</b> |

The 2012 Annual General Meeting set remuneration to the Board at SEK 770,000, of which SEK 280,000 was for the Chairman of the Board and SEK 140,000 for each of the board members.

**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 Klöverns profit, yield requirement and dividend to shareholders. No allocation was made for 2012. The effect on profit will therefore be SEK 0 million (6.3).

**Defined contribution schemes**

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 |       |
|---|--------|-------|----------------|-------|
|   | 2012   | 2011  | 2012           | 2011  |
| Costs for defined-contribution scheme <sup>1)</sup> | 11,146 | 8,671 | 9,456          | 8,671 |

1) Excluding Fora and wages tax.

**NOTE 4 EARNINGS PER PROPERTY SEGMENT AND REGION**

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.

Ericsson is Klöverns largest tenant and accounted for 13 per cent (13) of Klöverns sales at year-end 2012. The area leased by Ericsson amounted to 161,000 sq.m. (103,000) and the average remaining contract term is 4.1 years (3.5).

**Earnings per property segment and region**

|                      | Income, SEKm    |                 | Costs, SEKm     |                 | Operating surplus, SEKm |                 | Operating margin, SEKm |                 | Investment, SEKm |                 |
|----------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------------|------------------------|-----------------|------------------|-----------------|
|                      | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec         | 2011<br>Jan–Dec | 2012<br>Jan–Dec        | 2011<br>Jan–Dec | 2012<br>Jan–Dec  | 2011<br>Jan–Dec |
| Management           | 286             | 53              | -120            | -20             | 166                     | 33              | 58                     | 62              | 90               | 5               |
| Development          | 42              | -               | -22             | -               | 20                      | -               | 48                     | -               | -6               | -               |
| <b>South</b>         | <b>328</b>      | <b>53</b>       | <b>-142</b>     | <b>-20</b>      | <b>186</b>              | <b>33</b>       | <b>57</b>              | <b>62</b>       | <b>84</b>        | <b>5</b>        |
| Management           | 440             | 426             | -148            | -145            | 292                     | 281             | 66                     | 66              | 173              | 142             |
| Development          | 27              | 28              | -20             | -20             | 7                       | 8               | 26                     | 29              | 24               | 26              |
| <b>East</b>          | <b>467</b>      | <b>454</b>      | <b>-168</b>     | <b>-165</b>     | <b>299</b>              | <b>289</b>      | <b>64</b>              | <b>64</b>       | <b>197</b>       | <b>168</b>      |
| Management           | 596             | 442             | -188            | -150            | 408                     | 292             | 68                     | 66              | 366              | 415             |
| Development          | 48              | 41              | -34             | -22             | 14                      | 19              | 29                     | 46              | 25               | 14              |
| <b>Stockholm</b>     | <b>644</b>      | <b>483</b>      | <b>-222</b>     | <b>-172</b>     | <b>422</b>              | <b>311</b>      | <b>66</b>              | <b>64</b>       | <b>391</b>       | <b>429</b>      |
| Management           | 495             | 364             | -193            | -144            | 302                     | 220             | 61                     | 60              | 162              | 67              |
| Development          | 14              | 10              | -8              | -6              | 6                       | 4               | 43                     | 40              | 27               | 16              |
| <b>Central/North</b> | <b>509</b>      | <b>374</b>      | <b>-201</b>     | <b>-150</b>     | <b>308</b>              | <b>224</b>      | <b>61</b>              | <b>60</b>       | <b>189</b>       | <b>83</b>       |
| Management           | 1,817           | 1,285           | -649            | -459            | 1,168                   | 826             | 64                     | 64              | 791              | 629             |
| Development          | 131             | 79              | -84             | -48             | 47                      | 31              | 36                     | 39              | 70               | 56              |
| <b>Total</b>         | <b>1,948</b>    | <b>1,364</b>    | <b>-733</b>     | <b>-507</b>     | <b>1,215</b>            | <b>857</b>      | <b>62</b>              | <b>63</b>       | <b>861</b>       | <b>685</b>      |

**Key ratios per property segment and region**

|                      | Fair value, SEKm |                 | Yield requirement <sup>1)</sup> , SEKm |                 | Area, 000 sq.m. |                 | Rental value, SEKm |                 | Economic occupancy rate, % |                 |
|----------------------|------------------|-----------------|--|-----------------|-----------------|-----------------|--------------------|-----------------|----------------------------|-----------------|
|                      | 2012<br>Jan–Dec  | 2011<br>Jan–Dec | 2012<br>Jan–Dec                        | 2011<br>Jan–Dec | 2012<br>Jan–Dec | 2011<br>Jan–Dec | 2012<br>Jan–Dec    | 2011<br>Jan–Dec | 2012<br>Jan–Dec            | 2011<br>Jan–Dec |
| Management           | 3,499            | 436             | 7.5                                    | 7.6             | 482             | 84              | 394                | 56              | 94                         | 95              |
| Development          | 836              | -               | 7.9                                    | -               | 151             | -               | 79                 | -               | 61                         | -               |
| <b>South</b>         | <b>4,335</b>     | <b>436</b>      | <b>7.6</b>                             | <b>7.6</b>      | <b>633</b>      | <b>84</b>       | <b>473</b>         | <b>56</b>       | <b>89</b>                  | <b>95</b>       |
| Management           | 4,045            | 4,085           | 7.3                                    | 7.2             | 499             | 484             | 476                | 466             | 90                         | 90              |
| Development          | 297              | 297             | 9.2                                    | 9.2             | 96              | 100             | 47                 | 49              | 61                         | 60              |
| <b>East</b>          | <b>4,342</b>     | <b>4,382</b>    | <b>7.4</b>                             | <b>7.3</b>      | <b>595</b>      | <b>584</b>      | <b>523</b>         | <b>515</b>      | <b>87</b>                  | <b>87</b>       |
| Management           | 7,897            | 5,708           | 6.9                                    | 6.8             | 510             | 360             | 759                | 515             | 93                         | 92              |
| Development          | 1,100            | 849             | 7.1                                    | 6.7             | 106             | 56              | 101                | 54              | 50                         | 54              |
| <b>Stockholm</b>     | <b>8,997</b>     | <b>6,557</b>    | <b>6.9</b>                             | <b>6.8</b>      | <b>616</b>      | <b>416</b>      | <b>860</b>         | <b>569</b>      | <b>88</b>                  | <b>89</b>       |
| Management           | 4,796            | 3,372           | 7.5                                    | 7.2             | 652             | 446             | 589                | 393             | 90                         | 91              |
| Development          | 154              | 133             | 8.0                                    | 8.2             | 33              | 31              | 23                 | 21              | 70                         | 63              |
| <b>Central/North</b> | <b>4,950</b>     | <b>3,505</b>    | <b>7.5</b>                             | <b>7.2</b>      | <b>685</b>      | <b>477</b>      | <b>612</b>         | <b>414</b>      | <b>89</b>                  | <b>90</b>       |
| Management           | 20,237           | 13,601          | 7.2                                    | 7.1             | 2,143           | 1,374           | 2,218              | 1,430           | 92                         | 91              |
| Development          | 2,387            | 1,279           | 7.7                                    | 7.5             | 386             | 187             | 250                | 124             | 57                         | 58              |
| <b>Total</b>         | <b>22,624</b>    | <b>14,880</b>   | <b>7.2</b>                             | <b>7.1</b>      | <b>2,529</b>    | <b>1,561</b>    | <b>2,468</b>       | <b>1,554</b>    | <b>88</b>                  | <b>89</b>       |

1) Yield requirement is calculated excluding building rights.

**NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS**

| SEK 000s                                  | Group        |              | Parent Company |              |
|---|--------------|--------------|----------------|--------------|
|   | 2012         | 2011         | 2012           | 2011         |
| <b>Ernst &amp; Young AB</b>               |              |              |                |              |
| Audit assignments                         | 2,277        | 1,437        | 2,277          | 1,437        |
| Tax advice                                | 19           | -            | 19             | -            |
| Other assignments                         | 510          | 5            | 510            | 5            |
| <b>Total</b>                              | <b>2,806</b> | <b>1,442</b> | <b>2,806</b>   | <b>1,442</b> |
| <b>Öhrlings PricewaterhouseCoopers AB</b> |              |              |                |              |
| Audit assignments                         | 505          | -            | -              | -            |
| Tax advice                                | 225          | -            | -              | -            |
| Other assignments                         | 580          | -            | -              | -            |
| <b>Total</b>                              | <b>1,310</b> | <b>-</b>     | <b>-</b>       | <b>-</b>     |

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

| Group   | 2012        | 2011        |
|---|-------------|-------------|
| SEKm  |             |             |
| <b>Property-related costs</b>                 |             |             |
| Electricity, district cooling and heating     | -235        | -165        |
| Purchased services management and maintenance | -94         | -74         |
| Repairs and maintenance                       | -89         | -74         |
| Property tax and site leasehold charges       | -109        | -86         |
| Personnel costs                               | -82         | -61         |
| Other property costs                          | -121        | -45         |
| Depreciation                                  | -3          | -2          |
| <b>Total</b>                                  | <b>-733</b> | <b>-507</b> |
| <b>Central administration</b>                 |             |             |
| Personnel costs                               | -38         | -35         |
| Provision, profit-sharing foundation          | -           | -6          |
| Attorney fees, tax proceedings                | -           | -8          |
| IT, advertising and cost of premises          | -11         | -8          |
| Acquisition costs                             | -14         | -2          |
| Auditors' fees                                | -3          | -1          |
| Other costs                                   | -20         | -10         |
| <b>Total</b>                                  | <b>-86</b>  | <b>-70</b>  |

**NOTE 7 NET FINANCIAL ITEMS**

|   | 2012        | 2011        |
|---|-------------|-------------|
| <b>Group</b>                              |             |             |
| Interest income, other                    | 1           | 1           |
| <b>Total</b>                              | <b>1</b>    | <b>1</b>    |
| <b>Parent Company</b>                     |             |             |
| Income from other securities              | 1           | -           |
| Interest income, group companies          | 8           | -           |
| Interest income, other                    | 0           | 0           |
| Anticipated dividend from group companies | 500         | 400         |
| Group contribution, group companies       | 40          | 66          |
| <b>Total</b>                              | <b>549</b>  | <b>466</b>  |
| <b>Group</b>                              |             |             |
| Interest expense, other                   | -580        | -346        |
| Other financial expenses                  | -26         | -13         |
| <b>Total</b>                              | <b>-606</b> | <b>-359</b> |
| <b>Parent Company</b>                     |             |             |
| Interest expense, other                   | -78         | -2          |
| Other financial expenses                  | -8          | -1          |
| <b>Total</b>                              | <b>-86</b>  | <b>-3</b>   |

**NOTE 8 TAXES**

| Consolidated Statement of Income, SEK million     | 2012              |                    | 2011              |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Basis current tax | Basis deferred tax | Basis current tax | Basis deferred tax |
| Tax calculation for Group                         |                   |                    |                   |                    |
| Profit before tax                                 | 231               | -                  | 638               | -                  |
| Deductible for tax purposes                       |                   |                    |                   |                    |
| depreciation                                      | -392              | 392                | -294              | 294                |
| investment  | -193              | 193                | -126              | 126                |
| Change in value of properties not subject to tax  | 79                | -79                | -430              | 430                |
| Change in value of derivatives not subject to tax | 97                | -97                | 225               | -225               |
| Change in value of securities not subject to tax  | -10               | 10                 | -                 | -                  |
| Non-taxable impairment of goodwill                | 95                | -                  | -                 | -                  |
| Tax effect of company and property sales          | -46               | -                  | -5                | -                  |
| Non-deductible expenses                           | 19                | -                  | 11                | -                  |
| Adjustment items in subsidiaries, net             | 63                | -                  | 13                | -                  |
| <b>Total operating profit</b>                     | <b>-57</b>        | <b>419</b>         | <b>32</b>         | <b>625</b>         |
| Use of loss carry-forwards                        | -                 | -                  | -32               | 32                 |
| New loss carry-forwards                           | 64                | -64                | -                 | -                  |
| Adjustment for effect of properties sold          | -                 | -327               | -                 | 8                  |
| Adjustment for acquired temporary differences     | -                 | 61                 | -                 | -8                 |
| <b>Total taxable profit</b>                       | <b>7</b>          | <b>89</b>          | <b>-</b>          | <b>657</b>         |
| Of which 26.3% deferred tax                       | -                 | -23                | -                 | -173               |
| Revaluation of deferred tax to 22%                | -                 | 133                | -                 | -                  |
| <b>Current tax/deferred tax</b>                   | <b>-2</b>         | <b>110</b>         | <b>-</b>          | <b>-173</b>        |
| <b>Parent Company</b>                             |                   |                    | <b>2012</b>       | <b>2011</b>        |
| Profit before tax                                 |                   |                    | 433               | 421                |
| Current tax                                       |                   |                    | -                 | -                  |
| Deferred tax                                      |                   |                    | -51               | -8                 |
| <b>Net profit</b>                                 |                   |                    | <b>382</b>        | <b>413</b>         |
| <b>Deferred tax asset</b>                         |                   |                    |                   |                    |
| At beginning of year                              |                   |                    | 397               | 405                |
| Change during the year <sup>1</sup>               |                   |                    | -51               | -8                 |
| <b>At year-end</b>                                |                   |                    | <b>346</b>        | <b>397</b>         |

1) Including revaluation of deferred tax to 22% corresponding to SEK -65 million (-).

**NOTE 8 CONTINUED****Consolidated Balance Sheet, SEK million**

|  | 2012          |              | 2011          |              |
|--|---------------|--------------|---------------|--------------|
|  | Basis         | Tax          | Basis         | Tax 26.3 %   |
| <b>Tax calculation for Group</b>                             |               |              |               |              |
| <b>Deferred tax asset</b>                                    |               |              |               |              |
| At beginning of year   | 1,510         | 397          | 1,542         | 405          |
| Change during the year                                       | 430           | 113          | -32           | -8           |
| Revaluation of deferred tax to 22%                           | -             | -83          | -             | -            |
| <b>Deferred tax liability at year-end<sup>1</sup></b>        | <b>1,940</b>  | <b>427</b>   | <b>1,510</b>  | <b>397</b>   |
| <b>Deferred tax liability<sup>2</sup></b>                    |               |              |               |              |
| <b>Temporary difference properties</b>                       |               |              |               |              |
| At beginning of year   | 5,666         | 1,490        | 4,701         | 1,236        |
| Changes during the year                                      | 3,151         | 829          | 965           | 254          |
| Revaluation of deferred tax to 22%                           | -             | -379         | -             | -            |
| <b>Temporary differences at year-end</b>                     | <b>8,817</b>  | <b>1,940</b> | <b>5,666</b>  | <b>1,490</b> |
| <b>Acquired temporary differences properties<sup>3</sup></b> |               |              |               |              |
| At beginning of year   | -2,865        | -753         | -2,754        | -724         |
| Change during year due to acquisitions and sales             | -487          | -128         | -111          | -29          |
| Revaluation of deferred tax to 22%                           | -             | 145          | -             | -            |
| <b>At year-end</b>   | <b>-3,352</b> | <b>-737</b>  | <b>-2,865</b> | <b>-753</b>  |
| <b>Temporary differences derivatives</b>                     |               |              |               |              |
| At beginning of year   | -242          | -63          | -13           | -3           |
| Changes during the year                                      | -190          | -50          | -229          | -60          |
| Revaluation of deferred tax to 22%                           | -             | 18           | -             | -            |
| <b>Temporary differences at year-end</b>                     | <b>-432</b>   | <b>-95</b>   | <b>-242</b>   | <b>-63</b>   |
| <b>Total deferred tax liability</b>                          |               |              |               |              |
| At beginning of year   | 2,559         | 673          | 1,934         | 509          |
| Change during the year                                       | 2,474         | 651          | 625           | 164          |
| Revaluation of deferred tax liability to 22%                 | -             | -216         | -             | -            |
| <b>Total deferred tax liability at year-end</b>              | <b>5,033</b>  | <b>1,108</b> | <b>2,559</b>  | <b>673</b>   |

1) Refers to established deficit of SEK 1,940 million (1,510).

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 acquisition values are classified as asset acquisitions.

**NOTE 9 ACQUISITION ANALYSIS DAGON**

On 2 March 2012, Klöver AB acquired Dagon AB (publ). Klöver owns 99.8 per cent of the share capital and votes in Dagon. Klöver has demanded compulsory purchase of the remaining shares. Due to the ongoing dispute resolution process, the consolidated accounts have been prepared as if 100 per cent had been acquired. Dagon was delisted from the stock exchange on 9 June 2012.

The acquired business contributed net sales of SEK 470 million, property from property management of SEK 92 million and profit for the period of SEK -194 million for the period 2 March 2012 to 31 December 2012. If the acquisition had taken place on 1 January 2012, the company would have contributed net sales of SEK 564 million, profit from property management of SEK 101 million and net profit for the year would have amounted to SEK -165 million.

In conjunction with the drawing up of an acquisition analysis and the acquisition being classified as a business combination, an adjustment has been made of the deferred tax liability in the balance sheet. Goodwill mainly arises owing to deferred tax being calculated in accordance with accounting rules and the value of deferred tax being set between the parties in the transaction. For the purpose of accounting, deferred tax is calculated as the difference between fair values and tax values. Properties and financial instruments are valued at fair value. Other items in the balance sheet have not been revalued. The fair value of the acquired receivables on acquisition date amounted to SEK 67 million, which is the amount expected to be paid.

**Acquired net assets, SEKm**

|   |              |
|---|--------------|
| Investment properties   | 5,711        |
| Deferred tax asset  | 132          |
| Other assets  | 128          |
| Interest-bearing liabilities  | -3,928       |
| Reported deferred tax liability   | -226         |
| Other liabilities   | -287         |
| Additional deferred tax according to the preliminary acquisition analysis | -404         |
| <b>Acquired net assets</b>  | <b>1,126</b> |
| Purchase price settled in cash  | -460         |
| Liquid funds in acquired subsidiaries                                     | 34           |
| <b>Change in Group's liquid funds at time of acquisition</b>              | <b>-426</b>  |
| <b>Calculation of goodwill, SEK million</b>                               |              |
| Purchase price:   |              |
| – paid in cash  | 460          |
| – issues in conjunction with the acquisition                              | 1,048        |
| – borrowing in conjunction with the acquisition                           | 0            |
| – shares not accepted in conjunction with the acquisition                 | 2            |
| <b>Offer value Dagon's shares, 100% of shares</b>                         | <b>1,510</b> |
| Acquired net assets   | -1,126       |
| <b>Goodwill</b>   | <b>384</b>   |

**NOT 9 CONTINUED****Goodwill**

Impairment of goodwill relates to revaluation of the deferred tax after reduction of corporate tax as well as sales and impairment of the fair value of the properties.

|   | 2012 | 2011 |
|---|------|------|
| Business combinations                                 | 384  | -    |
| Impairment relating to properties sold                | -1   | -    |
| Impairment relating to changes in value of properties | -28  | -    |
| Impairment relating to new corporate tax              | -66  | -    |
| Closing balance, 31 December 2012                     | 289  | -    |

**NOTE 10 INVESTMENT PROPERTIES  
VALUATION OF PROPERTY HOLDINGS**

The investment properties are valued in accordance with the fair value method. Every quarter, Klöver uses 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, 387 external valuations have been carried out. These valuations have been carried out with a yield-based method applying the cash flow model, 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. External valuations have been carried out by

- > DTZ Sweden
- > Savills
- > CBRE
- > Widehov Konsult
- > Nordier
- > Juris Smitmanis Fastighetskonsult.

**Summary**

|  |  |
|--|--|
| Value date                             | 31 December 2012                               |
| Fair value                             | SEK 22,624 million                             |
| Calculation period                     | Five and ten years                             |
| Yield for assessment of residual value | Between 5.50 and 10.00 per cent                |
| Cost of capital/discount rate          | Between 6.75 and 13.22 per cent                |
| Long-term vacancy                      | Normally between 5 and 10 per cent             |
| Inflation                              | Two per cent (The Riksbank's inflation target) |

**VALUATION METHOD**

Klöver 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

**Sensitivity analysis, property valuation**

|                | Change +/-           | Effect on profit, SEKm |
|----------------|----------------------|------------------------|
| Yield          | 0.5 percentage point | -1,405/+1,606          |
| Rental income  | SEK 50/sq.m.         | +/- 1,744              |
| Operating cost | SEK 25/sq.m.         | -/+ 872                |
| Vacancy rate   | 1.0 percentage point | -/+ 340                |

**Property holding and valuation at fair value as at 31 December 2012**

|                      | Fair value    | No. of properties | Rental value, SEKm <sup>1</sup> | Occupancy rate, % | Lettable area, 000 sq.m. | Cost of capital, % | Yield requirement, % | Yield requirement average, % |
|----------------------|---------------|-------------------|---------------------------------|-------------------|--------------------------|--------------------|----------------------|------------------------------|
| Management           | 3,499         | 82                | 394                             | 94                | 482                      | 7.43–11.44         | 5.50–9.25            | 7.5                          |
| Development          | 836           | 25                | 79                              | 61                | 151                      | 9.10–11.18         | 7.00–9.00            | 7.9                          |
| <b>South</b>         | <b>4,335</b>  | <b>107</b>        | <b>473</b>                      | <b>89</b>         | <b>633</b>               | <b>7.43–11.44</b>  | <b>5.50–9.25</b>     | <b>7.6</b>                   |
| Management           | 4,045         | 85                | 476                             | 90                | 499                      | 6.75–12.00         | 6.00–10.00           | 7.3                          |
| Development          | 297           | 15                | 47                              | 61                | 96                       | 8.25–12.00         | 8.00–10.00           | 9.2                          |
| <b>East</b>          | <b>4,342</b>  | <b>100</b>        | <b>523</b>                      | <b>87</b>         | <b>595</b>               | <b>6.75–12.00</b>  | <b>6.00–10.00</b>    | <b>7.4</b>                   |
| Management           | 7,897         | 69                | 759                             | 93                | 510                      | 6.75–12.00         | 6.25–10.00           | 6.9                          |
| Development          | 1,100         | 12                | 101                             | 50                | 106                      | 8.50–11.20         | 6.75–9.00            | 7.1                          |
| <b>Stockholm</b>     | <b>8,997</b>  | <b>81</b>         | <b>860</b>                      | <b>88</b>         | <b>616</b>               | <b>6.75–12.00</b>  | <b>6.25–10.00</b>    | <b>6.9</b>                   |
| Management           | 4,796         | 90                | 589                             | 90                | 652                      | 6.75–13.22         | 5.90–10.00           | 7.5                          |
| Development          | 154           | 9                 | 23                              | 70                | 33                       | 8.25–11.18         | 6.25–9.00            | 8.0                          |
| <b>Central/North</b> | <b>4,950</b>  | <b>99</b>         | <b>612</b>                      | <b>89</b>         | <b>685</b>               | <b>6.75–13.22</b>  | <b>5.90–10.00</b>    | <b>7.5</b>                   |
| Management           | 20,237        | 326               | 2,218                           | 92                | 2,143                    | 6.75–13.22         | 5.50–10.00           | 7.2                          |
| Development          | 2,387         | 61                | 250                             | 57                | 386                      | 8.25–12.00         | 6.25–10.00           | 7.7                          |
| <b>Total</b>         | <b>22,624</b> | <b>387</b>        | <b>2,468</b>                    | <b>88</b>         | <b>2,529</b>             | <b>6.75–13.22</b>  | <b>5.50–10.00</b>    | <b>7.2</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.

**NOTE 10 CONTINUED****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 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.

**Yield requirement and cost of capital**

The 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 space, 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 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 sites have been assessed by the external valuers.

**Inspection of the properties**

All properties are inspected by the external valuers 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 yield requirements are decided after review with the external valuers. The development of the 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 performed by DTZ Sweden.

**CHANGES IN VALUE**

The fair value of Klöverns properties was SEK 22,624 million (14,880) on 31 December 2012. Changes in value for the full year 2012 amounted to SEK -33 million (435).

The unrealized changes in value were SEK -79 million (430) and the realized changes in value SEK 46 million (5). Klöverns property portfolio has been valued at an average yield requirement of 7.2 per cent (7.1) on 31 December 2012.

| Group, SEKm  | Properties    |
|--|---------------|
| <b>Opening fair value, 1 January 2011</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> |
| Acquisition value of properties acquired during the year | 7,459         |
| Investment in properties                                 | 861           |
| Sales income, sold properties                            | -543          |
| Change in value  | -33           |
| <b>Closing fair value, 31 December 2012</b>              | <b>22,624</b> |

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

| Group  | 2012  | 2011  |
|--|-------|-------|
| Income   | 1,948 | 1,343 |
| Direct costs for investment properties that generated rental income during the period        | -733  | -507  |
| Direct costs for investment properties that did not generate rental income during the period | -     | -     |

In 2011 and 2012 all investment properties generated rental income.

**NOTE 10 CONTINUED****Tax assessment values**

| Group, SEKm                       | 2012          | 2011         |
|-----------------------------------|---------------|--------------|
| Tax assessment values, buildings  | 8,358         | 6,007        |
| Tax assessment values, land       | 2,336         | 1,704        |
| <b>Total tax assessment value</b> | <b>10,694</b> | <b>7,711</b> |

**TAX RESIDUAL VALUE**

The tax residual value of the properties totalled SEK 13,807 million (9,214) on 31 December 2012.

**NOTE 11 MACHINERY AND EQUIPMENT**

|   | 2012       |                | 2011       |                |
|---|------------|----------------|------------|----------------|
|   | Group      | Parent Company | Group      | Parent Company |
| <b>Accumulated acquisition cost</b>                       |            |                |            |                |
| Opening balance   | 24         | 7              | 25         | 9              |
| Purchases   | 8          | 2              | 2          | 1              |
| Acquisition of subsidiaries                               | 11         | -              | 0          | -              |
| Sales and disposals                                       | -3         | 0              | -3         | -3             |
| <b>Total</b>  | <b>40</b>  | <b>9</b>       | <b>24</b>  | <b>7</b>       |
| <b>Accumulated scheduled depreciation</b>                 |            |                |            |                |
| Opening balance   | -16        | -5             | -17        | -7             |
| Acquisition of subsidiaries                               | -9         | -              | 0          | -              |
| Sales and disposals                                       | 2          | 0              | 3          | 3              |
| Scheduled depreciation on acquisition values for the year | -3         | 0              | -2         | -1             |
| <b>Total</b>  | <b>-26</b> | <b>-5</b>      | <b>-16</b> | <b>-5</b>      |
| <b>Reported value at year-end</b>                         | <b>14</b>  | <b>4</b>       | <b>8</b>   | <b>2</b>       |

**NOTE 12 FINANCIAL ASSETS AT FAIR VALUE VIA THE STATEMENT OF INCOME/PARTICIPATION RIGHTS IN OTHER COMPANIES**

|                                      | 2012       | 2011     |
|--------------------------------------|------------|----------|
| <b>Group</b>                         |            |          |
| Shares in Diös Fastigheter AB (publ) | 304        | -        |
| Other securities                     | 22         | -        |
| Other items                          | 4          | -        |
| <b>Total</b>                         | <b>330</b> | <b>-</b> |
| <b>Parent Company</b>                |            |          |
| Shares in Diös Fastigheter AB (publ) | 294        | -        |

During the year, the company has acquired 9,358,391 shares in Diös fastigheter AB (publ). 686,402 shares have been divested and the company owns 8,671,989 shares at year-end. The fair value is based on the closing price at year-end. The shares have been recorded at acquisition value in the Parent Company. After the end of the year, all shares have been sold.

**NOTE 13 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. Our managers always carry out a credit rating of the tenant in connection with new letting.

Accounts receivable in the Group is reported after taking into consideration rent losses arising during the year totalled SEK 4.8 million (3.2) with a deduction of SEK 1.1 million (0.8) for reversed rent losses. Actual rent losses amounted to 0.2 per cent (0.2) of sales. Established rent losses amounted to SEK 2.6 million (3.6) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

**Accounts receivable by age**

| Days                                   | 2012          | 2011          |
|--|---------------|---------------|
| 0–29                                   | 18,505        | 8,072         |
| 30–89                                  | 5,148         | 5,032         |
| 90–                                    | 31,870        | 8,347         |
| Doubtful claims                        | -9,793        | -6,441        |
| <b>Total</b>                           | <b>45,730</b> | <b>15,010</b> |
| <b>Doubtful claims</b>                 |               |               |
| Doubtful claims at beginning of year   | 6,441         | 7,652         |
| Provisions for anticipated rent losses | 7,090         | 3,174         |
| Claims collected                       | -1,145        | -785          |
| Established losses                     | -2,593        | -3,600        |
| <b>Doubtful claims at year-end</b>     | <b>9,793</b>  | <b>6,441</b>  |

**NOTE 14 OTHER RECEIVABLES**

|                           | 2012      | 2011      |
|---------------------------|-----------|-----------|
| <b>Group</b>              |           |           |
| Settlement taxes and fees | 36        | 32        |
| Other current receivables | 3         | 1         |
| <b>Total</b>              | <b>39</b> | <b>33</b> |
| <b>Parent Company</b>     |           |           |
| Settlement taxes and fees | 3         | 4         |
| Other current receivables | 0         | 0         |
| <b>Total</b>              | <b>3</b>  | <b>4</b>  |

**NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME**

|                                 | 2012      | 2011      |
|---------------------------------|-----------|-----------|
| <b>Group</b>                    |           |           |
| Accrued property costs          | 8         | 2         |
| Prepaid rent discounts          | 23        | 21        |
| Prepaid insurance               | 0         | 4         |
| Prepaid site leasehold charges  | 6         | 5         |
| Prepaid financial expenses      | 32        | -         |
| Property acquisition in process | 2         | 1         |
| Accrued income                  | 6         | 11        |
| Other prepaid expenses          | 1         | 2         |
| <b>Total</b>                    | <b>78</b> | <b>46</b> |
| <b>Parent Company</b>           |           |           |
| Accrued property costs          | 1         | 1         |
| Prepaid insurance               | 0         | 4         |
| Prepaid financial expenses      | 26        | -         |
| Property acquisition in process | 1         | 1         |
| <b>Total</b>                    | <b>28</b> | <b>6</b>  |

**NOTE 16 LIQUID FUNDS**

|                       | 2012       | 2011      |
|-----------------------|------------|-----------|
| <b>Group</b>          |            |           |
| Cash and bank         | 375        | 11        |
| <b>Total</b>          | <b>375</b> | <b>11</b> |
| <b>Parent Company</b> |            |           |
| Cash and bank         | 164        | 8         |
| <b>Total</b>          | <b>164</b> | <b>8</b>  |

**NOTE 17 SHAREHOLDERS' EQUITY**

Klövern manages capital consisting of the Group's shareholders' equity with the aim of providing Klövern's shareholders with a return of at least the risk-free rate plus nine percentage points, which is the goal set in Klövern's business plan. Return on equity amounted to 5.8 per cent (10.1) in 2012. During the past eight years, the average return on equity has been 18.6 per cent (11.6).

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 2012 was 27.6 per cent (30.8). 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. The share capital consists of two classes of share, common shares and preference shares with a quote value of SEK 5 per share. A preference share confers one-tenth of a vote in contrast with a common share, which confers one vote per share.

**Dividend**

The Board of Directors of Klövern AB proposes to the 2012 Annual General Meeting that a dividend be paid of SEK 1.50 per common share (1.25) and SEK 10 per preference share (10), totalling SEK 435 million (340).

**Change in share capital**

|                                       | Date              | Number of common shares | Number of preference shares | Total no. of registered shares | Nom SEK/ share | Share capital, SEK |
|---------------------------------------|-------------------|-------------------------|-----------------------------|--------------------------------|----------------|--------------------|
| Opening balance                       | 01.01.2006        | 120,364,259             |                             | 120,364,259                    | 5              | 601,821,295        |
| New issue                             | 22.11.2006        | 46,180,067              |                             | 166,544,326                    | 5              | 832,721,630        |
| Closing balance                       | 31.12.2006        | 166,544,326             |                             | 166,544,326                    | 5              | 832,721,630        |
| Repurchase of own shares              |                   | -775,500                |                             |                                |                |                    |
| Closing balance                       | 31.12.2007        | 165,768,826             |                             | 166,544,326                    | 5              | 832,721,630        |
| Repurchase of own shares              |                   | -4,965,963              |                             |                                |                |                    |
| Closing balance                       | 31.12.2008        | 160,802,863             |                             | 166,544,326                    | 5              | 832,721,630        |
| Closing balance                       | 31.12.2009        | 160,802,863             |                             | 166,544,326                    | 5              | 832,721,630        |
| Closing balance                       | 31.12.2010        | 160,802,863             |                             | 166,544,326                    | 5              | 832,721,630        |
| Closing balance                       | 31.12.2011        | 160,802,863             |                             | 166,544,326                    | 5              | 832,721,630        |
| Cash issue                            | 13.01.2012        | 34                      |                             | 166,544,360                    | 5              | 832,721,800        |
| Bonus issue                           | 13.01.2012        |                         | 4,163,609                   | 170,707,969                    | 5              | 853,539,845        |
| New issue                             | 06.03.2012        |                         | 7,544,531                   | 178,252,500                    | 5              | 891,262,500        |
| New issue                             | 10.04.2012        |                         | 66,638                      | 178,319,138                    | 5              | 891,595,690        |
| New issue                             | 19.04.2012        |                         | 585                         | 178,319,723                    | 5              | 891,598,615        |
| New issue                             | 29.06.2012        |                         | 463,000                     | 178,782,723                    | 5              | 893,913,615        |
| New issue                             | 09.07.2012        |                         | 448,000                     | 179,230,723                    | 5              | 896,153,615        |
| New issue                             | 14.09.2012        |                         | 912,500                     | 180,143,223                    | 5              | 900,716,115        |
| New issue                             | 17.09.2012        |                         | 132,475                     | 180,275,698                    | 5              | 901,378,490        |
| New issue                             | 08.10.2012        |                         | 3,583,350                   | 183,859,048                    | 5              | 919,295,240        |
| New issue                             | 08.10.2012        |                         | 1,105,000                   | 184,964,048                    | 5              | 924,820,240        |
| New issue                             | 17.10.2012        |                         | 116,650                     | 185,080,698                    | 5              | 925,403,490        |
| Sale of repurchases shares, 2012      |                   | 741,463                 |                             |                                |                |                    |
| <b>Outstanding shares at year-end</b> | <b>31.12.2012</b> | <b>161,544,360</b>      | <b>18,536,338</b>           | <b>185,080,698</b>             | <b>5</b>       | <b>925,403,490</b> |
| Repurchased shares at year-end        |                   | 5,000,000               |                             |                                |                |                    |

**NOTE 18 EARNINGS PER SHARE**

The calculation of earnings per preference share for 2012 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 339 million (465). Earnings per preference share have been distributed on the basis of the year's dividend to the preference shares of SEK 139 million allocated to SEK 18.5 million outstanding preference shares. The remaining part of the year's earnings, SEK 200 million, has been distributed to 161.5 million outstanding shares.

|  | 2012 | 2011 |
|--|------|------|
| Net profit attributable to the Parent Company's shareholders       | 339  | 465  |
| Average number of number of outstanding common shares, million     | 159  | 161  |
| Average number of number of outstanding preference shares, million | 12   | -    |
| Earnings per common share, SEK                                     | 1.24 | 2.89 |
| Earnings per preference share, SEK                                 | 7.52 | -    |

**NOTE 19 INTEREST-BEARING LIABILITIES**

The long-term liabilities of the Parent Company include liabilities to subsidiaries, which fall due for payment later than in five years. The Parent Company's interest-bearing liabilities amount to SEK 3,841 million. The Parent Company has a unutilized credit facility of SEK 250 million (200).

| Group                         | 2012          | 2011         |
|-------------------------------|---------------|--------------|
| <b>Long-term liabilities</b>  |               |              |
| Bank loans                    | 14,202        | 9,284        |
| <b>Total</b>                  | <b>14,202</b> | <b>9,284</b> |
| <b>Current liabilities</b>    |               |              |
| Current portion of bank loans | 1,027         | 61           |
| Utilized overdraft facility   | -             | -            |
| <b>Total</b>                  | <b>1,027</b>  | <b>61</b>    |
| Unused overdraft facility     | 300           | 250          |

**NOTE 20 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 56–59, Bonds on page 60–61 and in Risk and sensitivity on pages 68–71.

**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 that applied in 2012, 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 2012, the average remaining maturity of the loan stock was 2.2 years (1.9). 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. The goal has been changed to 1.5 years from 2013. At the same time, liquid assets were available totalling SEK 375 million (11) and granted, but not utilized loan frames of SEK 281 million (495), which may be used for new acquisitions or investments after providing collateral for mortgages up to 60–75 per cent of the properties' market value.

**Structure of capital maturity**

| Maturity year | Credit agreement, SEKm | Utilized, SEKm |
|---------------|------------------------|----------------|
| 2013          | 4,051                  | 3,751          |
| 2014          | 5,168                  | 4,984          |
| 2015          | 5,722                  | 5,625          |
| 2016          | -                      | -              |
| 2017–         | 869                    | 869            |
| <b>Total</b>  | <b>15,810</b>          | <b>15,229</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 15,229 million (9,345), 49 per cent (49) had variable interest and the average fixed-interest period was 3.0 years (2.7) at year-end. In mid-January 2013, the period of fixed interest, after acquisition of additional interest rates swaps of SEK 700 million, amounted to 3.5 years.

**Interest maturity structure**

| Maturity year | Average interest rate, % | Interest due, SEKm | Proportion, % |
|---------------|--------------------------|--------------------|---------------|
| Variable      | 3.7                      | 7,511              | 49            |
| 2013          | 4.5                      | 11                 | 0             |
| 2014          | 5.5                      | 339                | 2             |
| 2015          | 4.9                      | 1,593              | 10            |
| 2016          | 5.1                      | 400                | 3             |
| 2017          | 4.5                      | 1,075              | 7             |
| 2018          | 5.3                      | 900                | 5             |
| 2019          | 5.6                      | 400                | 3             |
| 2020          | 4.0                      | 1,000              | 7             |
| 2021          | 4.3                      | 1,000              | 7             |
| 2022–         | 5.4                      | 1,000              | 7             |
| <b>Total</b>  | <b>4.3</b>               | <b>15,229</b>      | <b>100</b>    |

**NOTE 20 CONTINUED**

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 5.1 years (4.2). 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 1,355 million (1,500) interest caps and SEK 7,718 (4,800) million fixed interest loans (mainly through swaps), totalling SEK 9,073 million (60 per cent), compared with SEK 7,614 million (or 50 per cent) which was a minimum requirement according to policy. Redemption rates for the interest caps vary between 4.25 and 5.00 per cent linked to three-month Stibor. During 2012, changes in value of interest caps amounted to SEK 2 million (-1). The fair value amounted to SEK 0 million (0) at year-end.

At year-end, Klöver had 18 interest rate swap agreements maturing between 2014 and 2022. The fair value of the swaps amounted to SEK -432 million (-242) and changes in value totalled SEK -177 million (-224) during the year, of which SEK 78 million were realized. Interest caps and swaps both increase Klöver's price risk.

The interest caps have been valued by Handelsbanken and 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, Nordea 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 |
|------------------------------------|--------------|-----------------------------------|------------------------|--------------------|
| <b>Nominal interest rate swaps</b> |              |                                   |                        |                    |
| Handelsbanken                      | 145          | 1.3                               | 5.0                    | -7                 |
| Handelsbanken                      | 100          | 2.1                               | 3.1                    | -4                 |
| Swedbank                           | 600          | 2.1                               | 2.8                    | -21                |
| Handelsbanken                      | 800          | 2.1                               | 2.8                    | -27                |
| Danske Bank                        | 400          | 3.1                               | 3.0                    | -21                |
| Danske Bank                        | 545          | 4.1                               | 3.1                    | -38                |
| Nordea                             | 30           | 4.8                               | 4.0                    | -3                 |
| SEB                                | 500          | 5.0                               | 1.6                    | -1                 |
| Swedbank                           | 300          | 5.6                               | 2.7                    | -18                |
| Swedbank                           | 200          | 5.6                               | 2.7                    | -12                |
| Swedbank                           | 400          | 6.0                               | 3.7                    | -49                |
| Swedbank                           | 400          | 6.1                               | 3.5                    | -45                |
| Swedbank                           | 800          | 8.0                               | 1.9                    | -3                 |
| Swedbank                           | 200          | 8.0                               | 1.9                    | -1                 |
| Swedbank                           | 300          | 8.7                               | 2.5                    | -14                |
| Swedbank                           | 700          | 9.0                               | 2.0                    | -7                 |
| Swedbank                           | 400          | 9.1                               | 3.3                    | -64                |
| Swedbank                           | 600          | 9.1                               | 3.3                    | -97                |
| <b>Total swaps</b>                 | <b>7,420</b> | <b>5.8</b>                        | <b>2.7</b>             | <b>-432</b>        |

| Counterparty               | Amount, SEKm | Remaining time to maturity, years | Strike level, % <sup>1</sup> | Market value, SEKm |
|----------------------------|--------------|-----------------------------------|------------------------------|--------------------|
| <b>Interest cap</b>        |              |                                   |                              |                    |
| Swedbank                   | 500          | 1.0                               | 4.5                          | 0                  |
| Handelsbanken              | 355          | 1.3                               | 5.0                          | 0                  |
| Swedbank                   | 500          | 1.3                               | 4.3                          | 0                  |
| <b>Total interest caps</b> | <b>1,355</b> | <b>1.2</b>                        | <b>4.6</b>                   | <b>0</b>           |
| <b>Total</b>               | <b>8,775</b> | <b>5.1</b>                        | <b>3.0</b>                   | <b>-432</b>        |

1) 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 amount               |
|---|------------------------------|
| Swedish state and government agencies with 100% state guarantee     | 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**

Klöver'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 65-75 per cent. Klöver meets all goals and requirements by a good margin.

The equity ratio was 27.6 per cent, the interest coverage ratio 1.9 multiples and the leverage ratio for properties 56 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 +76 million. The interest coverage ratio would have changed from the current 1.9 to 1.7 multiples.

The calculations of the sensitivity analysis are based on the Group's earning capacity and balance sheet as at 31 December 2012. The sensitivity analysis shows the effect on the Group's annual profit.

**NOTE 20 CONTINUED****Fair value of financial instruments**

| SEK 000s   | 2012             |                    |                  |                      | 2011             |                    |                  |                      |
|--|------------------|--------------------|------------------|----------------------|------------------|--------------------|------------------|----------------------|
|  | Financial income | Financial expenses | Changes in value | Net financial income | Financial income | Financial expenses | Changes in value | Net financial income |
| <b>Financial assets valued at fair value via the statement of income</b> |                  |                    |                  |                      |                  |                    |                  |                      |
| Securities   | -                | -                  | 10,299           | 10,299               | -                | -                  | -                | -                    |
| Interest rate swaps relating to cash flow hedges                         | -                | -                  | -176,577         | -176,577             | -                | -                  | -223,451         | -223,451             |
| Interest caps  | -                | -                  | 1,502            | 1,502                | -                | -                  | -1,418           | -1,418               |
| <b>Total</b>   | <b>-</b>         | <b>-</b>           | <b>-164,776</b>  | <b>-164,776</b>      | <b>-</b>         | <b>-</b>           | <b>-224,869</b>  | <b>-224,869</b>      |
| <b>Loan receivables and accounts receivable</b>                          |                  |                    |                  |                      |                  |                    |                  |                      |
| Accounts receivable  | -                | -                  | -                | -                    | -                | -                  | -                | -                    |
| Accrued income and other receivables                                     | 239              | -                  | -                | 239                  | 453              | -                  | -                | 453                  |
| Liquid funds   | 1,187            | -                  | -                | 1,187                | 537              | -                  | -                | 537                  |
| <b>Total</b>   | <b>1,426</b>     | <b>-</b>           | <b>-</b>         | <b>1,426</b>         | <b>990</b>       | <b>-</b>           | <b>-</b>         | <b>990</b>           |
| <b>Total financial income</b>  | <b>1,426</b>     | <b>-</b>           | <b>-164,776</b>  | <b>-163,350</b>      | <b>990</b>       | <b>-</b>           | <b>-224,869</b>  | <b>-223,879</b>      |
| <b>Financial liabilities valued at accrued acquisition value</b>         |                  |                    |                  |                      |                  |                    |                  |                      |
| Liabilities to credit institutions                                       | -                | -606,464           | -                | -606,464             | -                | -358,946           | -                | -358,946             |
| Accounts payable   | -                | -57                | -                | -57                  | -                | -34                | -                | -34                  |
| Accrued expenses and other liabilities                                   | -                | -116               | -                | -116                 | -                | -72                | -                | -72                  |
| <b>Total financial expenses</b>  | <b>-</b>         | <b>-606,637</b>    | <b>-</b>         | <b>-606,637</b>      | <b>-</b>         | <b>-359,052</b>    | <b>-</b>         | <b>-359,052</b>      |

**Fair value of financial assets and liabilities**

| SEK 000s                             | 2012  |                               |   | 2011  |                               |   |
|--------------------------------------|---|-------------------------------|---|---|-------------------------------|---|
|                                      | 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 |
| Long-term receivable                 | 329,443   | -                             | -   | -   | -                             | -   |
| Accounts receivable                  | -   | 45,731                        | -   | -   | 15,000                        | -   |
| Accrued income and prepaid expenses  | -   | 77,868                        | -   | -   | 45,525                        | -   |
| Other receivables                    | -   | 3,317                         | -   | -   | 1,411                         | -   |
| Liquid funds                         | -   | 375,588                       | -   | -   | 10,855                        | -   |
| <b>Total</b>                         | <b>329,443</b>  | <b>502,504</b>                | <b>-</b>  | <b>-</b>  | <b>72,791</b>                 | <b>-</b>  |
| Long-term liabilities                | -   | -                             | 14,201,320  | -   | -                             | 9,284,524   |
| Derivatives                          | 432,265   | -                             | -   | 241,737   | -                             | -   |
| Current interest-bearing liabilities | -   | -                             | 1 027,458   | -   | -                             | 60,630  |
| Accounts payable                     | -   | -                             | 158,455   | -   | -                             | 49,385  |
| Other liabilities                    | -   | -                             | 103,202   | -   | -                             | 29,774  |
| Accrued expenses and prepaid income  | -   | -                             | 465,922   | -   | -                             | 297,443   |
| <b>Total</b>                         | <b>432,265</b>  | <b>-</b>                      | <b>15,956,357</b>   | <b>241,737</b>  | <b>-</b>                      | <b>9,721,756</b>  |

Reported values in the balance sheet do not differ from fair value.

The long-term receivable consists mainly of securities listed on NASDAQ OMX Stockholm and thus included in Level 1.

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 21 OTHER LIABILITIES**

| Other current liabilities                                     | 2012       | 2011      |
|---|------------|-----------|
| <b>Group</b>  |            |           |
| Personnel's withholding tax and social security contributions | 5          | 3         |
| Insurance compensation  | 13         | 13        |
| Dividend shares   | 93         | -         |
| Debt to previous property owner                               | 8          | 15        |
| Debt to purchaser   | 1          | -         |
| Other items   | 3          | 2         |
| <b>Total</b>  | <b>123</b> | <b>33</b> |
| <b>Parent Company</b>   |            |           |
| Personnel's withholding tax and social security contributions | 5          | 3         |
| Dividend shares   | 93         | -         |
| Value-added tax   | 8          | 5         |
| Other items   | -          | 1         |
| <b>Total</b>  | <b>106</b> | <b>9</b>  |

**NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME**

|  | 2012       | 2011       |
|--|------------|------------|
| <b>Group</b>                             |            |            |
| Prepaid rents, first quarter 2013/2012   | 322        | 212        |
| Accrued property costs                   | 57         | 38         |
| Accrued interest costs                   | 56         | 32         |
| Accrued personnel costs                  | 21         | 10         |
| Other items                              | 3          | 15         |
| <b>Total</b>                             | <b>459</b> | <b>307</b> |
| <b>Parent Company</b>                    |            |            |
| Prepaid interest costs                   | 10         | -          |
| Accrued personnel costs                  | 21         | 10         |
| Accrued costs, profit-sharing foundation | -          | 6          |
| Other items                              | 3          | 9          |
| <b>Total</b>                             | <b>34</b>  | <b>25</b>  |

**NOTE 23 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. Klöver's average lease term is 3.4 years (2.8). Changeover rents are included in the rents at SEK 4.7 million (3.5).

| Maturity year | Contract value, SEKm | Proportion of contract value, % | Area, sq.m.  |
|---------------|----------------------|---------------------------------|--------------|
| 2013          | 430                  | 20                              | 482          |
| 2014          | 523                  | 24                              | 466          |
| 2015          | 480                  | 22                              | 429          |
| 2016          | 235                  | 11                              | 228          |
| 2017          | 141                  | 6                               | 118          |
| 2018          | 57                   | 3                               | 54           |
| 2019          | 44                   | 2                               | 36           |
| 2020          | 44                   | 2                               | 38           |
| 2021          | 28                   | 1                               | 24           |
| 2022–         | 191                  | 9                               | 166          |
| <b>Total</b>  | <b>2,173</b>         | <b>100</b>                      | <b>2,041</b> |

The group's leased assets including site leaseholds consist of operational leasing contracts amounting to SEK 32.2 million (23.3).

**NOTE 24 ASSETS PLEDGED AND CONTINGENCIES**

|                                      | Group         |               | Parent Company |              |
|--------------------------------------|---------------|---------------|----------------|--------------|
|                                      | 2012          | 2011          | 2012           | 2011         |
| <b>Assets pledged</b>                |               |               |                |              |
| Property mortgages <sup>1</sup>      | 15,078        | 10,429        | -              | -            |
| <b>Total assets pledged</b>          | <b>15,078</b> | <b>10,429</b> | <b>-</b>       | <b>-</b>     |
| <b>Contingencies</b>                 |               |               |                |              |
| Guarantees in favour of subsidiaries | -             | -             | 10,662         | 8,413        |
| Other contingencies                  | 4             | 4             | -              | -            |
| <b>Total contingencies</b>           | <b>4</b>      | <b>4</b>      | <b>10,662</b>  | <b>8,413</b> |

1) Refers to assets pledged for bank loans.

**NOTE 25 CLOSE ASSOCIATES**

|                             | Year | Services sold | Services purchased | Receivable | Liability |
|-----------------------------|------|---------------|--------------------|------------|-----------|
| <b>Group</b>                |      |               |                    |            |           |
| Other close associates 2012 |      | 8             | 15                 | -          | -         |
| Other close associates 2011 |      | 7             | 12                 | -          | -         |
| <b>Parent Company</b>       |      |               |                    |            |           |
| Subsidiary                  | 2012 | 140           | 6                  | 7,085      | 684       |
| Subsidiary                  | 2011 | 108           | 5                  | 4,110      | 1,720     |
| Other close associates 2012 |      | -             | 9                  | -          | -         |
| Other close associates 2011 |      | -             | 9                  | -          | -         |

The Parent Company has a close associate relationship with its subsidiaries, see Note 26.

Transactions with close associates are priced on market terms. The lease contract where Arvid Svensson AB is a tenant has a total annual contract value of SEK 3 million (3). The annual contract value of the lease with Länsförsäkringar is SEK 4 million (4). The annual contract value of the lease to Håkansgården Hotell & Konferens AB is SEK 1 million.

Klövern AB has signed a lease for letting to Rutger Arnhult with an annual contract value of SEK 0.6 million (-). Fredrik Svensson is CEO of Arvid Svensson AB, Anna-Greta Lundh is CEO of Länsförsäkringar Södermanland and Ann-Cathrin Bengtson is chairman of the board of Hakansgården Hotell & Konferens AB. They are also chairman of the board and board members of Klöver respectively. Rutger Arnhult is Klöver's CEO and a board member. Purchased services refer to insurances relating to properties and personnel and interest expense. Payments to the CEO, Deputy CEOs, senior executives and the Board of Directors are shown in Note 3.

**NOTE 26 PARTICIPATING INTERESTS IN GROUP COMPANIES**

| SEK 000s                              | 31.12.2012       | 31.12.2011     |
|---------------------------------------|------------------|----------------|
| <b>Accumulated acquisition values</b> |                  |                |
| Opening balance                       | 183,492          | 183,492        |
| Acquisitions                          | 1,516,231        | -              |
| Sales                                 | -50              | -              |
| <b>Reported closing balance</b>       | <b>1,699,673</b> | <b>183,492</b> |
| <b>Accumulated write-ups</b>          |                  |                |
| 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>1,836,224</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 |
|--|---------------|-------------------------|------------|
| Klövern Strand AB, 556442-0098, Nyköping       | 80,000        | 100                     | 126,395    |
| Klövern Ström AB, 556603-1067, Nyköping        | 104,000       | 100                     | 53,631     |
| Klövern Komp Ström AB, 556688-5256, Nyköping   | 1,000         | 100                     | 100        |
| Klövern Adam AB, 556494-9699, Nyköping         | 1,000         | 100                     | 107,700    |
| Klövern Komp Adam AB, 556643-6647 Nyköping     | 1,000         | 100                     | 100        |
| Klövern Barkenlund AB, 556554-8772, Nyköping   | 1,000         | 100                     | 1,766      |
| Klövern Bobby AB, 556594-9780, Nyköping        | 1,000         | 100                     | 8,138      |
| Klövern Komp Bobby AB, 556678-9938, Nyköping   | 1,000         | 100                     | 100        |
| Klövern Charbel AB, 556594-9814, Nyköping      | 1,000         | 100                     | 100        |
| Klövern Dante AB, 556594-9830, Nyköping        | 1,000         | 100                     | 100        |
| Klövern Efraim AB, 556594-9855, Nyköping       | 1,000         | 100                     | 100        |
| Klövern Frippe AB, 556634-5657, Nyköping       | 1,000         | 100                     | 100        |
| Klövern Ett AB, 556610-3106, Nyköping          | 1,000         | 100                     | 15,974     |
| Klövern Komp Ett AB, 556613-4085, Nyköping     | 1,000         | 100                     | 100        |
| Klövern Karl AB, 556708-7985, Nyköping         | 1,000         | 100                     | 5,139      |
| Klövern Love Holding AB, 556797-0602, Nyköping | 100,000       | 100                     | 100        |
| Klövern Gerhard AB, 556634-5723, Nyköping      | 1,000         | 100                     | 100        |
| Klövern Helmut AB, 556634-5731, Nyköping       | 1,000         | 100                     | 100        |
| Klövern Ingmar AB, 556634-6598, Nyköping       | 1,000         | 100                     | 100        |

| Subsidiary/Reg. No./Registered Office   | No. of shares | Share in % <sup>1</sup> | Book value       |
|---|---------------|-------------------------|------------------|
| Dagon AB, 556431-0067, Nyköping         | 23,553,801    | 99,8                    | 1,515,981        |
| Klövern Linus AB, 556896-7409, Nyköping | 50,000        | 100                     | 50               |
| Other subsidiaries, dormant             |               |                         | 250              |
| <b>Total</b>                            |               |                         | <b>1,836,224</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 27 STATEMENT OF CASH FLOW**

|                      | Group |      | Parent Company |      |
|----------------------|-------|------|----------------|------|
|                      | 2012  | 2011 | 2012           | 2011 |
| <b>Interest paid</b> |       |      |                |      |
| Interest received    | 1     | 1    | 0              | 0    |
| Interest paid        | -550  | -347 | -102           | -3   |

**Cash flow from current operations**

|   | Group    |          | Parent Company |          |
|---|----------|----------|----------------|----------|
|   | 2012     | 2011     | 2012           | 2011     |
| <b>Adjustment for items not included in the cash flow</b> |          |          |                |          |
| Deprecation on equipment                                  | 3        | 2        | 1              | 1        |
| Changes in value  | -        | 4        | -              | -        |
| <b>Total</b>  | <b>3</b> | <b>6</b> | <b>1</b>       | <b>1</b> |

**Cash flow from investing operations**

|                                       | Parent Company |             |
|---------------------------------------|----------------|-------------|
|                                       | 2012           | 2011        |
| <b>Investment in financial assets</b> |                |             |
| Participations in group companies     | -478           | -           |
| Participations in other companies     | -25            | -           |
| Receivables from group companies      | -324           | -175        |
| <b>Total</b>                          | <b>-827</b>    | <b>-175</b> |

**NOTE 28 EVENTS AFTER THE PERIOD COVERED BY THE REPORT**

After the end of the year, Klöver has taken possession of two properties with an acquisition price of SEK 25 million. At the beginning of 2013, Klöver has also divested two properties with a sale price of SEK 37 million. Klöver has signed a contract on letting 10,700 sq.m. with the business and IT service supplier CGI (formerly Logica) in Kista. This lease has a ten-year term and CGI is expected to move in at the year-end 2013/14.

Klövern has signed a contract for a three-year extension of 7,700 sq.m. with Eniro at the property Hilton 3 in Solna. This lease runs until 31 December 2017.

An arbitration award has been announced on 7 January 2013 concerning redemption of the remaining shareholders in Dagon AB. The award is expected to attain legal force 60 days after the same date and Klöver will then redeem the shares of the minority shareholders in Dagon at an amount of SEK 80 per share. The total redemption amount can amount at most to SEK 2.6 million.

After the year-end, Klöver has divested all repurchased shares, all shares in Dios and acquired additional interest rate swaps of SEK 700 million.

**NOTE 29 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 30 INFORMATION ABOUT THE PARENT COMPANY**

Klövern 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 Box 1024, SE-611 29 Nyköping, Sweden. The consolidated accounts for 2012 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

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, 15 March 2013

Board of Directors of Klövern AB (Publ), reg. no. 556482-5833

Fredrik Svensson  
*Chairman*

Rutger Arnhult  
*CEO*

Ann-Cathrin Bengtson  
*Board member*

Eva Landén  
*Board member*

Anna-Greta Lundh  
*Board member*

Our audit report was submitted on 18 March 2013

Ernst & Young AB

Mikael Ikonen  
*Authorized public accountant*

# AUDIT REPORT

To the Annual General Meeting in Klöver AB 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 2012 financial year, with the exception of the Corporate Governance Report on pages 126–141. The annual report and consolidated accounts of the company are contained in the printed version of this document on pages 12 to 101.

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 judgment, 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 2012 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 2012 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 126–141. 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 2012 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 126–141 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, 18 March 2013

Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant

# SPECIFICATION OF PROPERTIES



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SOUTH REGION 104

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EAST REGION 111

---

STOCKHOLM REGION 115

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CENTRAL/NORTH REGION 119

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INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

FINANCIAL REPORTS

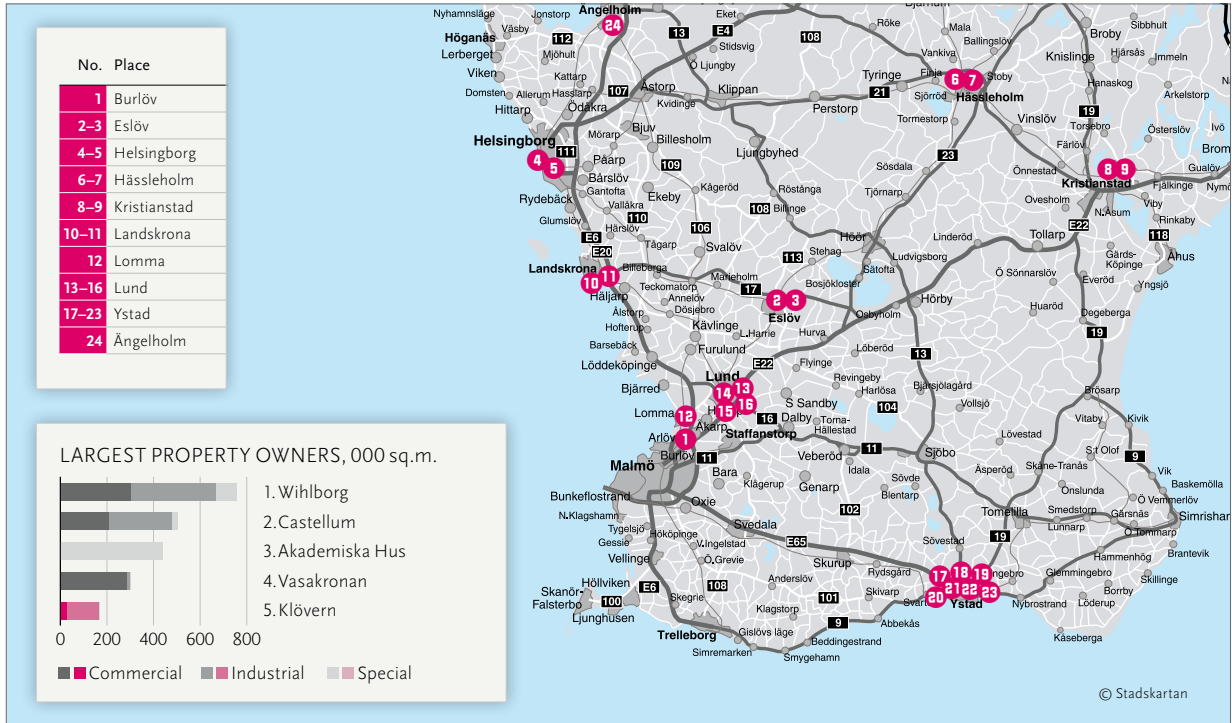
**SPECIFICATION OF PROPERTIES**

CORPORATE GOVERNANCE REPORT AND REVIEW

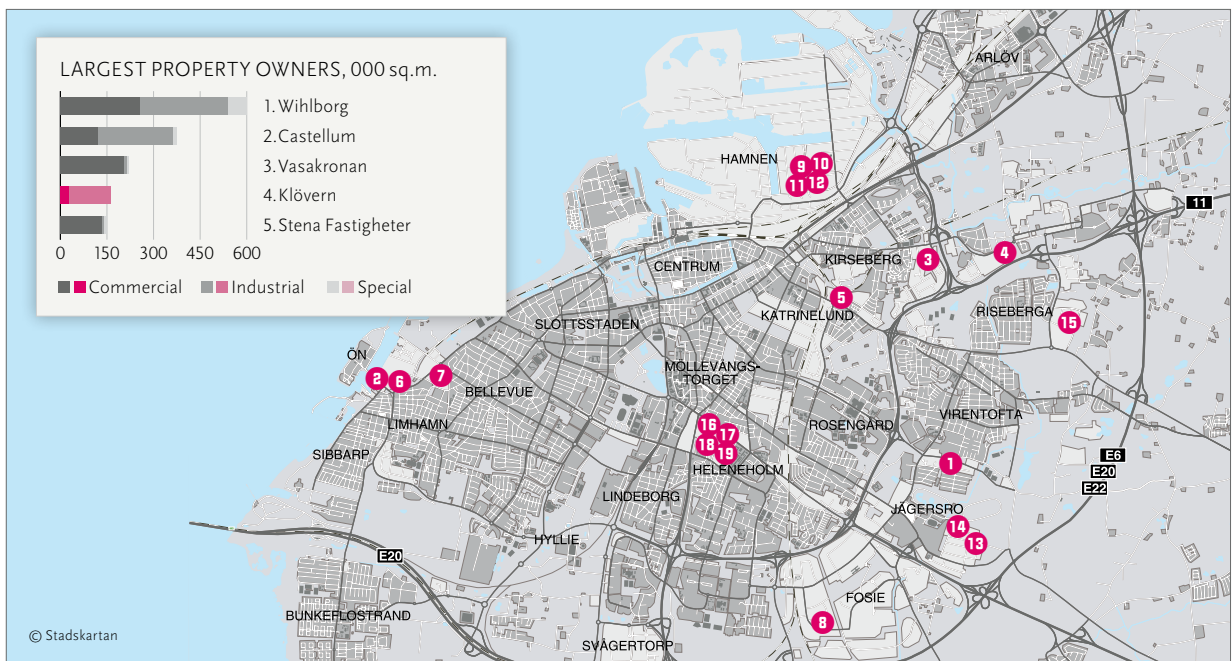
*The property Hästägaren 3 in Mölndal. The property houses Kappahl's head office as well as distribution and warehouse space. Acquisition during 2012.*

# SOUTH REGION

## Öresund



## Malmö



## ÖRESUND

| No. | Property         | Address                            | Site lease-hold | Building year/<br>value year | Type of property | Area, sq.m. |                              |        |        | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |             |
|-----|------------------|------------------------------------|-----------------|------------------------------|------------------|-------------|------------------------------|--------|--------|--------------------|----------------------------|-----------------|-------------|
|     |                  |                                    |                 |                              |                  | Office      | Industry/<br>warehouse (I/W) | Retail | Other* |                    |                            |                 | Area, total |
| 1   | Sunnanå 12:26    | G:a Staffanstopsv., Burlöv         |                 | Plot                         | Other            |             |                              |        |        |                    | 100                        | 0.6             |             |
| 2   | Kidet 1          | Föreningstorget 4-6, Eslöv         |                 | Plot                         | Other            |             |                              |        |        |                    |                            | 0.2             |             |
| 3   | Rådjuret 1       | Föreningstorget 4, 6, Eslöv        |                 | 1966/1966                    | Office           | 3,047       | 159                          |        |        | 3,206              | 2.5                        | 92              | 13.6        |
| 4   | Piken 4          | Kabing. 38, Helsingborg            |                 | 1980/1980                    | Office           | 1,490       |                              |        |        | 1,490              | 1.3                        | 100             | 4.6         |
| 5   | Triangeln 3      | Industrig. 61 etc., Helsingborg    |                 | 1950/1950                    | (I/W)            | 1,478       | 3,922                        |        | 70     | 5,470              | 2.1                        | 100             | Spec. prop. |
| 6   | Ekstaven 2       | Industrig. 4 etc. Hässleholm       |                 | 1979/1979                    | Retail           | 583         | 2,547                        | 4,613  |        | 7,743              | 4.7                        | 88              | 27.6        |
| 7   | Köpmannen 4      | Andra Avenyn 3 etc, Hässleholm     |                 | 1950/1973                    | (I/W)            | 166         | 808                          | 160    | 580    | 1,714              | 2.2                        | 95              | 10.7        |
| 8   | Härberget 1      | Ö Boulevarden 60 etc. Kristianstad |                 | 1950/1970                    | Office           | 2,163       | 5                            |        | 2,050  | 4,218              | 4.4                        | 100             | 22.0        |
| 9   | Kristianstad 4:7 | Ö Kaserng. 3 etc. Kristianstad     |                 | 1904/1929                    | Office           | 5,747       | 3,436                        |        | 5,429  | 14,612             | 10.6                       | 92              | 11.5        |
| 10  | Ratten 6         | Rattg. 7, Landskrona               | S               | 1991/1991                    | (I/W)            | 946         | 1,055                        |        |        | 2,001              | 1.3                        | 36              | 4.3         |
| 11  | Timglaslet 1     | Axeltoftav. 170, Landskrona        |                 | 1990/1990                    | (I/W)            |             | 3,360                        |        |        | 3,360              | 1.7                        |                 | 9.8         |
| 12  | Vinstorp 26:58   | Hans Hanssons Gård, Lomma          |                 | Plot                         | Other            |             |                              |        |        |                    |                            |                 | 0.0         |
| 13  | Gustavshem 2     | Gustavshemsv. 9, Lund              |                 | 1972/1972                    | Other            | 150         | 268                          |        | 1,896  | 2,314              | 1.6                        | 99              | 9.2         |
| 14  | Gustavshem 6     | Gustavshemsv. 1, Lund              |                 | 1990/1990                    | Other            | 296         |                              |        | 1,371  | 2,936              | 6.4                        | 89              | Spec. prop. |
| 15  | Kvartsen 6       | Skifferv. 25, Lund                 |                 | 1992/1992                    | (I/W)            |             | 4,650                        |        |        | 4,650              | 4.5                        | 100             | 19.4        |
| 16  | Nordanvinden 3   | Nordav. 5,7,9 etc. Lund            |                 | 1966/1966                    | Retail           | 595         |                              | 1,996  |        | 2,591              | 3.0                        | 100             | 18.1        |
| -   | Hjorten 14       | Österg. 59, Trelleborg             |                 | 1958/1958                    | Office           | 2,504       | 345                          |        |        | 2,849              | 3.3                        | 95              | 10.9        |
| -   | Snickeriet 10    | Vannhögsg. 7,9,11, Trelleborg      |                 | 1987/1987                    | Office           | 1,741       | 608                          |        |        | 2,349              | 1.6                        | 96              | 7.7         |
| 17  | Urmakaren 7      | Herrestadsg. 2, Ystad              |                 | 1957/1957                    | (I/W)            |             | 686                          |        |        | 686                | 0.4                        | 27              | 1.7         |
| 18  | Urmakaren 16     | Industrig. 1A, Ystad               |                 | 1959/1959                    | Other            |             |                              |        | 937    | 937                | 0.2                        | 100             | 1.1         |
| 19  | Urmakaren 17     | Industrig. 1B, Ystad               |                 | 1970/1970                    | Other            |             |                              |        |        |                    |                            |                 | 1.6         |
| 20  | Urmakaren 18     | Herrestadsg. 10, 12, Ystad         |                 | 1974/1974                    | Retail           |             |                              | 1,672  |        | 1,672              | 0.7                        |                 | 3.2         |
| 21  | Urmakaren 21     | Disponentg. 11, Ystad              |                 | 1973/1973                    | (I/W)            |             | 936                          |        |        | 936                |                            | 100             | 2.3         |
| 22  | Urmakaren 22     | Disponentg. 13 etc. Ystad          |                 | 1956/1956                    | (I/W)            |             | 420                          |        |        | 420                |                            | 100             | Spec. prop. |
| 23  | Urmakaren 23     | Herrestadsg. 6 etc. Ystad          |                 | 1965/1965                    | (I/W)            |             | 2,972                        |        | 1,035  | 4,007              |                            |                 | 5.2         |
| 24  | Programmeraren 9 | Metallg. 23, Ängelholm             |                 | Plot                         | Other            |             |                              |        |        |                    |                            |                 | 4.1         |

## MALMÖ (part of Öresund)

|                      |                              |                             |   |           |        |               |                |               |               |                |              |           |              |
|----------------------|------------------------------|-----------------------------|---|-----------|--------|---------------|----------------|---------------|---------------|----------------|--------------|-----------|--------------|
| 1                    | Brudbuketten 11              | Derbyv. 24, Russg. 8, Malmö |   | 1988/1988 | Office | 1,346         |                |               |               | 1,346          | 1.6          | 92        | 7.9          |
| 2                    | Dragör 1                     | Övägen 6, Malmö             |   | Tomt      | Other  |               |                |               |               |                | 0.0          |           | 2.7          |
| 3                    | Flygfynen 3                  | Höjdroderg. 25, Malmö       |   | 1990/1990 | Office | 4,567         | 62             |               | 595           | 5,224          | 5.7          | 89        | 25.4         |
| 4                    | Fältsippan 8                 | Regnvatteng. 2 etc. Malmö   |   | 1990/1990 | (I/W)  |               | 3,975          |               |               | 3,975          | 3.2          | 100       | 15.2         |
| 5                    | Getingen 5                   | Sallerupsv. 90 etc. Malmö   | S | 1962/1962 | (I/W)  |               | 3,863          | 2,788         | 1,846         | 8,497          | 4.6          | 99        | 13.4         |
| 6                    | Gjuteriet 21                 | Limhamnsv. 113, Malmö       |   | Plot      | Other  |               |                |               |               |                | 0.1          | 100       | 2.5          |
| 7                    | Kajan 33                     | Limhamnsv. 104, Malmö       |   | Plot      | Other  |               |                |               |               |                | 0.2          |           | 1.6          |
| 8                    | Krukskärvan 9                | Stenyxg. 32, Malmö          | S | 1981/1981 | (I/W)  |               | 2,130          |               |               | 2,130          | 1.6          | 100       | 6.3          |
| 9-12                 | Kullen 1 <sup>1</sup>        | Hanög. 9, 11 etc. Malmö     |   | 1961/1961 | (I/W)  | 13,450        | 80,423         |               | 1,285         | 95,158         | 37.8         | 53        | 151.2        |
| 13                   | Stiglädret 10                | Sadelg. 16 etc. Malmö       | S | 1978/1978 | (I/W)  | 857           | 1,873          |               | 255           | 2,985          | 2.5          | 99        | 11.5         |
| 14                   | Tränsbattet 2                | Travbaneg. 4, Malmö         |   | 1989/1989 | (I/W)  | 982           | 2,730          |               |               | 3,712          | 2.2          | 80        | 13.3         |
| 15                   | Ventilen 4                   | Kamaxelg. 7, 9 etc. Malmö   | S | 2003/2003 | (I/W)  | 610           | 1,797          |               |               | 2,407          | 2.2          | 97        | 10.2         |
| 16-17                | Västerbotten 9 <sup>1</sup>  | Ystadv. 15, 17 etc. Malmö   |   | 1929/1929 | Retail | 3,250         | 1,922          | 10,249        | 5,127         | 20,548         | 19.4         | 70        | 43.6         |
| 18-19                | Västerbotten 11 <sup>1</sup> | Estländsg. 2, 4 etc. Malmö  |   | 1971/1971 | Other  | 2,339         | 3,649          | 2,632         | 6,785         | 15,405         | 14.4         | 69        | 11.8         |
| <b>TOTAL ÖRESUND</b> |                              |                             |   |           |        | <b>48,307</b> | <b>128,601</b> | <b>25,481</b> | <b>30,826</b> | <b>233,215</b> | <b>148.0</b> | <b>76</b> | <b>506.0</b> |

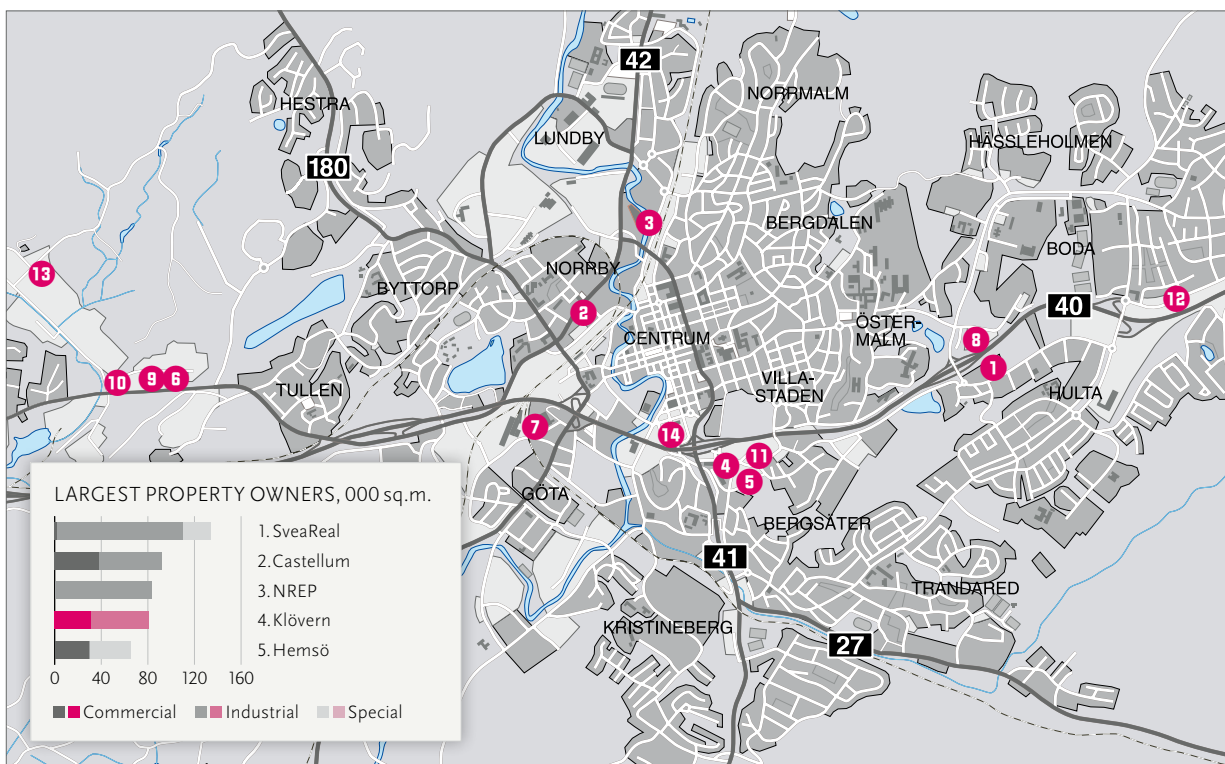
\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.

■ Divestment in February 2013

■ Acquisition during 2012

1) A property can consist of a number of jointly administered properties or several large buildings.

# Borås

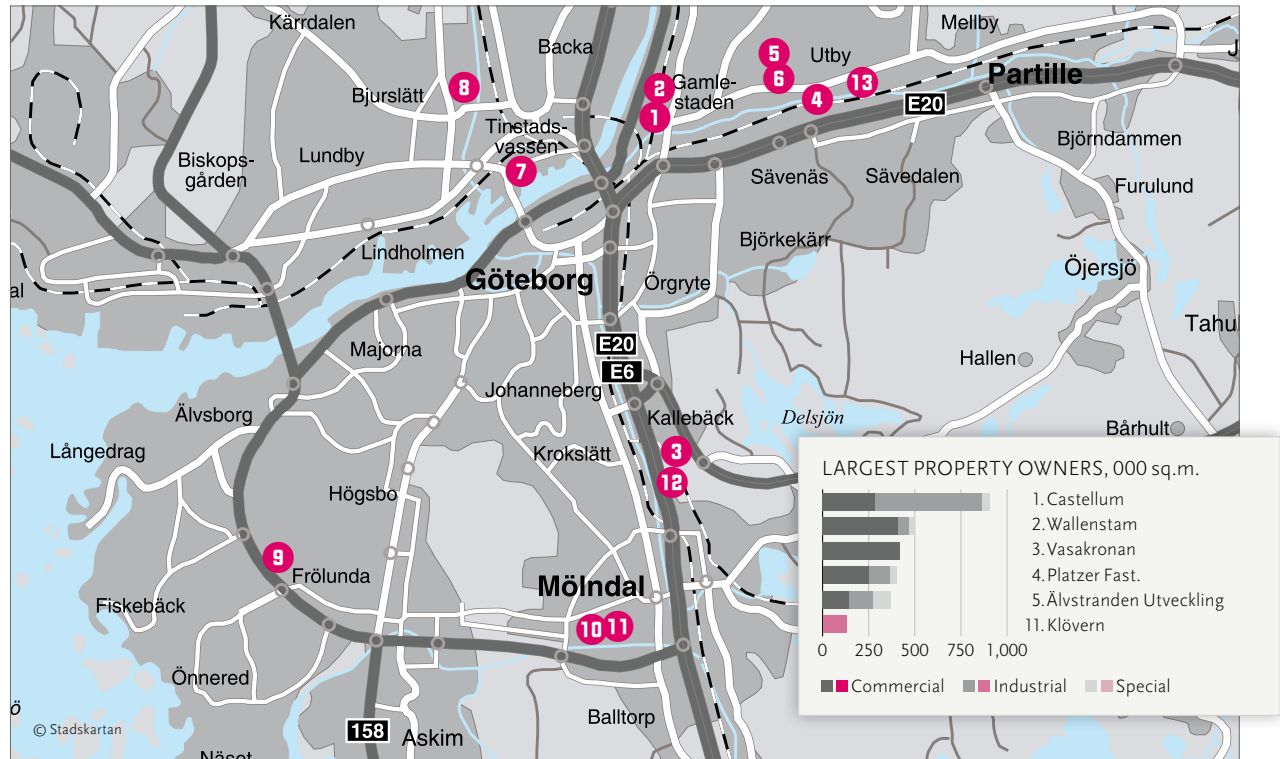


## BORÅS (including Mark)

| No.                                 | Property      | Address                         | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |              |              | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|-------------------------------------|---------------|---------------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|--------------|--------------|--------------------|----------------------------|-----------------|--------------|
|                                     |               |                                 |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail       | Other*       |                    |                            |                 |              |
| 1                                   | Ekholma 7     | Hultag. 15–17, Borås            |                 | 2000/2001                | (I/W)            | 2,135         | 3,015                    |              |              | 5,150              | 3.4                        | 100             | 14.8         |
| 2                                   | Gjutaren 10   | Norrby Tvärg. 7 etc. Borås      |                 | 1966/1966                | (I/W)            | 1,705         | 7,235                    |              |              | 8,940              | 4.3                        | 89              | 14.2         |
| 3                                   | Grävlingen 5  | Skaraborgsv. 21, 21 A, Borås    |                 | 1887/1990                | Office           | 6,755         |                          | 625          |              | 7,380              | 7.4                        | 98              | 48.3         |
| 4                                   | Katrinedal 2  | Katrinedalsg. 14, 16 etc. Borås |                 | 1955/1988                | Other            | 1,895         | 2,482                    | 1,181        | 3,019        | 8,577              | 6.9                        | 98              | 36.0         |
| 5                                   | Katrinehill 8 | Åsboholmsg. 16, Borås           |                 | 1959/1959                | Office           | 5,087         | 1,327                    |              |              | 6,414              | 5.0                        | 96              | 24.0         |
| 6                                   | Kuggen 1      | Verkstadsg. 14, Borås           |                 | 1992/1996                | (I/W)            |               | 1,872                    |              |              | 1,872              | 1.2                        | 100             | 6.1          |
| 7                                   | Laxöringen 1  | Bockasjög. 10, Borås            |                 | 1943/1960                | Office           | 1,392         | 1,385                    |              |              | 2,777              | 1.6                        | 100             | 8.7          |
| 8                                   | Milen 7       | Solvarvsg. 4, 6, Borås          |                 | 1969/1989                | (I/W)            | 2,405         | 7,543                    |              |              | 9,948              | 5.6                        | 87              | 21.4         |
| 9                                   | Muttern 2     | Verkstadsg. 12, Borås           |                 | 1963/1989                | (I/W)            | 442           | 1,842                    |              |              | 2,284              | 1.5                        | 99              | 5.6          |
| 10                                  | Niten 6       | Verkstadsg. 2–4, Borås          |                 | 1974/1974                | (I/W)            |               | 2,308                    | 1,750        |              | 4,058              | 2.8                        | 32              | 6.4          |
| 11                                  | Näckrosen 3   | Katrinedalsg. 1, 3 etc. Borås   |                 | 1990/1990                | Office           | 3,908         | 1,360                    |              |              | 5,268              | 5.5                        | 85              | 29.2         |
| 12                                  | Raklinjen 2   | Källbäcksväggsg. 6, 8, Borås    |                 | 1968/1970                | (I/W)            |               | 7,876                    |              |              | 7,876              | 3.9                        | 100             | 13.3         |
| 13                                  | Rotorn 3      | Masking. 4, Borås               |                 | 1972/1975                | (I/W)            |               | 3,037                    |              |              | 3,037              | 1.4                        | 97              | 6.0          |
| 14                                  | Uranus 16     | Bryggareg. 18, 20, Borås        |                 | 1949/1960                | (I/W)            |               | 4,696                    | 2,494        |              | 7,190              | 3.2                        | 86              | 11.8         |
| –                                   | Kyrkängen 9   | Kyrkog. 2, Mark                 |                 | 1929/1985                | Retail           |               |                          | 653          |              | 653                | 0.9                        | 100             | 4.1          |
| <b>TOTAL BORÅS (INCLUDING MARK)</b> |               |                                 |                 |                          |                  | <b>25,724</b> | <b>45,978</b>            | <b>4,209</b> | <b>5,513</b> | <b>81,424</b>      | <b>54.6</b>                | <b>91</b>       | <b>249.9</b> |

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

# Gothenburg



GOTHENBURG (including Lerum, Mölndal and Partille)

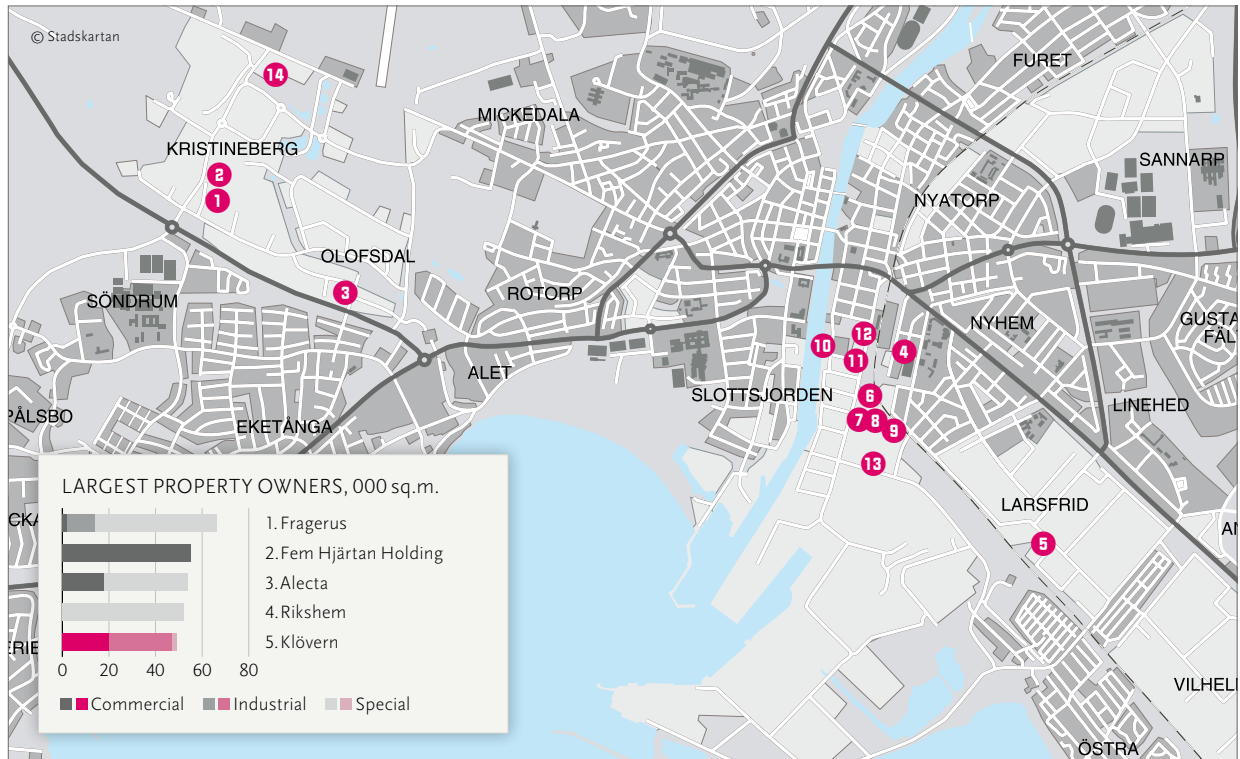
| No.   | Property                        | Address                           | Site lease- hold | Building year/ value year | Type of property | Area, sq.m.   |                           |              |                | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |
|---|---------------------------------|-----------------------------------|------------------|---------------------------|------------------|---------------|---------------------------|--------------|----------------|--------------------|----------------------------|-----------------|
|   |                                 |                                   |                  |                           |                  | Office        | Industry/ warehouse (I/W) | Retail       | Other*         |                    |                            |                 |
| 1-2   | Garnlestaden 39:13 <sup>1</sup> | Slakthusg. 8, Gothenburg          |                  | 1963/1963                 | (I/W)            | 4,938         | 5,942                     | 328          | 11,208         | 11.8               | 92                         | 34.4            |
| 3   | Kallebäck 17:1                  | Solhusg. 11, Gothenburg           |                  | 1992/2000                 | Office           | 22,097        |                           |              | 22,097         | 21.4               | 100                        | 65.1            |
| 4   | Sävenäs 169:1                   | von Utfallsg. 21, Gothenburg      |                  | 1975/1975                 | (I/W)            | 336           | 7,255                     |              | 7,591          | 5.3                | 95                         | 18.2            |
| 5   | Sävenäs 170:13                  | von Utfallsg. 16, 16A, Gothenburg |                  | 1979/1979                 | Office           | 1,921         |                           | 155          | 2,076          | 1.7                | 100                        | 7.5             |
| 6   | Sävenäs 170:14                  | von utfallsg. 16B-C, Gothenburg   |                  | 1991/1991                 | Office           | 4,925         |                           | 365          | 5,290          | 4.8                | 100                        | 25.6            |
| 7   | Tingstadsvassen 27:2            | Tackjärnsg. 1, Gothenburg         | S                | 1962/1962                 | Office           | 2,758         |                           | 1,110        | 3,868          | 3.1                | 100                        | 9.1             |
| 8   | Tuve 86:2                       | Hildedalsg. 1, Gothenburg         | S                | 2007/2007                 | (I/W)            |               | 5,301                     |              | 5,301          | 4.5                | 100                        | 18.7            |
| 9   | Tynnered 1:15                   | Femvägsskålet 4, Gothenburg       | S                | 1979/1979                 | (I/W)            |               | 2,600                     |              | 2,600          | 2.5                | 100                        | 15.0            |
| -   | Berg 1:82                       | Täljstensv. 1, Lerum              |                  | 1999/1999                 | Other            | 501           | 60                        | 895          | 1,456          | 1.5                | 100                        | Spec. prop.     |
| -   | Berg 1:91                       | Täljstensv., Lerum                |                  | Plot                      | Other            |               |                           |              |                |                    |                            | 0.6             |
| -   | Tollestorp 7:6                  | Tollestorp sv. 2A-F, Lerum        |                  | 1990/1990                 | (I/W)            |               | 3,235                     |              | 3,235          | 1.8                | 70                         | 9.7             |
| -   | Ölslanda 10:81                  | Hantverksv. 21, Lerum             |                  | 1990/1990                 | Kontor           | 1,716         |                           |              | 1,716          | 0.7                | 100                        | 3.7             |
| 10-11   | Hästägaren 3 <sup>1</sup>       | Idrottsv.14-16, Mölndal           |                  | 2002/2002                 | (I/W)            | 9,022         | 39,042                    |              | 48,064         | 38.3               | 100                        | 155.1           |
| 12  | Törnrosen 4                     | Flöjelbergsg. 14C, Mölndal        |                  | 1989/1989                 | Office           | 2,159         | 1,085                     | 240          | 3,484          | 4.2                | 41                         | 12.6            |
| 13  | Ugglum 9:242                    | Industriv. 2 etc. Partille        |                  | 1989/1989                 | Office           | 9,831         | 3,339                     | 562          | 13,732         | 11.1               | 97                         | 51.1            |
| <b>TOTAL GOTHENBURG (INCLUDING LERUM, MÖLNDAL AND PARTILLE)</b> |                                 |                                   |                  |                           |                  | <b>60,204</b> | <b>67,859</b>             | <b>3,655</b> | <b>131,718</b> | <b>112.7</b>       | <b>96</b>                  | <b>426.4</b>    |

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

Acquisition during 2012

1) A property can consist of a number of jointly administered properties or several large buildings.

# Halmstad



## HALMSTAD

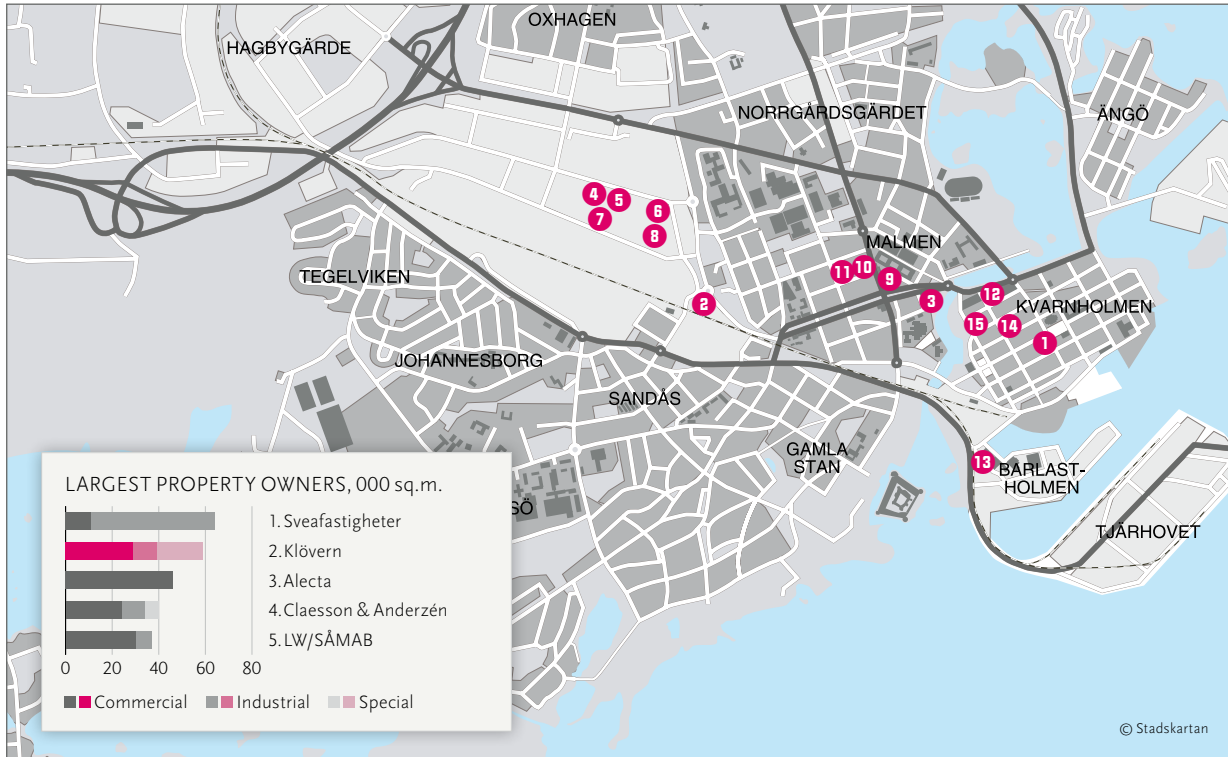
| No.                   | Property                    | Address                         | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |              |              | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|-----------------------|-----------------------------|---------------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|--------------|--------------|--------------------|----------------------------|-----------------|--------------|
|                       |                             |                                 |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail       | Other*       |                    |                            |                 |              |
| 1                     | Eketånga 24:37              | Kristinebergsv. 18-20, Halmstad |                 | 1989/1990                | (I/W)            | 519           | 756                      | 441          | 1,716        | 0.9                | 76                         | 5.6             |              |
| 2                     | Eketånga 24:49              | Kristinebergsv. 22, Halmstad    |                 | 1989/1989                | (I/W)            | 2,007         | 3,317                    |              | 5,324        | 2.9                | 98                         | 15.3            |              |
| 3                     | Eketånga 5:417              | Industriv. 1, Halmstad          |                 | 1962/1962                | (I/W)            | 382           | 3,008                    | 174          | 3,564        | 1.4                | 87                         | 7.4             |              |
| 4                     | Fotbollen 17                | Bolmeng 11, Halmstad            |                 | 1929/1929                | Office           | 480           |                          |              | 480          | 0.4                | 100                        | Spec. prop.     |              |
| 5                     | Fregatten 7                 | Svetsarg. 8, Halmstad           |                 | 1978/1978                | Office           | 1,517         |                          |              | 1,517        | 1.3                | 100                        | 7.2             |              |
| 6                     | Halmstad 2:25               | Stationsg. 37, Halmstad         |                 |                          | Plot             |               |                          |              |              |                    |                            | 0.0             |              |
| 7-9                   | Halmstad 2:28 <sup>1)</sup> | Stationsg. 37, Halmstad         |                 | 1920/1929                | (I/W)            | 2,000         | 6,801                    | 1,931        | 3,702        | 14.2               | 99                         | 60.0            |              |
| 10                    | Halmstad 2:49               | Strandg 1, 3, Halmstad          |                 | 1911/1953                | Office           | 2,933         |                          | 10           | 2,943        | 2.2                | 62                         | 14.1            |              |
| 11                    | Orkanen 1                   | Stationsg. 52, Halmstad         |                 | 1930/1930                | (I/W)            | 183           | 1,061                    | 162          | 1,406        | 0.5                | 64                         | 2.4             |              |
| 12                    | Orkanen 2                   | Stationsg. 50, Halmstad         |                 | 1948/1948                | (I/W)            |               | 1,300                    |              | 1,300        | 0.4                |                            | 1.2             |              |
| 13                    | Ostkupan 3                  | Stålverksg. 1, Halmstad         |                 | 1950/1950                | Office           | 7,006         | 5,619                    | 15           | 12,640       | 5.3                | 95                         | 24.3            |              |
| 14                    | Slättern 2                  | Kundv. 15, Halmstad             |                 | 2008/2008                | Retail           |               |                          | 3,616        | 3,616        | 3.6                | 93                         | 23.8            |              |
| <b>TOTAL HALMSTAD</b> |                             |                                 |                 |                          |                  | <b>17,027</b> | <b>21,862</b>            | <b>5,547</b> | <b>4,504</b> | <b>48,940</b>      | <b>33.1</b>                | <b>92</b>       | <b>161.3</b> |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012

# Kalmar



## KALMAR

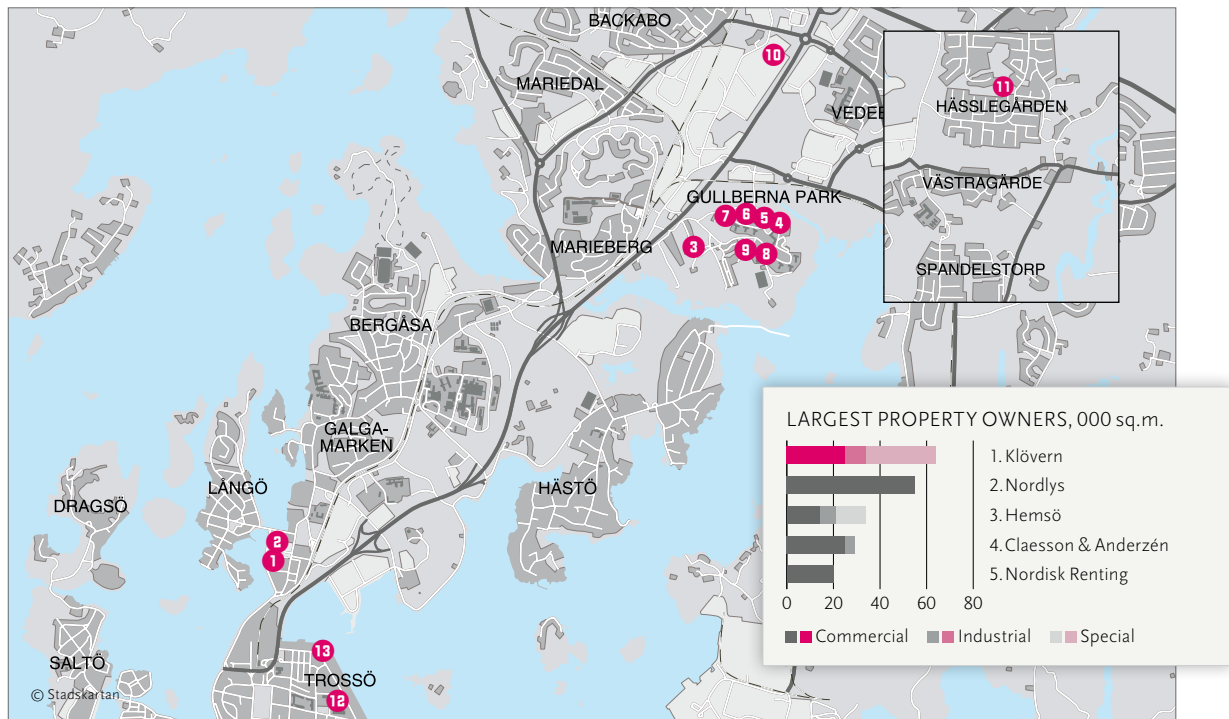
| No.                 | Property               | Address                       | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |              |               | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|---------------------|------------------------|-------------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|--------------|---------------|--------------------|----------------------------|-----------------|--------------|
|                     |                        |                               |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail       | Other*        |                    |                            |                 |              |
| 1                   | Apotekaren 20          | Storg. 28, 30 etc. Kalmar     |                 | 1965/1965                | Other            | 351           |                          | 282          | 1,238         | 1,871              | 2.9                        | 100             | 18.4         |
| 2                   | Fredriksdal 1          | Lorensbergsleden 1, 3, Kalmar |                 | 1975/1975                | Other            | 750           | 1,108                    |              | 1,640         | 3,498              | 2.8                        | 93              | 13.5         |
| 3                   | Guldfisken 2           | Postg. 2, Kalmar              |                 | 1947/1947                | Office           | 1,530         | 404                      |              | 1,095         | 3,029              | 2.9                        | 95              | 18.3         |
| 4-8                 | Gumsen 31 <sup>1</sup> | Verkstadsg. 3, Kalmar         |                 | 1950/1960                | (I/W)            | 6,161         | 10,984                   | 626          | 7,238         | 25,009             | 13.5                       | 92              | 34.6         |
| 9                   | Koljan 24              | Norra vägen 18 etc. Kalmar    |                 | 1967/1967                | Office           | 3,989         | 1,093                    |              | 1,706         | 6,788              | 7.0                        | 77              | 41.1         |
| 10                  | Korpen 18              | Fabriksg. 31, Kalmar          |                 | 1976/1976                | Office           | 2,072         | 70                       |              | 1,584         | 3,726              | 3.9                        | 100             | Spec. prop.  |
| 11                  | Korpen 20              | Fabriksg. 29 etc. Kalmar      |                 | 1979/1979                | Other            | 2,383         | 101                      |              | 3,898         | 6,382              | 6.9                        | 99              | Spec. prop.  |
| 12                  | Lärlingen 5            | Kaggensg. 40, 42 etc. Kalmar  |                 | 1960/1960                | Office           | 3,404         | 311                      | 805          | 48            | 4,568              | 5.1                        | 99              | 29.4         |
| 13                  | Matrosen 1             | Tjärhovsg. 1, 3, 5, 7, Kalmar | S               | 1995/1995                | Office           | 2,182         |                          |              |               | 2,182              | 3.0                        | 96              | 20.2         |
| 14                  | Mästaren 28            | Kaggensg. 30 etc. Kalmar      |                 | 1962/1962                | Retail           | 568           | 21                       | 748          |               | 1,337              | 2.0                        | 100             | 13.0         |
| 15                  | Tennjutaren 1          | Strömg. 2, Larmg. 40, Kalmar  |                 | 1974/1979                | Office           | 1,286         | 68                       |              | 297           | 1,651              | 1.9                        | 100             | 11.7         |
| <b>TOTAL KALMAR</b> |                        |                               |                 |                          |                  | <b>24,676</b> | <b>14,160</b>            | <b>2,461</b> | <b>18,744</b> | <b>60,041</b>      | <b>51.9</b>                | <b>94</b>       | <b>200.2</b> |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012

# Karlskrona



## KARLSKRONA (including Växjö)

| No.                                | Property         | Address                              | Site lease-hold | Building year/value year | Type of property | Area, sq.m. |                          |        |        | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |       |
|------------------------------------|------------------|--------------------------------------|-----------------|--------------------------|------------------|-------------|--------------------------|--------|--------|--------------------|----------------------------|-----------------|-------|
|                                    |                  |                                      |                 |                          |                  | Office      | Industry/warehouse (I/W) | Retail | Other* |                    |                            |                 |       |
| 1                                  | Fregatten 16     | Långg. 7, Karlskrona                 |                 | 1980/1980                | Other            |             |                          | 5,935  | 5,935  | 6.2                | 100                        | Spec. prop.     |       |
| 2                                  | Garvaren 26      | Långg. 11, Karlskrona                |                 | 1974/1974                | (I/W)            |             | 3,625                    |        | 3,625  | 1.9                | 100                        | 7.0             |       |
| 3                                  | Gullbernahult 1  | Koloniv. etc. Karlskrona             |                 |                          | Plot             |             |                          |        |        |                    | 100                        | 0.0             |       |
| 4                                  | Gullbernahult 12 | Adoniv. Gullberna Park, Karlskrona   |                 |                          | Plot             |             |                          |        |        |                    |                            | 1.6             |       |
| 5                                  | Gullbernahult 13 | Adoniv. Gullberna Park, Karlskrona   |                 |                          | Plot             |             |                          |        |        |                    |                            | 1.6             |       |
| 6                                  | Gullbernahult 21 | Storören, Måsskär etc. Karlskrona    |                 | 1961/1961                | Other            | 650         | 176                      | 5,307  | 6,133  | 5.7                | 98                         | Spec. prop.     |       |
| 7                                  | Gullbernahult 26 | Ljungsåker, Tvegölja etc. Karlskrona |                 | 1956/1956                | Other            | 2,021       | 1,785                    | 9,055  | 12,861 | 11.6               | 95                         | Spec. prop.     |       |
| 8                                  | Gullbernahult 31 | Koloniv. 58, 60, 62, Karlskrona      |                 | 1993/1993                | Other            |             | 94                       | 4,200  | 4,294  | 4.2                | 100                        | 1.9             |       |
| 9                                  | Gullbernahult 82 | Flaggskär, Söderskär etc. Karlskrona |                 | 1958/1958                | Office           | 2,789       | 1,604                    | 212    | 2,636  | 7,241              | 4.0                        | 58              | 15.5  |
| 10                                 | Hammarén 1       | Gullbernav. 22, Karlskrona           |                 | 1974/1974                | Other            |             | 1,082                    | 4,296  | 5,378  | 3.3                | 100                        | 8.1             |       |
| 11                                 | Pimpinellan 1    | Väderg. 9, Karlskrona                |                 | 2009/2009                | Other            |             |                          | 960    | 960    | 2.1                | 100                        | Spec. prop.     |       |
| 12                                 | Psilander 60     | Ölandsg. 1, Karlskrona               |                 | 1939/1995                | Office           | 14,470      |                          |        | 14,470 | 13.6               | 100                        | 98.6            |       |
| 13                                 | Skeppsbron 1     | Skeppsbrokajen 4a, 4b, 6, Karlskrona |                 | 2012/2012                | Office           | 2,727       |                          | 280    | 3,007  | 7.5                | 100                        | 21.8            |       |
| -                                  | Fläkten 11       | Kvarnv. 2, 26, 28, Växjö             |                 | 1982/1982                | Office           | 8,200       | 5,300                    |        | 13,500 | 12.1               | 100                        | 49.6            |       |
| TOTAL KARLSKRONA (INCLUDING VÄXJÖ) |                  |                                      |                 |                          |                  | 30,857      | 13,666                   | 212    | 32,669 | 77,404             | 72.2                       | 97              | 205.7 |

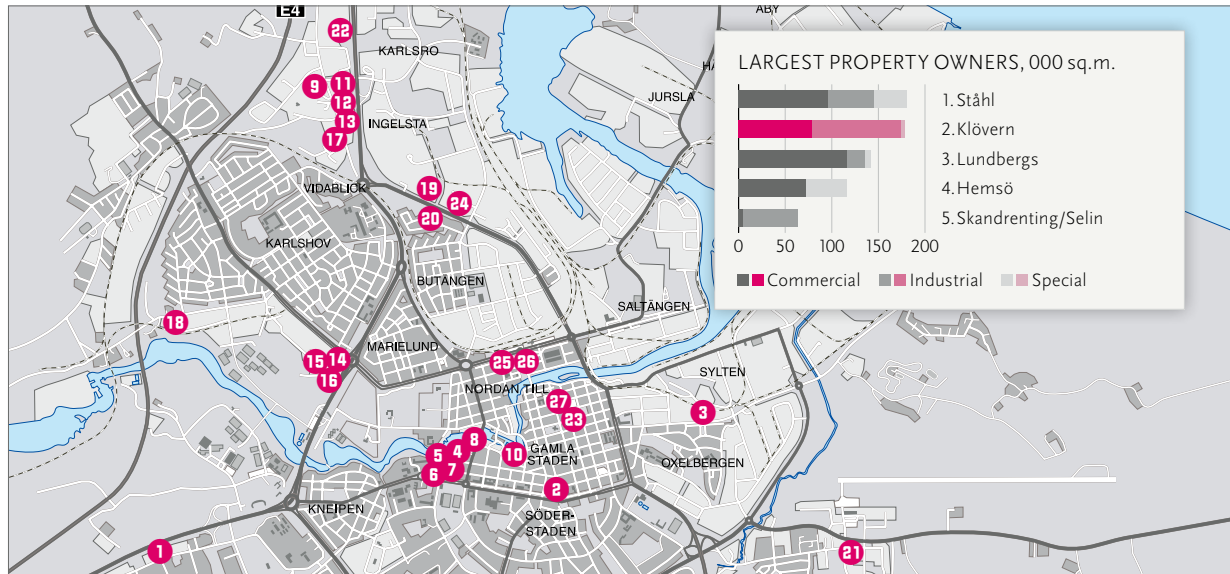
\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.

Acquisition during 2012.

|                    | Area, sq.m. |                    |         |         | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |           |
|--------------------|-------------|--------------------|---------|---------|--------------------|----------------------------|-----------------|-----------|
|                    | Office      | Industry/warehouse | Retail  | Other*  |                    |                            |                 |           |
| TOTAL SOUTH REGION | 206,795     | 292,126            | 37,910  | 95,911  | 632,742            | 472.7                      | 89              | 1,749.6   |
| TOTAL KLÖVERN      | 1,126,464   | 847,304            | 185,776 | 369,342 | 2,528,886          | 2,468.1                    | 88              | 10,713.10 |

# EAST REGION

## Norrköping



### NORRKÖPING (including Katrineholm)

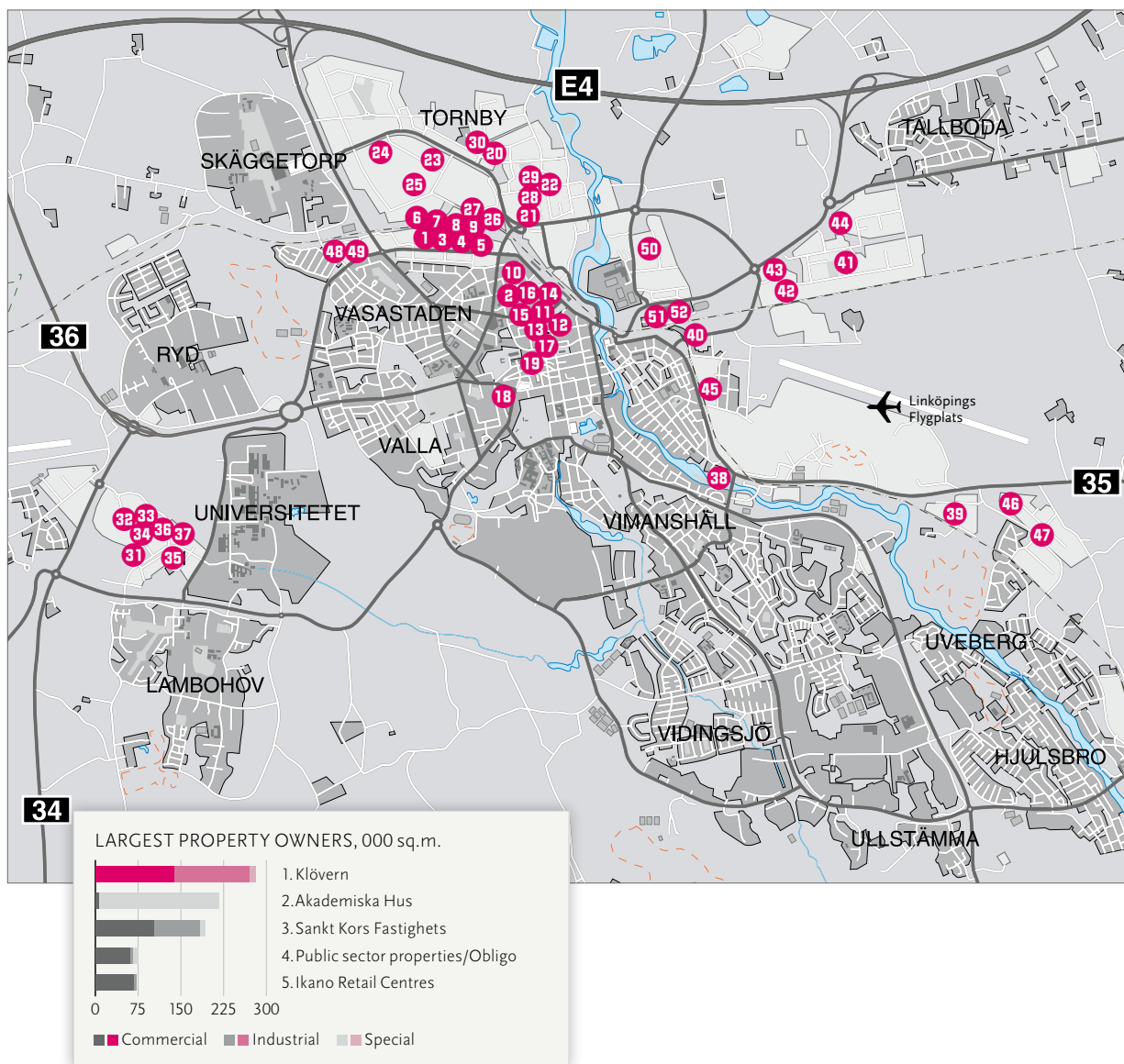
| No.   | Property                      | Address                             | Site lease-year/hold | Building year/value | Type of property | Area, sq.m.   |                          |               |               | Rental value, SEK/m | Economic occupancy rate, % | Tax value, SEK/m |              |
|---|-------------------------------|-------------------------------------|----------------------|---------------------|------------------|---------------|--------------------------|---------------|---------------|---------------------|----------------------------|------------------|--------------|
|   |                               |                                     |                      |                     |                  | Office        | Industry/warehouse (I/W) | Retail        | Other*        |                     |                            |                  |              |
| -   | Nejlikan 13                   | Fredsg. 30, 32, Katrineholm         |                      | 1951/1951           | Other            | 19            | 56                       |               | 2,491         | 2,566               | 2.8                        | 100              | Spec. prop.  |
| 1   | Basfiolen 9                   | Moa Martinsonsg. 10b, Norrköping    | S                    | 1983/1983           | Office           | 1,206         | 58                       |               |               | 1,264               | 1.2                        | 83               | 4.2          |
| 2   | Diket 10                      | Drottningg. 66, Nyg. 93, Norrköping |                      | 1968/1968           | Office           | 3,114         | 143                      | 1,364         | 266           | 4,887               | 8.2                        | 98               | 47.9         |
| 3   | Kabeln 1                      | Bangårdsg. 5 etc. Norrköping        |                      | 1940/1993           | Office           | 3,091         | 1,664                    |               | 132           | 4,887               | 4.1                        | 95               | 13.7         |
| 4-7   | Kopparhammaren 2 <sup>1</sup> | N Crytsg. 8, 10, 14, Norrköping     |                      | 1929/1999           | Office           | 23,383        | 4,291                    | 3,916         | 5,023         | 36,613              | 37.5                       | 85               | 162.8        |
| 8   | Kopparhammaren 7              | Kungsg. 56 etc. Norrköping          |                      | 1929/1929           | Office           | 3,377         | 121                      |               | 990           | 4,488               | 8.9                        | 96               | Spec. prop.  |
| 9   | Kopparn 10                    | Kopparg. 11, Norrköping             |                      | 1980/1989           | Office           | 4,090         | 2,897                    |               |               | 6,987               | 5.5                        | 99               | 27.6         |
| 10  | Kvarnholmen 4                 | Dalsg. 7, Norrköping                |                      | 1993/1993           | Office           | 8,149         |                          |               | 1,616         | 9,765               | 15.4                       | 100              | 78.4         |
| 11  | Malmen 5                      | Kopparg. 18, Norrköping             |                      | 1969/1982           | (I/W)            | 796           | 2,616                    | 576           |               | 3,988               | 2.9                        | 91               | 10.4         |
| 12  | Malmen 6                      | Kopparg. 10, Norrköping             |                      | 1963/1963           | (I/W)            |               | 6,900                    |               |               | 6,900               | 2.1                        |                  | 11.4         |
| 13  | Malmen 8                      | Kopparg. 10, Norrköping             |                      |                     | Plot             |               |                          |               |               |                     | 0.9                        | 100              | 1.8          |
| 14-16   | Omformaren 7 <sup>1</sup>     | Hagag. 10, Norrköping               |                      | 1951/1968           | (I/W)            | 85            | 4,760                    | 4,178         | 3,065         | 12,088              | 7.5                        | 95               | 16.1         |
| 17  | Platinan 1                    | Platinag. 1, Norrköping             |                      | 1988/1988           | Retail           |               |                          | 4,375         |               | 4,375               | 3.3                        | 100              | 10.4         |
| 18  | Regulatorn 3                  | Kabelv. 15, Norrköping              |                      | 1996/1996           | (I/W)            | 1,325         | 2,287                    | 580           | 513           | 4,705               | 3.1                        | 41               | 13.7         |
| 19  | Reläet 9                      | Ståthögav. 48, Norrköping           |                      | 1960/1993           | (I/W)            | 2,889         | 24,592                   | 1,621         | 3,021         | 32,123              | 18.7                       | 75               | 41.4         |
| 20  | Ritsaren 10                   | Industrig. 7-9 etc. Norrköping      |                      | 1964/1986           | Retail           | 586           | 209                      | 4,851         |               | 5,646               | 4.7                        | 98               | 12.6         |
| 21  | Rotfjärilen 1                 | Svärmareg. 1, 3, Norrköping         |                      | 1992/1993           | Office           | 4,350         | 1,430                    |               |               | 5,780               | 5.4                        | 90               | 20.1         |
| 22  | Silvret 2                     | Kopparg. 28, Norrköping             |                      | 1988/1988           | (I/W)            |               | 6,866                    |               |               | 6,866               | 3.0                        | 100              | 25.1         |
| 23  | Skeppet 13                    | Hospitalsg. 26, Norrköping          |                      | 1929/1993           | Retail           | 12            | 2,493                    | 1,067         |               | 3,572               | 4.6                        | 100              | 30.1         |
| 24  | Statorn 10                    | Malmg. 4, Norrköping                |                      | 1938/1978           | (I/W)            | 1,392         | 1,758                    | 1,440         | 19            | 4,609               | 3.4                        | 100              | 15.0         |
| 25  | Stjärnan 15                   | Slottsg. 114, 116, Norrköping       |                      | 1958/1958           | Office           | 8,608         | 239                      | 2,571         | 810           | 12,228              | 13.0                       | 88               | 45.8         |
| 26  | Stjärnan 16                   | Slottsg. 114, 116, Norrköping       |                      | 1958/1958           | Office           |               |                          |               |               |                     |                            |                  | 22.0         |
| 27  | Svärdet 8                     | Hospitalsg. 17 etc. Norrköping      |                      | 1967/1976           | Office           | 7,693         | 15                       | 365           | 40            | 8,113               | 12.6                       | 100              | 63.6         |
| <b>TOTAL NORRKÖPING (INCLUDING KATRINEHOLM)</b> |                               |                                     |                      |                     |                  | <b>74,153</b> | <b>60,914</b>            | <b>28,330</b> | <b>19,053</b> | <b>182,450</b>      | <b>168.8</b>               | <b>89</b>        | <b>674.1</b> |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012.

# Linköping



## LINKÖPING

| No.             | Property                    | Address                              | Site lease-hold | Building year/value year | Type of property | Area, sq.m. |                          |        |        | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |             |
|-----------------|-----------------------------|--------------------------------------|-----------------|--------------------------|------------------|-------------|--------------------------|--------|--------|--------------------|----------------------------|-----------------|-------------|
|                 |                             |                                      |                 |                          |                  | Office      | Industry/warehouse (I/W) | Retail | Other* |                    |                            |                 | Area, total |
| 1               | Ackordet 10                 | Industrig. 15, Linköping             |                 | 1954/1954                | Retail           | 959         | 88                       | 3,393  |        | 4,440              | 3.5                        | 55              | 22.0        |
| 2               | Amor 1                      | Platensg. 26, Linköping              |                 | 1929/1990                | Office           | 3,292       |                          |        |        | 3,292              | 4.6                        | 100             | 29.3        |
| 3               | Antennen 15                 | Mellang. 9, Linköping                |                 | 1986/1986                | Office           | 7,712       | 2,149                    | 1,933  |        | 11,794             | 7.8                        | 70              | 43.2        |
| 4               | Antennen 16                 | Bangårdsg. 6, Linköping              |                 | 1986/1986                | Office           |             |                          |        |        |                    |                            |                 | 2           |
| 5               | Antennen 23                 | Industrig. 11A-C, Linköping          |                 | 1986/1986                | Office           |             |                          |        |        |                    |                            |                 | 2           |
| 6               | Antennen 24                 | Industrig. 11A-C, Linköping          |                 | 1947/1972                | Office           |             |                          |        |        |                    |                            |                 | 4.7         |
| 7               | Antennen 5                  | Bangårdsg. 4, Linköping              |                 | 1954/1988                | (I/W)            | 928         | 1,875                    |        |        | 2,803              | 1.0                        | 91              | 6.8         |
| 8               | Antennen 6                  | Industrig. 9, Linköping              |                 | 1954/1988                | (I/W)            |             |                          |        |        |                    |                            |                 | 3           |
| 9               | Antennen 9                  | Alkag. 4-6, Linköping                |                 | 1948/1988                | Office           | 2,428       | 2,242                    | 1,622  |        | 6,292              | 4.7                        | 94              | 16.7        |
| 10              | Beridaren 12                | Platensg. 29 etc. Linköping          |                 | 1929/1959                | Office           | 3,911       | 345                      | 95     |        | 4,351              | 4.8                        | 84              | 28.9        |
| 11              | Brevduvan 17                | Kungsg. 20 etc. Linköping            |                 | 1916/1978                | Office           | 7,220       | 106                      |        | 277    | 7,603              | 8.5                        | 71              | 27.2        |
| 12              | Brevduvan 20                | Ågatan.31, S:t Larsg. 24, Linköping  |                 | 1990/1990                | Office           | 3,404       | 72                       | 509    | 38     | 4,023              | 5.6                        | 100             | 45.2        |
| 13              | Brevduvan 21                | Klosterg. 19 etc. Linköping          |                 | 1991/1991                | Office           | 8,938       | 68                       | 348    | 234    | 9,588              | 12.7                       | 99              | 106.0       |
| 14              | Bromsaren 4                 | Stureg. 1, S:t Larsg. 1-3, Linköping |                 | 1958/1992                | Office           | 8,032       | 55                       | 1,528  | 831    | 10,446             | 14.3                       | 99              | 91.2        |
| 15              | Bävern 13                   | Hertig Karlsg. 2 etc. Linköping      |                 | 1981/1981                | Office           | 5,456       | 395                      |        |        | 5,851              | 7.1                        | 89              | 36.2        |
| 16              | Bävern 2                    | Platensg. 25, Linköping              |                 | 1940/1940                | Other            |             |                          |        | 996    | 996                | 0.8                        | 98              | Spec. prop. |
| 17              | Dahlia 18                   | S:t Larsg. 30 etc. Linköping         |                 | 1963/1963                | Retail           | 1,778       | 319                      | 2,249  | 298    | 4,644              | 8.0                        | 98              | 45.1        |
| 18              | Elefanten 17                | Barnhemsg. 2 etc. Linköping          |                 | 1978/1985                | Office           | 6,298       |                          |        |        | 6,298              | 9.4                        | 100             | 53.2        |
| 19              | Epåletten 14                | Nygatan 35, Linköping                |                 | 1989/1989                | Office           | 1,418       | 173                      |        |        | 1,591              | 2.1                        | 99              | Spec. prop. |
| 20              | Galgen 3                    | Gillbergsg. 23, 25, Linköping        |                 | 1975/1975                | Retail           | 1,340       | 55                       | 1,409  | 1,100  | 3,904              | 2.5                        | 72              | 14.3        |
| 21              | Ganymeden 7                 | Roxeng. 9, 11, Linköping             |                 | 1963/1973                | (I/W)            | 4,625       | 9,274                    | 556    | 470    | 14,925             | 6.4                        | 68              | 33.1        |
| 22              | Garvaren 9                  | Florag. 10 etc. Linköping            |                 | 1946/1960                | Office           | 3,674       | 590                      |        |        | 4,264              | 3.2                        | 92              | 10.8        |
| 23              | Glasberget 1                | Attorpsg. 7-23, Linköping            |                 | 1989/1992                | Office           | 7,363       | 895                      |        | 1,350  | 9,608              | 7.9                        | 78              | 43.9        |
| 24              | Glasbiten 1                 | Attorpsg. 2, Linköping               |                 | 1977/1977                | (I/W)            |             | 4,160                    |        |        | 4,160              | 4.2                        | 100             | 10.9        |
| 25              | Glasbiten 7                 | Roxtorpsg. 9, Linköping              |                 | 1973/1989                | (I/W)            | 4,151       | 7,461                    |        |        | 11,612             | 5.6                        | 17              | 42.7        |
| 26-27           | Glasblåsaren 7 <sup>1</sup> | Tornbyv. 1, Linköping                |                 | 1929/1929                | Retail           | 3,509       | 704                      | 4,489  | 1,548  | 10,250             | 11.7                       | 78              | 74.2        |
| 28              | Governören 13               | N Oskarsg. 18, Linköping             |                 | 1968/1971                | (I/W)            | 1,024       | 1,897                    |        | 360    | 3,281              | 1.6                        | 90              | 6.6         |
| 29              | Gymnasten 2                 | Roxeng. 7, Linköping                 |                 | 1977/1977                | Office           | 1,772       |                          | 310    |        | 2,082              | 2.0                        | 99              | 9.7         |
| 30              | Gården 1                    | Gottorpsg. 1, Linköping              |                 | 1987/1987                | Office           | 1,449       |                          |        |        | 1,449              | 1.0                        | 19              | 6.6         |
| 31              | Idégivaren 1                | Teknikringen 4, Linköping            |                 | 1989/1989                | Office           | 3,771       | 115                      |        |        | 3,886              | 3.9                        | 72              | 26.8        |
| 32-34           | Idéläran 1 <sup>1</sup>     | Teknikringen 2 etc. Linköping        |                 | 1986/1999                | Office           | 15,621      | 15                       |        | 22     | 15,658             | 16.9                       | 79              | 85.4        |
| 35              | Idéskissen 1                | Teknikringen 3, Linköping            |                 | 1984/1984                | Other            |             |                          |        | 4,726  | 4,726              | 5.8                        | 100             | Spec. prop. |
| 36-37           | Idétävlingen 4 <sup>1</sup> | Wallenbergsg. 4 etc. Linköping       |                 | 1990/2001                | Office           | 20,796      | 684                      | 670    | 345    | 22,495             | 26.0                       | 83              | 163.5       |
| 38              | Kvarnen 4                   | Nya Tanneforsv. 96 etc. Linköping    |                 | 1935/1955                | Retail           | 2,003       | 193                      | 2,919  |        | 5,115              | 3.5                        | 80              | 21.2        |
| 39              | Kättaren 7                  | Låskolvsg. 4, Linköping              |                 | 1971/1972                | (I/W)            | 140         | 14,750                   |        |        | 14,890             | 5.7                        | 88              | 26.0        |
| 40              | Magasinet 1                 | Hagalundsv. 3A, Linköping            |                 | 1929/1929                | (I/W)            |             | 635                      |        |        | 635                | 0.2                        | 100             | 1.7         |
| 41              | Magneten 2                  | Finnög. 12, Linköping                | S               | 1980/1980                | (I/W)            | 102         | 6,145                    |        |        | 6,247              | 3.3                        | 88              | 16.9        |
| 42              | Masugnen 1                  | Torvingeg. 1, Linköping              |                 | 1975/1975                | Retail           |             | 391                      | 663    |        | 1,054              | 0.7                        | 100             | 2.8         |
| 43              | Masugnen 2                  | Torvingeg. 3, Linköping              |                 | 1972/1977                | (I/W)            |             | 3,461                    |        |        | 3,461              | 2.2                        | 100             | 6.6         |
| 44              | Megafonen 4                 | Finnög. 10, Linköping                | S               | 1980/1980                | (I/W)            |             |                          |        |        |                    |                            |                 | 4           |
| 45              | Mekanikern 22               | G Tanneforsv. 17A etc. Linköping     |                 | 1947/1998                | (I/W)            | 5,219       | 12,762                   | 2,962  |        | 20,943             | 13.8                       | 97              | 35.3        |
| 46              | Navbössan 1                 | Låsblecksg. 7, 9, Linköping          |                 | 1980/1983                | (I/W)            |             | 11,209                   |        |        | 11,209             | 5.2                        | 72              | 25.6        |
| 47              | Navhålet 3                  | Låsblecksg. 5, Linköping             |                 | 1991/1991                | (I/W)            | 2,778       | 3,684                    |        |        | 6,462              | 3.7                        | 86              | 16.9        |
| 48-49           | Oboisten 2 <sup>1</sup>     | Barhällsg. 1, 10, Linköping          |                 | 1952/1952                | (I/W)            | 73          | 8,993                    | 568    |        | 9,634              | 3.5                        | 70              | 18.4        |
| 50              | Paletten 1                  | Gumpekullav. 8 etc. Linköping        |                 | 1980/1980                | Office           | 5,339       | 341                      |        | 8      | 5,688              | 5.2                        | 95              | 25.8        |
| 51              | Tannefors 1:89              | Hagalundsv. 3B, Linköping            |                 | 1986/1986                | (I/W)            |             | 1,071                    |        |        | 1,071              | 0.5                        | 100             | 3.1         |
| 52              | Tannefors 1:90              | Hagalundsv. 3B, Linköping            |                 | Plot                     | (I/W)            |             |                          |        |        |                    |                            |                 |             |
| TOTAL LINKÖPING |                             |                                      |                 |                          |                  | 146,523     | 97,372                   | 21,639 | 17,187 | 282,721            | 241.1                      | 85              | 1,284.5     |

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

Acquisition during 2012

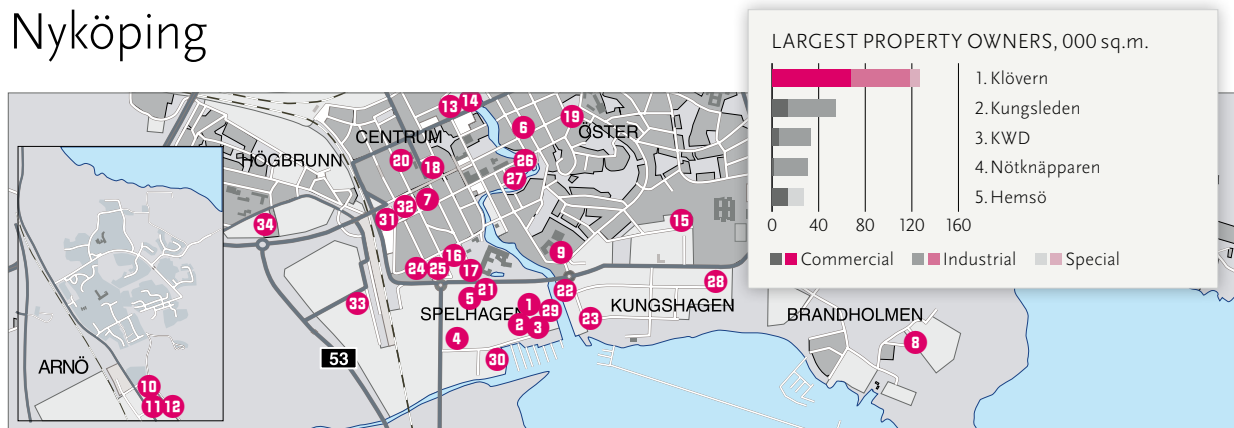
1) A property can consist of a number of jointly administered properties or several large buildings.

2) Jointly taxed with Antennen 15

3) Jointly taxed with Antennen 5

4) Jointly taxed with Magneten 2

# Nyköping



## NYKÖPING

| No.                   | Property                   | Address                            | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |               |               | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|-----------------------|----------------------------|------------------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|---------------|---------------|--------------------|----------------------------|-----------------|--------------|
|                       |                            |                                    |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail        | Other*        |                    |                            |                 |              |
| 1-3                   | Ana 11 <sup>1</sup>        | Gästabudsv. 2 etc. Nyköping        |                 | 1940/1978                | (I/W)            | 12,328        | 23,561                   | 5,018         | 40,907        | 25.7               | 72                         | 102.9           |              |
| 4                     | Ana 12                     | Spelhagsvgäen 1, Nyköping          |                 | 1984/1984                | (I/W)            |               | 2,710                    | 520           | 3,230         | 2.3                | 100                        | 5.7             |              |
| 5                     | Ana 13                     | Nyckelv. 14, Nyköping              |                 |                          | Plot             |               |                          |               |               |                    |                            | 0.7             |              |
| 6                     | Bagaren 20                 | Ö Storg. 5, S:t Anneg. 6, Nyköping |                 | 1962/1962                | Retail           | 400           |                          | 802           | 1,883         | 2.0                | 91                         | 12.4            |              |
| 7                     | Biografen 19               | V Storg. 18, 20 etc. Nyköping      |                 | 1929/1987                | Retail           | 170           | 19                       | 1,531         | 2,576         | 3.6                | 97                         | 24.3            |              |
| 8                     | Brandholmen 1:9            | Pontong. 11, Nyköping              |                 | 1962/1970                | (I/W)            | 251           | 7,460                    | 97            | 7,808         | 3.7                | 99                         | 16.0            |              |
| 9                     | Brädgården 3               | Folkkungav. 1, Nyköping            |                 |                          | Tomt             |               |                          |               |               | 0.1                | 89                         | 0.0             |              |
| 10                    | Fabrikatet 1               | Materialv. 3, Nyköping             |                 | 1980/1980                | (I/W)            | 555           | 1,830                    | 819           | 4,719         | 3.6                | 79                         | 7.7             |              |
| 11                    | Fabrikatet 4               | Materialv. 3, Nyköping             |                 |                          | Plot             |               |                          |               |               |                    |                            | 0.2             |              |
| 12                    | Fabrikatet 5               | Materialv. 3, Nyköping             |                 |                          | Plot             |               |                          |               |               |                    |                            | 0.1             |              |
| 13-14                 | Fors 11 <sup>1</sup>       | Repslagareg. 43, Nyköping          |                 | 1929/1987                | Office           | 8,573         | 2,052                    | 506           | 11,131        | 12.4               | 95                         | 54.6            |              |
| 15                    | Furan 2                    | Domänv. 11, Nyköping               |                 | 2001/2001                | Other            |               | 17                       | 3,807         | 3,824         | 4.7                | 100                        | Spec. prop.     |              |
| 16                    | Glödlampan 16              | Bagareg. 2, 4, Hamnv. 6, Nyköping  |                 | 1929/1929                | Retail           | 243           |                          | 570           | 813           | 1.0                | 96                         | 2.0             |              |
| 17                    | Glödlampan 17              | Bagareg. 2, 4, Hamnv. 6, Nyköping  |                 | 1929/1929                | Office           | 435           |                          | 0             | 435           | 0.3                | 14                         | 1.5             |              |
| 18                    | Gripen 1                   | V Storg. 25, Nyköping              |                 | 1929/1986                | Retail           | 475           |                          | 691           | 1,166         | 1.7                | 99                         | 10.9            |              |
| 19                    | Hermelinen 7               | Ö Storg. 36 etc. Nyköping          |                 | 1929/1981                | Other            | 725           |                          | 1,345         | 2,070         | 2.3                | 93                         | 6.6             |              |
| 20                    | Hotellet 18                | Brunnsg. 35, Nyköping              |                 | 1940/1940                | Retail           |               | 487                      | 335           | 822           | 0.8                | 100                        | 4.4             |              |
| -                     | Hotellet 26                | V Storg. 19, Nyköping              |                 | 1981/1981                | Retail           |               | 4,824                    |               | 4,824         | 8.5                | 100                        | 48.0            |              |
| 21                    | Jarlen 1                   | Nyckelv. 14, Nyköping              |                 | 1899/2003                | Office           | 680           |                          |               | 680           | 0.9                | 100                        | 5.2             |              |
| 22                    | Kungshagen 1:6             | Ö Skeppsbron 1 etc. Nyköping       |                 | 1929/1989                | Other            | 332           |                          | 325           | 1,398         | 1.5                | 99                         | Spec. prop.     |              |
| 23                    | Lansen 13                  | Gasverksv. 2 etc. Nyköping         |                 | 1977/1991                | Office           | 3,887         | 541                      | 1,869         | 6,297         | 6.6                | 95                         | 34.8            |              |
| 24-25                 | Mjölflaskan 8 <sup>1</sup> | Bagareg. 3 etc. Nyköping           |                 | 1929/1940                | Other            | 2,731         | 1,785                    | 157           | 3,770         | 6.1                | 70                         | Spec. prop.     |              |
| 26                    | Nyköpings Bruk 1           | V Kvarng. 64, Nyköping             |                 | 1929/1983                | Office           | 1,936         |                          | 270           | 2,206         | 3.0                | 100                        | 12.7            |              |
| 27                    | Nyköpings Bruk 7           | V Kvarng. 62, Nyköping             |                 | 1910/1991                | Office           | 1,638         | 205                      |               | 1,843         | 1.9                | 96                         | 10.4            |              |
| 28                    | Skölden 2                  | Gasverksv. 15, Nyköping            |                 | 1989/1989                | Office           | 1,927         | 73                       |               | 2,000         | 1.7                | 93                         | 8.2             |              |
| 29                    | Spelhagen 1:7              | V Skeppsbron 6, Nyköping           |                 | 1929/1929                | (I/W)            |               | 5,567                    |               | 5,567         | 1.7                | 37                         | 6.5             |              |
| 30                    | Spånten 7                  | Spelhagsv. 4, 6, 8, Nyköping       |                 | 2009/2009                | Retail           |               |                          | 1,280         | 1,280         | 1.3                | 100                        | 6.6             |              |
| 31-32                 | Standard 17                | V Storg. 2-6, 8, 10 etc. Nyköping  |                 | 1969/1993                | Retail           | 3,057         |                          | 3,566         | 6,623         | 10.1               | 100                        | 54.7            |              |
| 33                    | Stensötan 5                | Idbäcksv. 8 B, Nyköping            |                 | 1971/1985                | Retail           | 1,128         | 1,370                    | 2,420         | 4,918         | 3.4                | 100                        | 8.2             |              |
| 34                    | Säven 4                    | Norrköpingsv. 9, Nyköping          |                 | 1987/1987                | (I/W)            |               | 1,853                    |               | 1,853         | 2.4                | 100                        | Spec. prop.     |              |
| <b>TOTAL NYKÖPING</b> |                            |                                    |                 |                          |                  | <b>41,471</b> | <b>49,043</b>            | <b>20,637</b> | <b>18,165</b> | <b>129,316</b>     | <b>113.3</b>               | <b>89</b>       | <b>445.3</b> |

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

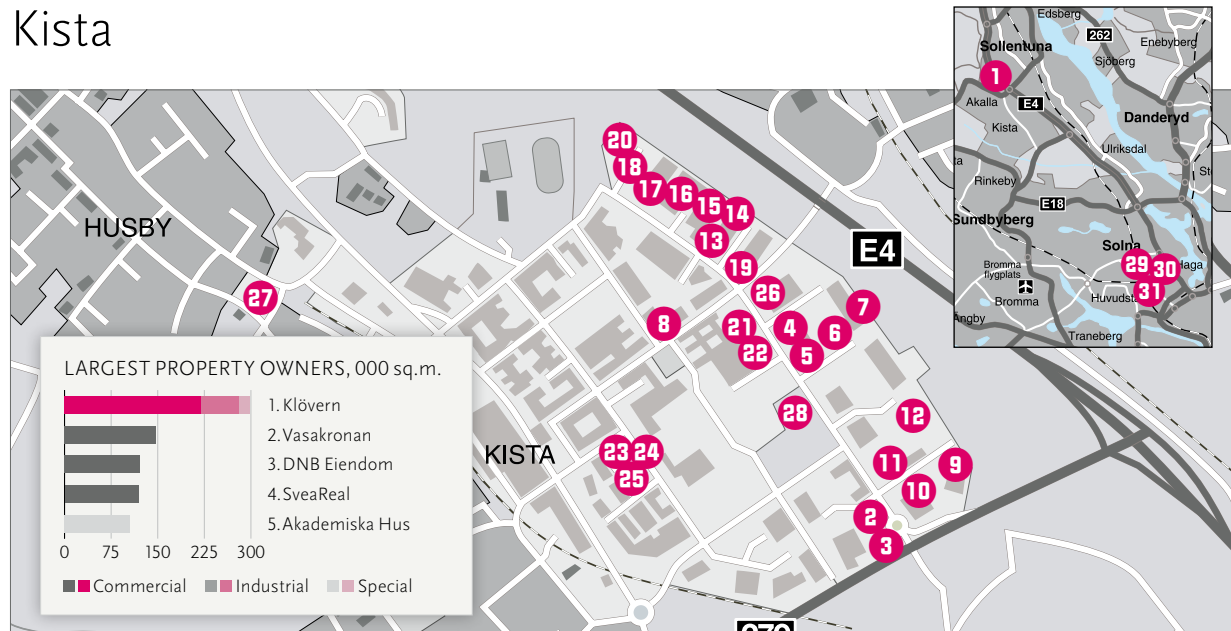
1) A property can consist of a number of jointly administered properties or several large buildings.

■ Divestment in April 2013.

|                   | Area, sq.m. |                    |         |         | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |           |
|-------------------|-------------|--------------------|---------|---------|--------------------|----------------------------|-----------------|-----------|
|                   | Office      | Industry/warehouse | Retail  | Other*  |                    |                            |                 |           |
| TOTAL EAST REGION | 262,147     | 207,329            | 70,606  | 54,405  | 594,487            | 523.1                      | 87              | 2,404.4   |
| TOTAL KLÖVERN     | 1,126,464   | 847,304            | 185,776 | 369,342 | 2,528,886          | 2,468.1                    | 88              | 10,713.10 |

# STOCKHOLM REGION

## Kista



### KISTA (including Akalla, Bromma and Solna)

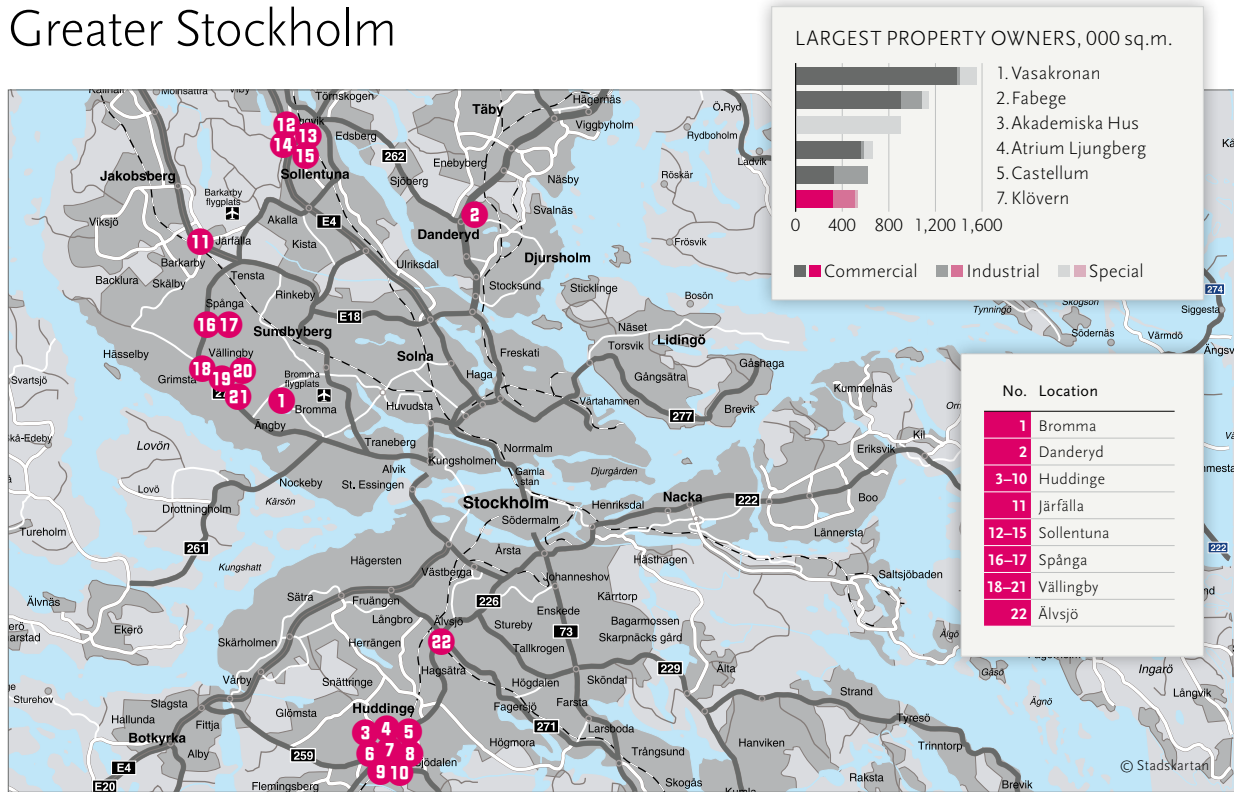
| No.   | Property                  | Address                             | Site lease-hold | Building year/value year | Type of property | Area. sq.m.    |                          |              |              | Rental value. SEK/m | Economic occupancy rate. % | Tax value. SEK/m |                |
|---|---------------------------|-------------------------------------|-----------------|--------------------------|------------------|----------------|--------------------------|--------------|--------------|---------------------|----------------------------|------------------|----------------|
|   |                           |                                     |                 |                          |                  | Office         | Industry/warehouse (I/W) | Retail       | Other*       |                     |                            |                  |                |
| 1   | Varmvattnet 3             | Esbog.8, Akalla                     | S               | 1977/1977                | (I/W)            |                | 14 757                   |              |              | 14 757              | 12.6                       | 100              | 125.0          |
| -   | Slaggeteglet 2            | Voltav. 4, Bromma                   |                 | 1929/1975                | Office           | 1,775          | 205                      |              |              | 1,980               | 2.2                        | 99               | 11.6           |
| 2   | Alptanäs 2                | Torshamnsg. 7 etc. Kista            | S               | 1981/1981                | Office           | 3,030          | 100                      |              |              | 3,130               | 4.9                        | 99               | 16.2           |
| 3   | Alptanäs 3                | Torshamnsg. 1, 3, 5, Kista          | S               | Plot                     | Other            |                |                          |              |              |                     | 0.5                        | 100              | 0.7            |
| 4   | Borg 1                    | Torshamnsg. 16, Kista               | S               | 1977/1977                | Office           | 1,411          |                          |              |              | 1,411               | 2.6                        | 100              | Spec. prop.    |
| 5   | Borg 2                    | Strömög. 3, Kista                   | S               | 1981/1981                | (I/W)            |                | 4,655                    |              |              | 4,655               | 5.2                        | 100              | 23.6           |
| 6   | Borg 3                    | Strömög. 5, Kista                   | S               | 1978/1978                | (I/W)            |                | 1,837                    |              |              | 1,837               | 2.2                        | 100              | 8.9            |
| 7   | Borg 6                    | Strömög. 7 etc. Kista               | S               | 1980/1980                | (I/W)            | 1,208          | 5,104                    | 105          |              | 6,417               | 6.5                        | 92               | 34.0           |
| 8   | Borgarfjord 4             | Kistagången 10 etc. Kista           | S               | 1983/1983                | Office           | 15,470         |                          |              | 6            | 15,476              | 18.7                       | 100              | 142.0          |
| 9   | Geysir 1                  | Österög. 4, Kista                   | S               | 1979/1979                | (I/W)            |                | 5,110                    |              |              | 5,110               | 5.4                        | 100              | 26.6           |
| 10  | Geysir 2                  | Österög. 2, Kista                   | S               | 1980/1980                | (I/W)            | 2,250          | 5,097                    | 165          |              | 7,512               | 7.2                        | 90               | 32.4           |
| 11  | Gullfoss 3                | Österög. 1, 3, Kista                | S               | 1979/1983                | Office           | 5,530          | 1,993                    |              |              | 7,523               | 9.4                        | 89               | 40.4           |
| 12  | Gullfoss 5                | Viderög. 6, Kista                   | S               | 1979/1983                | Office           | 3,477          |                          |              |              | 3,477               | 2.1                        |                  | 21.9           |
| 13  | Helgafjäll 1              | Torshamnsg. 22, 24 etc. Kista       | S               | 1979/1979                | Office           | 8,775          | 2,960                    |              |              | 11,735              | 12.7                       | 29               | 112.0          |
| 14-15   | Helgafjäll 2 <sup>1</sup> | Torshamnsg. 28 etc. Kista           | S               | 1981/1981                | Office           | 25,771         | 1,176                    |              |              | 26,947              | 27.6                       | 65               | 223.0          |
| 16  | Helgafjäll 3              | Torshamnsg. 36, 38, 40, Kista       | S               | 1980/1990                | (I/W)            | 3,965          | 10,502                   |              |              | 14,467              | 25.2                       | 100              | 70.8           |
| 17-18   | Helgafjäll 4 <sup>1</sup> | Torshamnsg. 42, 44, 46, Kista       | S               | 1998/1998                | Office           | 16,778         | 145                      |              |              | 16,923              | 35.0                       | 100              | 210.0          |
| 19  | Helgafjäll 5              | Kistagången 2, 4 etc. Kista         | S               | 1978/1988                | Office           | 13,987         | 189                      | 1,580        | 267          | 16,023              | 23.3                       | 84               | 174.0          |
| 20  | Helgafjäll 7              | Torshamnsg. 48, 50, 52, 54, Kista   |                 | 2001/2002                | Office           | 24,414         | 30                       |              | 6            | 24,450              | 50.3                       | 100              | 311.0          |
| 21-22   | Isafjord 1 <sup>1</sup>   | Torshamnsg. 21, 23, Kista           |                 | 1976/2008                | Office           | 64,896         |                          |              | 9,237        | 74,133              | 138.1                      | 100              | 579.0          |
| 23  | Knarrarnäs 3              | Färög. 5,7, Kista                   | S               | 1985/1985                | Office           | 6,921          | 234                      |              |              | 7,155               | 13.7                       | 95               | 74.1           |
| 24  | Knarrarnäs 4              | Färög. 3, Isafjordsg. 19, 21, Kista | S               | 1985/1985                | Office           | 6,573          | 1,024                    | 488          |              | 8,085               | 10.0                       | 51               | 63.0           |
| 25  | Knarrarnäs 9              | Knarrarnäsg. 15, Kista              | S               | 1984/1986                | Office           | 4,748          | 119                      |              | 3            | 4,870               | 10.0                       | 91               | 63.0           |
| 26  | Lidarände 1               | Torshamnsg. 18, Kista               |                 | 1979/2008                | (I/W)            | 2,855          | 16,406                   | 685          |              | 19,946              | 30.8                       | 100              | 124.0          |
| 27  | Röros 1                   | Norgeg. 1, Kista                    | S               | 1985/1985                | Office           | 2,865          | 28                       |              |              | 2,893               | 3.8                        | 69               | 20.9           |
| 28  | Skafstå 1                 | Torshamnsg. 19, Kista               |                 | Plot                     | Other            |                |                          |              |              |                     |                            |                  | 0.0            |
| 29-31   | Hilton 3 <sup>1</sup>     | Gustav III:s Boulevard 40-46, Solna |                 | 2003/2003                | Office           | 17,546         | 669                      | 267          |              | 18 482              | 53.1                       | 87               | 453.0          |
| <b>TOTAL KISTA (INCLUDING AKALLA, BROMMA AND SOLNA)</b> |                           |                                     |                 |                          |                  | <b>234,245</b> | <b>72,340</b>            | <b>3,023</b> | <b>9,786</b> | <b>319,394</b>      | <b>513.0</b>               | <b>92</b>        | <b>2,961.2</b> |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012

# Greater Stockholm

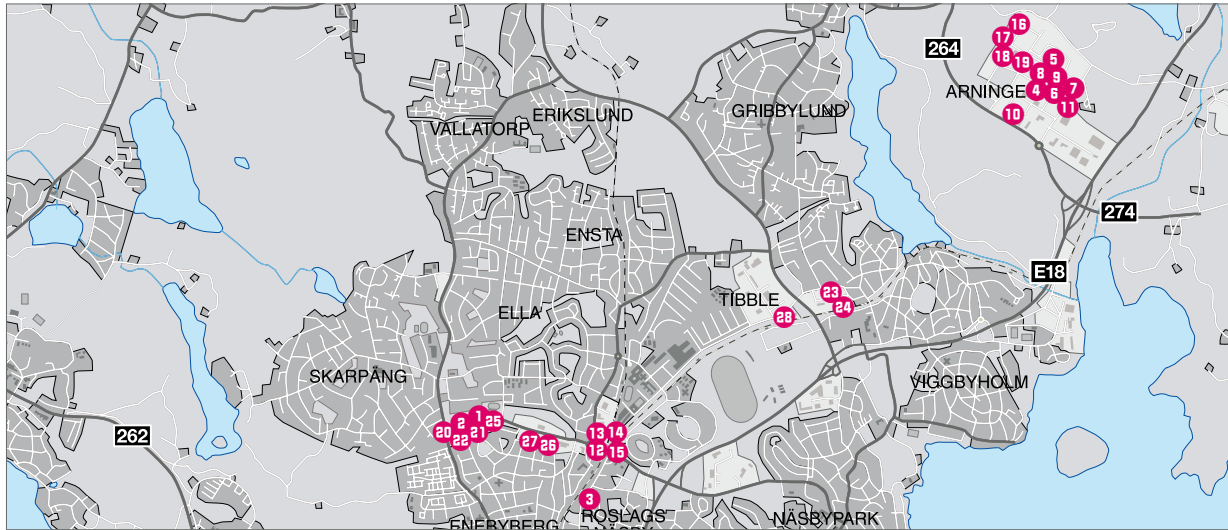


## GREATER STOCKHOLM

| 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 (I/W) | Retail | Other* |                    |                            |                 |             |
| 1   | Båglampen 35     | Ranhammarsv.21, Bromma            |                | 1967/1967                | (I/W)            |             | 7,318                    | 197    | 340    | 7,855              | 7.2                        | 98              | 25.3        |
| 2   | Timmerhuggaren 2 | Vendev. 90, Danderyd              |                | 1969/1969                | Office           | 6,751       | 2,065                    | 235    | 1,530  | 10,581             | 15.4                       | 98              | 82.8        |
| -   | Söderbymalm 6:4  | Hantverkav. 22, Haninge           |                | 1950/1950                | (I/W)            |             | 4,950                    |        | 1,081  | 6,031              | 4.2                        | 17              | 15.5        |
| 3   | Brandstegen 9    | Centrav. 13 etc. Huddinge         |                | 1959/1969                | (I/W)            | 503         | 2,770                    |        |        | 3,273              | 4.6                        | 100             | 18.7        |
| 4   | Brynjan 5        | Solfagrav. 33, 35, Huddinge       |                | 1965/1965                | (I/W)            | 950         | 1,574                    |        | 404    | 2,928              | 2.5                        | 90              | 10.9        |
| 5   | Ellipsen 5       | Ellipsv., Huddinge                |                | 1997/1997                | Office           | 2,800       |                          |        |        | 2,800              | 2.2                        | 100             | 13.8        |
| 6   | Förstugan 1      | Fullersta Torg 18, 20, Huddinge   |                | 1989/1989                | Office           | 1,600       |                          |        |        | 1,600              | 3.2                        | 100             | 23.0        |
| 7   | Luna 1           | Lunastigen 1, 3, 5, 7, Huddinge   |                | 1987/1990                | Office           | 4,553       | 1,472                    |        | 613    | 6,638              | 7.0                        | 78              | 41.2        |
| 8   | Opalen 40        | Gymnasiev. 22, Huddinge           |                | 1985/1985                | Office           | 770         |                          |        |        | 770                | 1.0                        | 100             | 5.4         |
| 9   | Rektangeln 3     | Pyramidbacken 2, 4, Huddinge      |                | 1986/1986                | Other            |             | 792                      |        | 2,144  | 2,936              | 3.1                        | 78              | 17.7        |
| 10  | Valen 2          | Kommunalv. 1, 3, 5, Huddinge      |                | 1987/1987                | Office           | 4,248       | 232                      |        |        | 4,480              | 7.5                        | 99              | 56.0        |
| 11  | Kallhäll 9:36    | Galgbacken 3, Järfälla            |                | 1993/1993                | Other*           |             |                          |        | 5,150  | 5,150              | 5.1                        | 100             | Spec. prop. |
| 12  | Ekplantan 1      | Djupdalsv. 17, 19, Sollentuna     |                | 1988/1988                | Office           | 2,600       |                          |        |        | 2,600              | 3.3                        | 100             | 21.7        |
| 13  | Revisorn 3       | Bergkällav. 31C, Sollentuna       |                | 1988/1988                | Office           | 1,108       | 30                       |        |        | 1,138              | 1.1                        | 100             | 7.1         |
| 14  | Ringpärmen 6     | Bergkällav. 36, Sollentuna        |                | 1990/1990                | Office           | 4,125       | 3,577                    |        |        | 7,702              | 7.7                        | 81              | 44.5        |
| 15  | Sjöhjälten 2     | Domherrev. 9, 11, Sollentuna      |                | 1991/1991                | Office           | 3,209       | 172                      |        |        | 3,381              | 4.4                        | 95              | 26.4        |
| 16  | Domnarvet 11     | Domnarvsg. 35, Spånga             | S              | 1978/1978                | Other            | 321         |                          |        | 3,344  | 3,665              | 3.7                        | 56              | 19.0        |
| 17  | Mandelblomman 1  | Kronofogdev. 54, Spånga           |                | 1983/1983                | Other            | 750         | 2,641                    | 655    | 2,847  | 6,893              | 6.5                        | 88              | 24.7        |
| 18  | Johannelund 7    | Krossg. 10, 12, 14 etc. Vällingby | S              | 1969/1969                | Office           | 14,987      | 7,289                    |        | 1,374  | 23,650             | 23.5                       | 36              | 69.7        |
| 19  | Stenen 1         | Krossg. 15, 17 etc. Vällingby     | S              | 1970/1970                | Other            | 325         | 100                      |        | 10,937 | 11,362             | 9.2                        | 67              | 39.9        |
| 20  | Stenmjölet 1     | Siktg. 1, 3, Vällingby            | S              | 1960/1960                | Other            | 702         | 289                      | 1,776  | 2,118  | 4,885              | 5.2                        | 68              | 14.1        |
| 21  | Stenmjölet 2     | Siktg. 3A-3B, Vällingby           | S              | 1960/1960                | Retail           | 800         | 119                      | 2,185  | 1,720  | 4,824              | 4.4                        | 60              | 12.7        |
| 22  | Konsumenten 3    | Varuv. 7 etc. Ålvsjö              | S              | 1966/1966                | (I/W)            |             | 10,500                   |        |        | 10,500             | 9.6                        | 100             | 44.4        |

■ Investment in February 2013    ■ Acquisition during 2012.

## Täby



## TÄBY (part of Greater Stockholm)

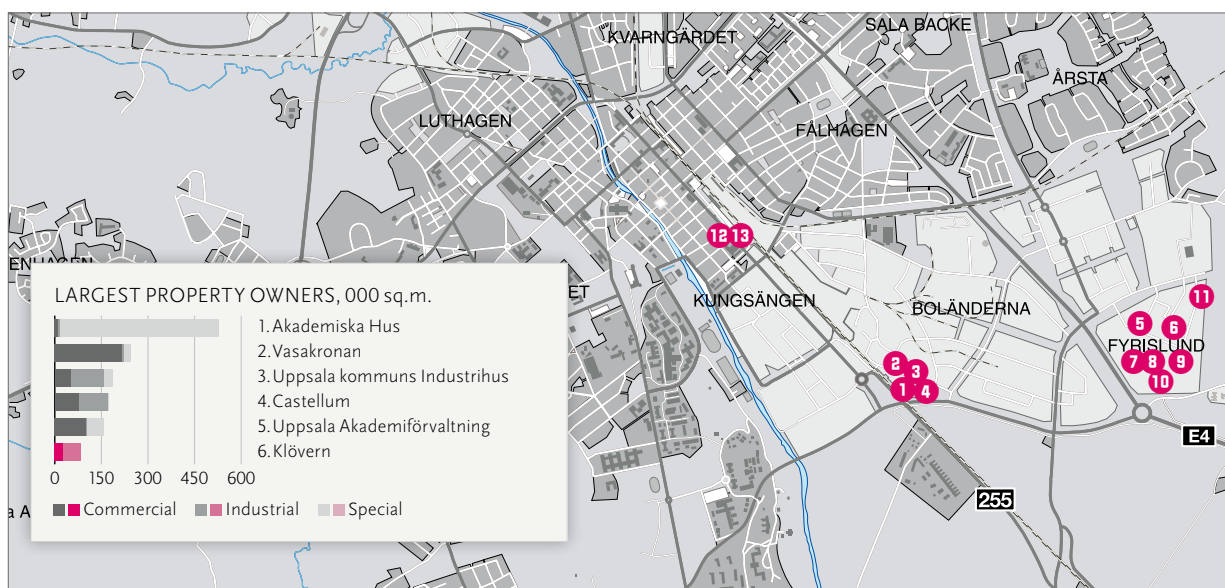
| No.                     | Property                 | Address                        | Site lease-hold | Building year/value year | Type of property | Area, sq.m. |                          |        |        | Rental value, SEK/m | Economic occupancy rate, % | Tax value, SEK/m |             |
|-------------------------|--------------------------|--------------------------------|-----------------|--------------------------|------------------|-------------|--------------------------|--------|--------|---------------------|----------------------------|------------------|-------------|
|                         |                          |                                |                 |                          |                  | Office      | Industry/warehouse (I/W) | Retail | Other* |                     |                            |                  |             |
| 2                       | Kannringen 2             | Enhagssligan 6, 8, Täby        |                 | 1991/1991                | Office           | 1,966       | 34                       |        |        | 2,000               | 2.5                        | 99               | 13.5        |
| 3                       | Kardborren 13            | Kanalv. 15, 17, Täby           |                 | 1981/1981                | Office           | 12,508      | 296                      | 1,410  |        | 14,214              | 17.5                       | 98               | 93.4        |
| 4                       | Linjalen 7               | Måttbandsv. 4, Täby            |                 | 1989/1989                | (I/W)            |             | 800                      |        |        | 800                 | 0.7                        | 100              | 4.2         |
| 5                       | Linjalen 8               | Måttbandsv. 6, Täby            |                 | 1989/1989                | (I/W)            |             | 600                      |        |        | 600                 | 0.5                        | 100              | 2.9         |
| 6                       | Linjalen 60              | Måttbandsv. 12, Täby           |                 | 1991/1991                | Office           | 2,870       | 965                      |        |        | 3,835               | 4.1                        | 96               | 24.7        |
| 7                       | Linjalen 61              | Tillverkarv. 9, Täby           |                 | 1990/1990                | (I/W)            |             | 778                      |        |        | 778                 | 0.8                        | 100              | 5.6         |
| 8                       | Linjalen 65              | Måttbandsv. 8, 10, Täby        |                 | 1989/1989                | Retail           |             | 600                      | 750    |        | 1,350               | 1.1                        | 100              | 6.1         |
| 9                       | Linjalen 66              | Linjalv. 9, 11, Täby           |                 | 1990/1990                | (I/W)            |             | 3,815                    | 108    |        | 3,923               | 3.3                        | 100              | 20.0        |
| 10                      | Lodet 2                  | Tumstocksv. 9, 11, Täby        |                 | 1990/1990                | Office           | 5,082       | 3,316                    | 70     | 6      | 8,474               | 8.4                        | 92               | 47.7        |
| 11                      | Mätstängan 2             | Linjalv. 6 A–B, Kundv. 5, Täby |                 | 1991/1991                | Office           | 3,834       |                          |        |        | 3,834               | 4.4                        | 100              | 26.2        |
| 12                      | Roslags-Näsby 24:44      | Stockholmsv. 100, 102, Täby    |                 | 1965/1965                | Retail           |             | 530                      | 2,181  |        | 2,711               | 3.1                        | 100              | 11.4        |
| 13                      | Roslags-Näsby 24:45      | Stockholmsv. 100, 102, Täby    |                 | 1965/1965                | Retail           |             |                          |        |        |                     |                            |                  | 2           |
| 14                      | Roslags-Näsby 25:7       | Stockholmsv. 100, 102, Täby    |                 | 1965/1965                | Retail           |             |                          |        |        |                     |                            |                  | 2           |
| 15                      | Roslags-Näsby 25:8       | Stockholmsv. 100, 102, Täby    |                 | 1965/1965                | Retail           |             |                          |        |        |                     |                            |                  | 2           |
| 16                      | Smygvinkeln 9            | Ritarsligan 22, Täby           |                 | 1991/1991                | (I/W)            |             | 960                      |        |        | 960                 | 0.5                        | 100              | 4.6         |
| 17                      | Smygvinkeln 10           | Ritarsligan 20, Täby           |                 | 1991/1991                | (I/W)            | 197         | 630                      |        |        | 827                 | 0.8                        | 100              | 4.8         |
| 18                      | Smygvinkeln 11           | Ritarsligan 18, Täby           |                 | 1991/1991                | (I/W)            |             | 1,634                    | 258    |        | 1,892               | 1.8                        | 100              | 11.2        |
| 19                      | Smygvinkeln 12           | Ritarsligan 16, Täby           |                 | 1992/1992                | Office           | 1,010       | 554                      |        |        | 1,564               | 1.6                        | 100              | 14.2        |
| 20                      | Svängjulet 1             | Enhagssligan 23, 25, Täby      |                 | 1990/1990                | Other            | 756         | 467                      | 445    | 2,544  | 4,212               | 4.4                        | 99               | Spec. prop. |
| 21                      | Svängjulet 2             | Enhagssligan 5, 7 etc. Täby    |                 | 1989/1989                | Office           | 1,660       | 12                       |        | 1,323  | 2,995               | 3.8                        | 100              | 19.6        |
| 22                      | Svängjulet 3             | Enhagssligan 15, 17 etc. Täby  |                 | 1991/1991                | Office           | 4,329       | 579                      |        |        | 4,908               | 5.9                        | 99               | 29.3        |
| 23–24                   | Tryckaren 3 <sup>1</sup> | Reprov. 6 etc. Täby            |                 | 1945/1992                | Office           | 1,585       | 1,426                    |        | 585    | 3,596               | 3.5                        | 77               | 15.9        |
| 25                      | Ventilen 1               | Enhagssligan 1A–B, Täby        |                 | 1987/1987                | Office           | 2,193       | 589                      | 219    |        | 3,001               | 3.1                        | 76               | 23.1        |
| 26                      | Växellådan 1             | Enhagsv. 7, Täby               |                 | 1978/1983                | Office           | 2,388       | 374                      |        | 102    | 2,864               | 3.2                        | 78               | 20.1        |
| 27                      | Växellådan 3             | Enhagsv. 9, Täby               |                 | 1978/1978                | Office           | 1,335       | 565                      |        |        | 1,900               | 1.5                        | 63               | 9.6         |
| 28                      | Åkerby 10                | Kemistv. 6, Täby               |                 | 1975/1989                | Office           | 756         | 12                       |        | 417    | 1,185               | 1.1                        | 62               | 8.5         |
| TOTAL GREATER STOCKHOLM |                          |                                |                 |                          |                  | 97,665      | 65,426                   | 9,079  | 39,989 | 212,159             | 224.3                      | 83               | 1,081.9     |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

2) Jointly taxed with Roslags Näsby 24:44.

# Uppsala



## UPPSALA

| No.                  | Property                     | Address                      | Site lease-hold | Building year/value | Type of property | Area, sq.m.   |                          |              |               | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|----------------------|------------------------------|------------------------------|-----------------|---------------------|------------------|---------------|--------------------------|--------------|---------------|--------------------|----------------------------|-----------------|--------------|
|                      |                              |                              |                 |                     |                  | Office        | Industry/warehouse (I/W) | Retail       | Other*        |                    |                            |                 |              |
| 1-4                  | Boländerna 33:2 <sup>1</sup> | Kungsängsv. 15 etc. Uppsala  |                 | 1991/1991           | Office           | 17,460        | 344                      | 86           | 544           | 18,434             | 23.1                       | 68              | 139.6        |
| 5-11                 | Fyrislund 6:6 <sup>1</sup>   | Rapsg. 7, Uppsala            |                 | 1921/2003           | Other            | 18,012        | 13,795                   | 432          | 25,328        | 57,567             | 90.1                       | 82              | 308.6        |
| 12                   | Kungsängen 10:1              | Bävernsgränd 17 etc. Uppsala |                 | 1920/1966           | Office           | 5,624         | 1,597                    | 591          | 952           | 8,764              | 10.1                       | 56              | 76.9         |
| 13                   | Kungsängen 10:2              | Bävernsgränd 17 etc. Uppsala |                 | 1920/1966           | Office           |               |                          |              |               |                    |                            |                 | <sup>2</sup> |
| <b>TOTAL UPPSALA</b> |                              |                              |                 |                     |                  | <b>41,096</b> | <b>15,736</b>            | <b>1,109</b> | <b>26,824</b> | <b>84,765</b>      | <b>123.3</b>               | <b>78</b>       | <b>525.1</b> |

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

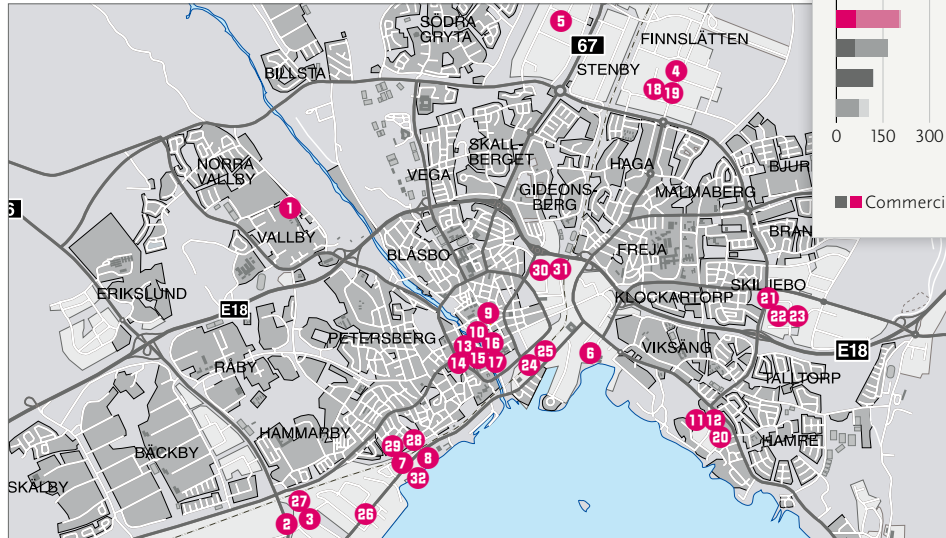
1) A property can consist of a number of jointly administered properties or several large buildings.

2) Jointly taxed with Kungsängen 10:1.

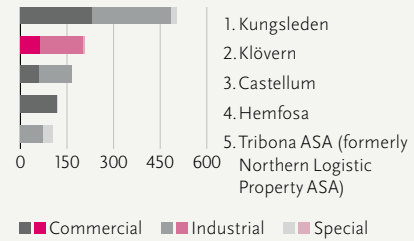
|                               | Area, sq.m.      |                    |                |                | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |                  |
|-------------------------------|------------------|--------------------|----------------|----------------|--------------------|----------------------------|-----------------|------------------|
|                               | Office           | Industry/warehouse | Retail         | Other*         |                    |                            |                 |                  |
| <b>TOTAL STOCKHOLM REGION</b> | <b>373,006</b>   | <b>153,502</b>     | <b>13,211</b>  | <b>76,599</b>  | <b>616,318</b>     | <b>860.5</b>               | <b>88</b>       | <b>4,568.2</b>   |
| <b>TOTAL KLÖVERN</b>          | <b>1,126,464</b> | <b>847,304</b>     | <b>185,776</b> | <b>369,342</b> | <b>2,528,886</b>   | <b>2,468.1</b>             | <b>88</b>       | <b>10,713.10</b> |

# CENTRAL/NORTH REGION

## Västerås



LARGEST PROPERTY OWNERS, 000 sq.m.



### VÄSTERÅS (including Eskilstuna and Köping)

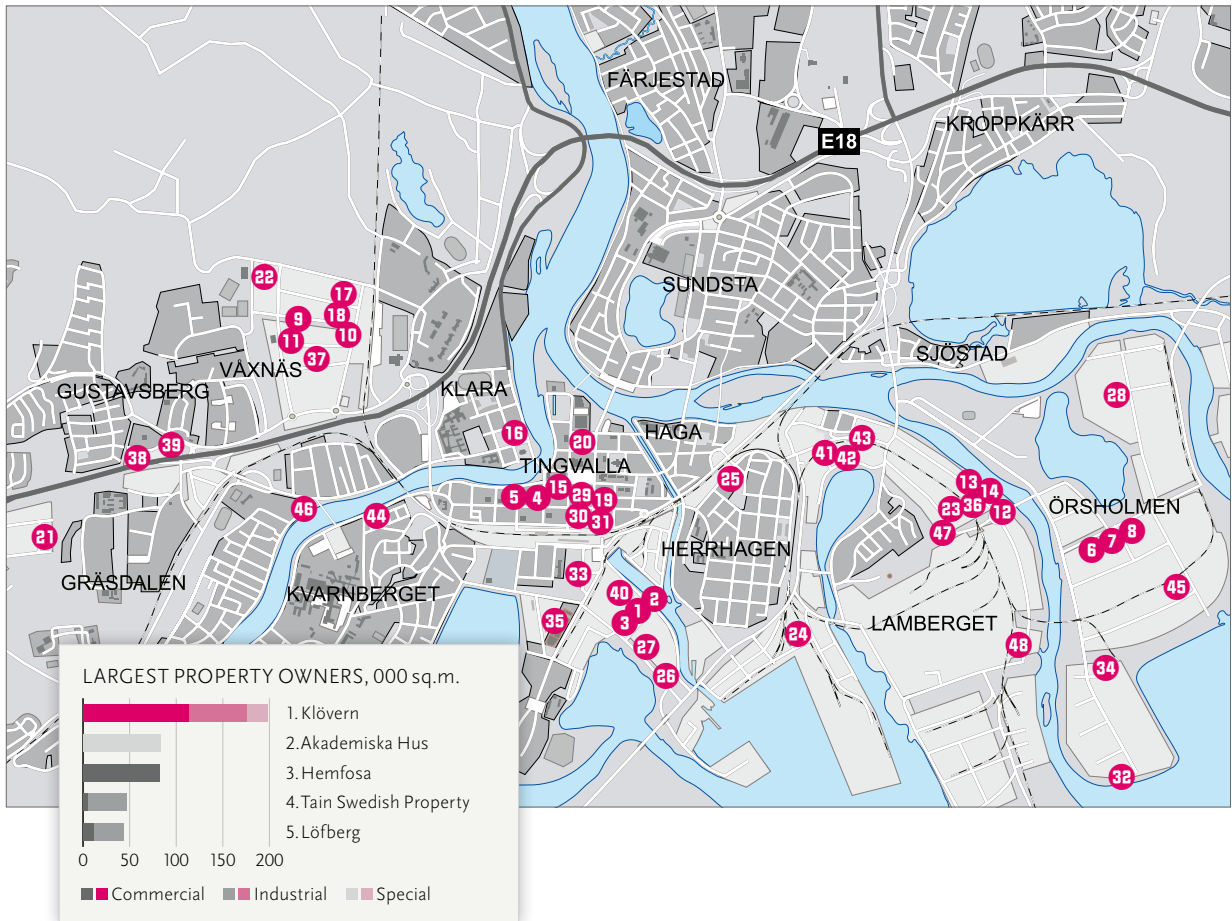
| No.   | Property                   | Address                            | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |               |               | Rental value, SEK/m | Economic occupancy rate, % | Tax value, SEK/m |              |
|---|----------------------------|------------------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|---------------|---------------|---------------------|----------------------------|------------------|--------------|
|   |                            |                                    |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail        | Other*        |                     |                            |                  |              |
| -   | Valpen 3                   | Björkg. 5, 7, Eskilstuna           |                 | 1992/1992                | Other            |               |                          |               | 4,308         | 4,308               | 4.2                        | 100              | Spec. prop.  |
| -   | Vampyren 9                 | Kriepsensg. 8 etc. Eskilstuna      |                 | 1969/1969                | Retail           | 4,132         | 1,040                    | 6,653         | 4,875         | 16,700              | 24.2                       | 71               | 108.0        |
| -   | Drotten 2                  | V Långg. 6, Köping                 |                 | 1988/1988                | Office           | 2,261         | 1,204                    |               | 8             | 3,473               | 3.9                        | 98               | 14.8         |
| -   | Nifelhem 6                 | Stora Gatan 12, Köping             |                 | 1967/1967                | Retail           | 527           | 760                      | 804           | 592           | 2,683               | 2.0                        | 60               | 7.5          |
| 1   | Allmogekulturen 5          | Svalgången, Västerås               |                 | 1966/1991                | Office           | 6,035         | 2,141                    | 5,501         | 1,255         | 14,932              | 9.6                        | 75               | 49.6         |
| 2   | Bogserbåten 1              | Saltängsv. 22, Västerås            |                 |                          | Plot             |               |                          |               |               |                     |                            |                  | 0.4          |
| 3   | Briggen 3                  | Saltängsv. 14, 16, Västerås        |                 | 1963/1973                | (I/W)            |               | 5,162                    |               |               | 5,162               | 5.6                        | 94               | 11.7         |
| 4   | Finnslättan 2              | Hydrov. 1, 3 etc. Västerås         |                 | 1966/1990                | Office           | 5,945         |                          |               |               | 5,945               | 4.4                        | 100              | 25.4         |
| 5   | Friledningen 18            | Elledningsg. 5B, Västerås          |                 | 1988/1988                | (I/W)            |               | 940                      |               |               | 940                 | 0.4                        | 100              | 3.1          |
| 6   | Gastuben 5                 | Björnövs. 8, Västerås              |                 | 1943/1943                | Retail           |               | 1,080                    | 2,442         | 0             | 3,522               | 2.7                        | 92               | 1.7          |
| 7   | Gustavsvik 13              | Sjöhagsv. 3, 5 etc. Västerås       |                 | 1957/1962                | (I/W)            | 7,889         | 16,517                   | 450           | 5,000         | 29,856              | 17.3                       | 88               | 51.8         |
| 8   | Icander 1                  | Stensborgsg. 1, Västerås           |                 | 1987/1987                | Retail           |               |                          | 2,992         | 8             | 3,000               | 1.2                        | 100              | 8.3          |
| 9   | Inge 10                    | Smedjeg. 8, Västerås               |                 | 1939/1960                | Retail           | 528           | 265                      | 3,532         | 1,550         | 5,875               | 6.1                        | 89               | 46.2         |
| 10  | Klas 8                     | Smedjeg. 13, Västerås              |                 | 1956/1956                | Retail           | 1,284         | 146                      | 2,842         | 1,008         | 5,280               | 6.4                        | 94               | 36.3         |
| 11-12   | Kryssen 3 <sup>1</sup>     | Regattag. 7-31, 33-53, Västerås    |                 | 1940/1980                | (I/W)            | 3,431         | 11,757                   | 220           | 3,936         | 19,344              | 12.6                       | 81               | 35.5         |
| 13-16   | Leif 19 <sup>1</sup>       | Hantverkarg. 2, Västerås           |                 | 1929/1964                | Retail           | 5,599         | 649                      | 12,864        | 1,755         | 20,867              | 33.6                       | 94               | 223.8        |
| 17  | Manfred 6                  | Erik Hahrs gata 2, Västerås        |                 | 1929/1987                | Office           | 2,725         | 183                      |               | 1,369         | 4,277               | 5.1                        | 94               | 34.1         |
| 18-19   | Omformaren 6 <sup>1</sup>  | Betongg. 1 etc. Västerås           |                 | 1962/1985                | (I/W)            | 2,267         | 6,956                    |               | 638           | 9,861               | 7.1                        | 95               | 25.2         |
| 20  | Regattan 46                | Regattag. 8-28 etc. Västerås       |                 | 1940/1970                | (I/W)            | 1,838         | 11,000                   |               | 111           | 12,949              | 6.8                        | 95               | 31.2         |
| 21  | Ringborren 13              | Tallmätarg. 7, Västerås            | S               | 1930/1962                | Office           | 1,627         |                          |               |               | 1,627               | 1.2                        | 100              | 8.7          |
| 22-23   | Ringborren 15 <sup>1</sup> | Tallmätarg. 8 etc. Västerås        |                 | 1960/1990                | (I/W)            | 5,768         | 9,809                    | 447           | 2,924         | 18,948              | 13.5                       | 67               | 30.9         |
| 24  | Sigurd 3                   | Sigurdsg. 27, 29 etc. Västerås     |                 | 1932/1989                | (I/W)            | 2,337         | 5,011                    | 2,547         |               | 9,895               | 10.0                       | 95               | 27.2         |
| 25  | Sigurd 7                   | Sigurdsg. 23, Västerås             |                 | 1929/1929                | (I/W)            |               | 3,213                    |               |               | 3,213               | 0.5                        |                  | 4.1          |
| 26  | Sjöhagen 12                | Sjöhagsv. 14, Västerås             |                 | 1952/1980                | (I/W)            | 329           | 6,729                    |               |               | 7,058               | 4.6                        | 95               | 13.4         |
| 27  | Skonernten 2               | Saltängsv. 18, Västerås            | S               | 1966/1986                | (I/W)            | 265           | 4,455                    |               |               | 4,720               | 1.9                        | 12               | 13.8         |
| 28  | Stensborg 2                | Sjöhagsv. 2, Västerås              |                 | 1957/1977                | Office           | 755           | 134                      |               |               | 889                 | 0.8                        | 68               | 3.3          |
| 29  | Stensborg 4                | Sjöhagsv. 4, Västerås              |                 | 1989/1989                | Other            |               | 18                       |               | 1,526         | 1,544               | 1.5                        | 81               | Spec. prop.  |
| 30-31   | Verkstanen 11 <sup>1</sup> | Metallverksg. 19, 21 etc. Västerås |                 | 1929/1956                | (I/W)            | 2,260         | 14,457                   | 2,660         | 778           | 20,155              | 11.9                       | 87               | 18.5         |
| 32  | Västerås 2:5               | Stensborgsg. 4, Västerås           |                 | 1982/1989                | Office           | 1,450         |                          |               |               | 1,450               | 1.5                        | 90               | 6.1          |
| <b>TOTAL VÄSTERÅS (INCLUDING ESKILSTUNA AND KÖPING)</b> |                            |                                    |                 |                          |                  | <b>59,252</b> | <b>103,626</b>           | <b>44,065</b> | <b>31,530</b> | <b>238,473</b>      | <b>200.6</b>               | <b>86</b>        | <b>840.6</b> |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012.

# Karlstad



## Total Karlstad (including Kristinehamn)

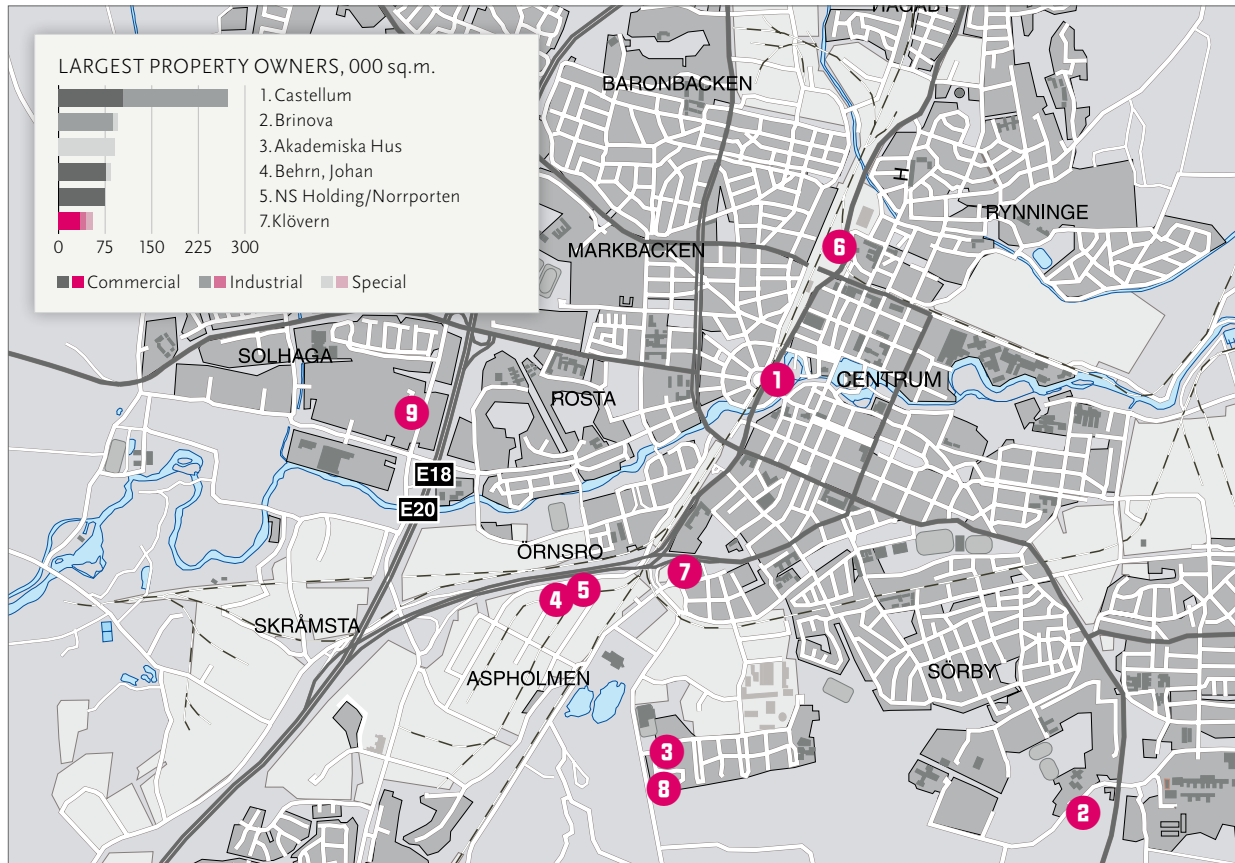
| No.                                     | Property                 | Address                       | Site lease-hold | Building year/value year | Type of property | Area, sq.m. |                          |        |                    | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|---|--------------------------|-------------------------------|-----------------|--------------------------|------------------|-------------|--------------------------|--------|--------------------|--------------------|----------------------------|-----------------|--------------|
|   |                          |                               |                 |                          |                  | Office      | Industry/warehouse (I/W) | Retail | Other <sup>a</sup> |                    |                            |                 | Area, total  |
| 1-2                                     | Barkassen 7 <sup>1</sup> | Lagergrens g. 2, 4, Karlstad  |                 | 1990/1990                | Office           | 11,735      | 32                       | 569    |                    | 12,336             | 16.1                       | 92              | 83.4         |
| 3                                       | Barkassen 9              | Lagergrens g. 8, Karlstad     |                 | 1991/1991                | Office           | 6,867       | 289                      |        |                    | 7,156              | 8.4                        | 73              | 53.4         |
| 4                                       | Björnen 13               | Fredsg. 10, Karlstad          |                 | 1906/1962                | Office           | 3,800       | 3,600                    |        | 40                 | 7,440              | 7.8                        | 97              | 27.2         |
| 5                                       | Björnen 7                | Järnvägsg. 7, Karlstad        |                 | 1965/1965                | Office           | 1,380       | 212                      | 398    | 1,283              | 3,273              | 5.2                        | 98              | 36.6         |
| 6                                       | Blåsten 3                | Stormg. 6, Karlstad           |                 | 1975/1975                | (I/W)            | 473         | 1,642                    |        |                    | 2,115              | 1.4                        | 82              | 4.2          |
| 7                                       | Blåsten 4                | Stormg. 8, Karlstad           |                 | 1975/1979                | Office           | 2,341       |                          |        |                    | 2,341              | 1.9                        | 100             | 5.6          |
| 8                                       | Brisen 4                 | Sunnanvindsg. 8, Karlstad     |                 | 1973/1978                | Office           | 1,045       |                          |        |                    | 1,045              | 1.1                        | 100             | 3.1          |
| 9                                       | Bromsen 1                | Blockg. 6, Karlstad           |                 | 1967/1967                | Retail           | 729         |                          | 861    |                    | 1,590              | 1.1                        | 100             | 3.9          |
| 10                                      | Bromsen 13               | Spärrg. 12, Karlstad          |                 | 1967/1967                | Retail           |             |                          |        |                    |                    |                            |                 | 1.6          |
| 11                                      | Bromsen 6                | Ramg. 7, Karlstad             |                 | 1967/1977                | (I/W)            | 1,660       | 1,742                    | 204    |                    | 3,606              | 3.3                        | 100             | 7.5          |
| 12                                      | Bälgen 9                 | Sågverksg. 33, Karlstad       |                 | 1959/1988                | Office           |             |                          |        |                    |                    |                            |                 | 2.6          |
| 13                                      | Bälgen 10                | Sågverksg. 35, Karlstad       |                 | 1959/1988                | Office           | 2,822       |                          |        |                    | 2,822              | 2.3                        | 100             | <sup>2</sup> |
| 14                                      | Bälgen 11                | Elverumsg. 7, Karlstad        |                 | 1959/1991                | Office           |             |                          |        |                    |                    |                            |                 | 8.2          |
| 15                                      | Druvan 13                | Tingvallag. 17, Karlstad      |                 | 1947/1947                | Retail           | 1,875       | 77                       | 1,985  | 348                | 4,285              | 6.4                        | 100             | 40.9         |
| 16                                      | Ekorren 11               | Malmtorosg. 6, Karlstad       |                 | 1929/1992                | Office           | 4,656       | 380                      |        | 1,495              | 6,531              | 6.9                        | 68              | 9.7          |
| 17                                      | Fjäders 14               | Kolvig. 1, Karlstad           |                 | 1966/1971                | Retail           | 1,352       |                          | 2,685  |                    | 4,037              | 2.8                        | 87              | 6.5          |
| 18                                      | Fjäders 16               | Bromsg. 4, Karlstad           |                 | 1991/1991                | Office           | 2,704       |                          | 1,653  |                    | 4,357              | 3.7                        | 87              | 18.0         |
| 19                                      | Freja 13                 | Drottningg. 6, Karlstad       |                 | 1965/1976                | Office           | 3,536       | 135                      | 2,059  | 958                | 6,688              | 8.2                        | 92              | 45.0         |
| 20                                      | Gripen 11                | Herrgårdsg. 20, Karlstad      |                 | 1962/1986                | Other            | 1,508       | 3                        | 162    | 2,715              | 4,388              | 5.0                        | 97              | Spec. prop.  |
| 21                                      | Grästegen 2              | Stråg. 3, Karlstad            |                 | 1990/1990                | Office           | 2,680       | 8                        |        |                    | 2,688              | 2.4                        | 90              | 8.3          |
| 22                                      | Gångjärnet 2             | Blockg. 29, Karlstad          | S               | 1964/1974                | (I/W)            | 158         | 2,814                    |        |                    | 2,972              | 2.2                        | 100             | 6.9          |
| 23                                      | Hammaren 21              | Cjuterig. 27, 29, Karlstad    |                 | 1990/1990                | (I/W)            | 774         | 1,172                    |        |                    | 1,946              | 1.3                        | 100             | 5.4          |
| 24                                      | Herrhagen 1:10           | Hamnpirsg. 4, Karlstad        | S               | 1986/1987                | Other            |             | 475                      | 1,040  |                    | 1,515              | 1.2                        | 99              | 1.5          |
| 25                                      | Hybelejen 17             | Verkstads g. 20, Karlstad     |                 | 1929/1985                | Office           | 2,894       | 54                       |        |                    | 2,948              | 2.8                        | 100             | 13.2         |
| 26                                      | Kanoten 10               | Lagergrens g. 7, Karlstad     |                 | 1989/1989                | Office           | 8,881       | 722                      | 477    |                    | 10,080             | 15.2                       | 93              | 82.2         |
| 27                                      | Kanoten 9                | Kanikenäsbanken 12, Karlstad  |                 | 1990/1990                | Office           | 8,894       |                          |        |                    | 8,894              | 9.2                        | 100             | 55.2         |
| 28                                      | Kulingen 4               | Östanvindsg. 17, Karlstad     |                 | 1976/1976                | (I/W)            |             | 7,522                    | 450    |                    | 7,972              | 4.5                        | 98              | 15.5         |
| 29-30                                   | Mercurius 3 <sup>1</sup> | V Torgg. 10-12, Karlstad      |                 | 1929/1939                | Retail           | 711         | 74                       | 1,820  |                    | 2,605              | 4.0                        | 95              | 28.0         |
| 31                                      | Monitorn 9               | Ö Torgg. 2A, Karlstad         |                 | 1993/1993                | Office           | 2,910       | 96                       | 344    |                    | 3,350              | 5.2                        | 91              | 26.2         |
| 32                                      | Passadvinden 3           | Regnvindsg. 17, Karlstad      |                 | 1990/1990                | (I/W)            | 303         | 3,375                    |        |                    | 3,678              | 2.1                        | 94              | 9.0          |
| 33                                      | Pinassen 2               | Tullhusg., Karlstad           |                 |                          | Plot             |             |                          |        |                    |                    | 0.6                        | 100             | 22.4         |
| 34                                      | Regnvinden 1             | Dagvindsg. 7, Karlstad        |                 | 1981/2005                | (I/W)            | 4,306       | 5,423                    | 257    |                    | 9,986              | 7.3                        | 96              | 30.2         |
| 35                                      | Skepparen 15             | Orrholmsg. 4, 6 etc. Karlstad |                 | 1954/1954                | Other            | 2,261       | 270                      |        | 19,518             | 22,049             | 27.2                       | 92              | Spec. prop.  |
| 36                                      | Släggen 13               | Sågverksg. 20, Karlstad       |                 | 1981/1981                | (I/W)            | 302         | 882                      | 568    |                    | 1,752              | 1.0                        | 85              | 4.1          |
| 37                                      | Spärren 7                | Rattg. 6, Karlstad            |                 | 1968/1968                | Office           | 834         | 594                      | 488    |                    | 1,916              | 1.3                        | 63              | 3.4          |
| 38                                      | Stolpen 1                | Ventilig. 5, Karlstad         |                 | 1964/1964                | Office           | 3,971       | 73                       |        | 285                | 4,329              | 2.9                        | 52              | 7.9          |
| 39                                      | Stolpen 6                | Ventilig. 1, Karlstad         |                 | 1991/1991                | Office           | 410         | 50                       | 175    |                    | 635                | 0.6                        | 83              | 2.3          |
| 40                                      | Styrmannen 5             | Hamntorget 1-3, Karlstad      |                 | 1991/1991                | Office           | 6,931       | 267                      |        |                    | 7,198              | 8.7                        | 100             | 46.4         |
| 41                                      | Sågen 1                  | Faktorig. 13 etc. Karlstad    |                 | 1986/1986                | Office           | 3,223       |                          |        |                    | 3,223              | 2.8                        | 93              | 9.4          |
| 42                                      | Sågen 2                  | Faktorig. 15, Karlstad        |                 | 1988/1988                | Office           | 1,611       |                          |        |                    | 1,611              | 1.4                        | 100             | 6.3          |
| 43                                      | Sågen 9                  | Lantvärmsg. 8, Karlstad       |                 | 1972/1972                | (I/W)            | 938         | 1,402                    |        |                    | 2,340              | 1.3                        | 56              | 4.5          |
| 44                                      | Sälgen 6                 | Älvg. 39, Karlstad            |                 | 1929/1949                | Office           | 1,574       |                          |        |                    | 1,574              | 2.1                        | 100             | 7.6          |
| 45                                      | Tornadon 2               | Blekeg. 9, Karlstad           |                 | 1975/1975                | (I/W)            | 303         | 12,854                   |        |                    | 13,157             | 7.8                        | 94              | 20.6         |
| 46                                      | Tvätten 3                | Romstadsv. 2, Karlstad        |                 | 1929/1986                | Office           | 2,041       | 504                      |        |                    | 2,545              | 2.0                        | 94              | 10.4         |
| 47                                      | Tången 15                | Cjuterig. 28, Karlstad        |                 | 1991/1991                | Retail           | 984         |                          | 990    |                    | 1,974              | 1.5                        | 100             | 5.7          |
| 48                                      | Ugnen 1                  | Sågverksg. 32, Karlstad       |                 | 1989/1989                | (I/W)            | 821         | 877                      |        |                    | 1,698              | 1.0                        | 62              | 4.4          |
| -                                       | Uroxen 14                | Kungsg. 28, Kristinehamn      |                 | 1954/1954                | Office           | 1,675       | 1,291                    |        | 40                 | 3,006              | 2.7                        | 96              | Spec. prop.  |
| TOTAL KARLSTAD (INCLUDING KRISTINEHAMN) |                          |                               |                 |                          |                  | 108,873     | 48,911                   | 16,145 | 27,722             | 201,651            | 203.9                      | 92              | 794.4        |

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

1) A property can consist of a number of jointly administered properties or several large buildings.

2) Jointly taxed with Bälgen 9.

# Örebro

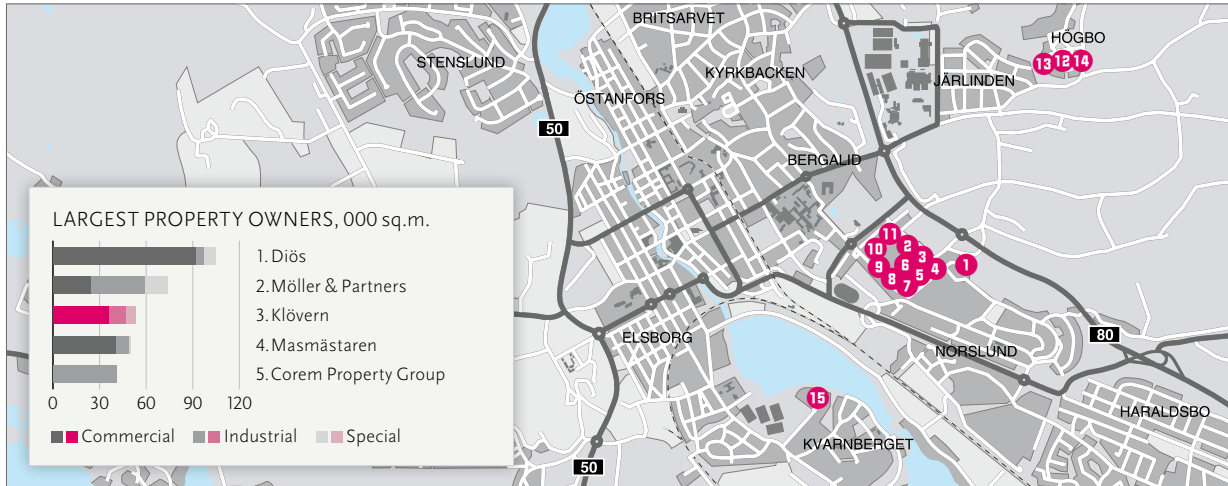


## ÖREBRO

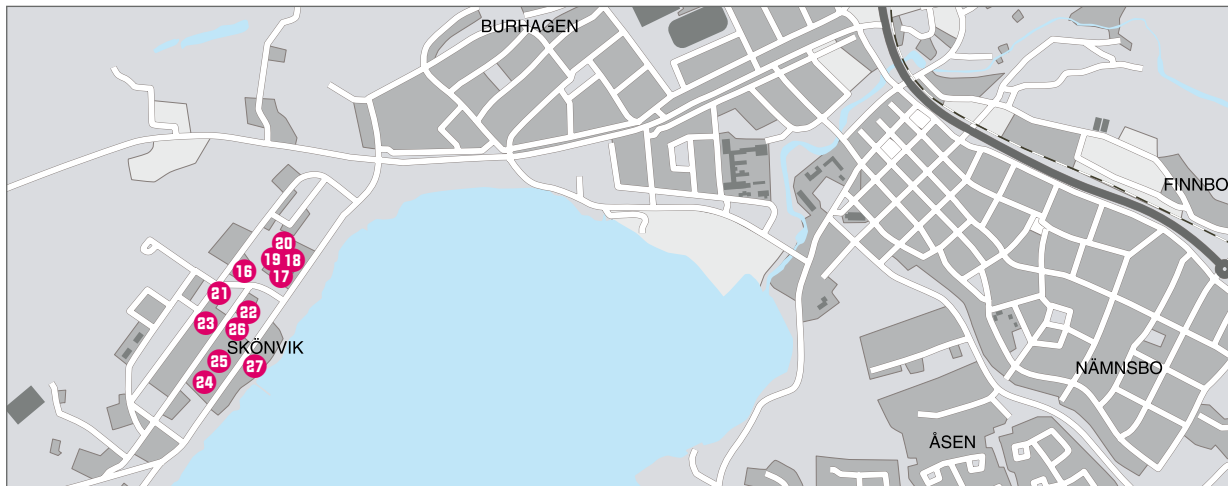
| No.                 | Property          | Address                    | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |              |              | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |              |
|---------------------|-------------------|----------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|--------------|--------------|--------------------|----------------------------|-----------------|--------------|
|                     |                   |                            |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail       | Other*       |                    |                            |                 | Area, total  |
| 1                   | Barkenlund 11     | Vasastrand 11, Örebro      |                 | 1934/1989                | Office           | 2,529         | 302                      |              |              | 2,831              | 4.2                        | 98              | 24.7         |
| 2                   | Forskarbyn 2      | Forskarv. 1, 3, Örebro     |                 | 1998/1998                | Office           | 5,166         |                          | 136          |              | 5,302              | 7.2                        | 92              | 26.5         |
| 3                   | Fåraherden 1      | Riag. 1,3, Örebro          |                 | 1992/1992                | Office           | 1,765         | 5                        |              | 752          | 2,522              | 3.0                        | 100             | 17.1         |
| 4                   | Importören 2      | Skvadronv. 5, Örebro       |                 | 1970/1970                | (I/W)            | 1,055         | 1,510                    |              |              | 2,565              | 1.2                        | 74              | 5.1          |
| 5                   | Lantmannen 2      | Radiatorv. 7 etc. Örebro   |                 | 1972/1974                | (I/W)            | 1,496         | 4,556                    | 3,227        | 891          | 10,170             | 5.6                        | 78              | 19.8         |
| 6                   | Olaus Petri 3:234 | Ö Bang. 7, Örebro          |                 | 1979/1979                | Other            | 1,964         | 2,462                    | 9            | 4,683        | 9,118              | 9.6                        | 99              | Spec. prop.  |
| 7                   | Oxbacken 7        | Krontorpsg. 1, Örebro      |                 | 1981/1988                | Office           | 2,942         |                          |              |              | 2,942              | 4.1                        | 100             | 11.8         |
| 8                   | Pigan 1           | Riag. 53, Örebro           |                 | 1992/1992                | Office           | 931           |                          |              |              | 931                | 1.0                        | 100             | Spec. prop.  |
| 9                   | Vindhjulet 3      | Tunnlandsg. 1, 3,5, Örebro |                 | 1970/1970                | Office           | 17,094        | 947                      |              | 954          | 18,995             | 17.5                       | 96              | 74.0         |
| <b>TOTAL ÖREBRO</b> |                   |                            |                 |                          |                  | <b>34,942</b> | <b>9,782</b>             | <b>3,372</b> | <b>7,280</b> | <b>55,376</b>      | <b>53.4</b>                | <b>94</b>       | <b>179.0</b> |

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

# Falun



# Säter



## FALUN/SÄTER

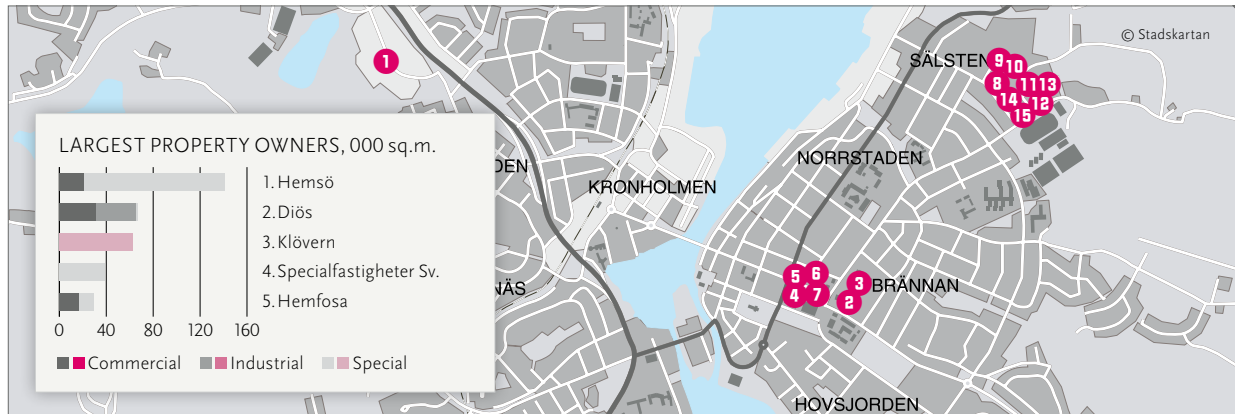
| No.                      | Property                  | Address                    | Site lease-hold | Building year/value year | Type of property | Area, sq.m.   |                          |            |               | Rental value, SEK/m | Economic occupancy rate, % | Tax value, SEK/m |              |
|--------------------------|---------------------------|----------------------------|-----------------|--------------------------|------------------|---------------|--------------------------|------------|---------------|---------------------|----------------------------|------------------|--------------|
|                          |                           |                            |                 |                          |                  | Office        | Industry/warehouse (I/W) | Retail     | Other*        |                     |                            |                  |              |
| 1                        | Falun 8:31                | Surbrunnsv. 28, Falun      |                 | 1941/1941                | Other            |               |                          | 449        | 449           | 0.1                 | 100                        | 2.6              |              |
| 2-11                     | Falun 8:9 <sup>1</sup>    | Bataljonsv. etc. Falun     |                 | 1908 m fl                | Office           | 16,970        | 6,907                    | 11,168     | 35,045        | 29.4                | 93                         | 89.8             |              |
| 12-14                    | Högbo 1:22 <sup>1</sup>   | Högbo 5, 6 etc. Falun      |                 | 1929/1929                | Other            |               |                          | 5,701      | 5,701         | 6.7                 | 99                         | 4.7              |              |
| 15                       | Kvarnberget 1:6           | Pelle Bergs Backe 3, Falun |                 | 1977/1977                | Office           | 8,825         | 1,461                    | 1,115      | 11,401        | 7.8                 | 52                         | 34.2             |              |
| 16                       | Skönvik 1:15              | N Uppfartsv. etc. Säter    |                 | 1930/1930                | Other            | 7,361         | 2,848                    | 467        | 30,434        | 36.0                | 90                         | 0.8              |              |
| 17-20                    | Skönvik 1:17 <sup>1</sup> | N Uppfartsv. etc. Säter    |                 | 1985/1985                | Other            |               |                          |            |               |                     |                            | Spec. prop.      |              |
| 21                       | Skönvik 1:21              | N Uppfartsv. etc. Säter    |                 | 2010/2010                | Other            |               |                          |            |               |                     |                            | 0.4              |              |
| 22-27                    | Skönvik 1:6 <sup>1</sup>  | N Uppfartsv. etc. Säter    |                 | 1929/1929                | Other            |               |                          |            |               |                     |                            | 6.5              |              |
| <b>TOTAL FALUN/SÄTER</b> |                           |                            |                 |                          |                  | <b>33,156</b> | <b>11,216</b>            | <b>467</b> | <b>48,867</b> | <b>93,706</b>       | <b>80.0</b>                | <b>88</b>        | <b>139.0</b> |

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

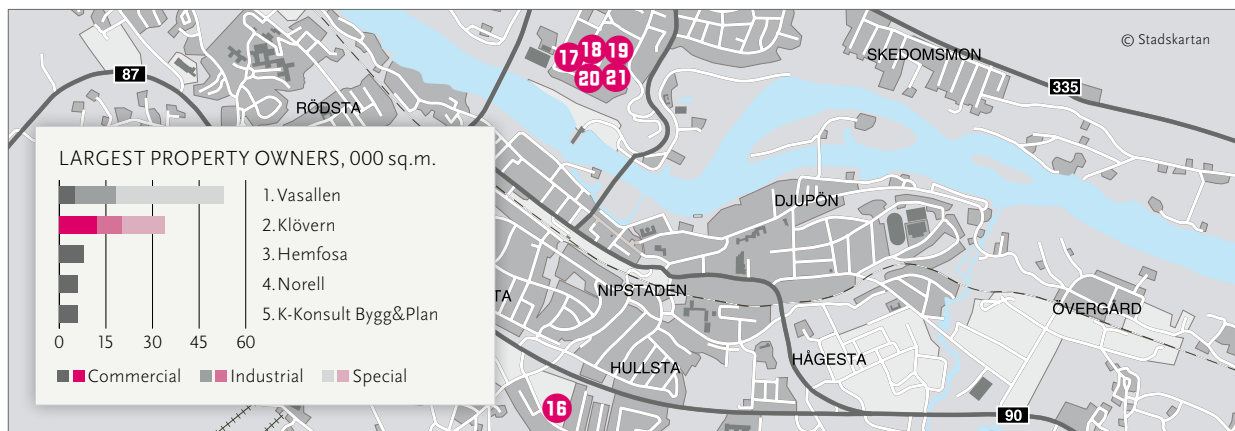
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2012.

## Härnösand



## Sollefteå



### HÄRNÖSAND/SOLLEFTEÅ

| No.                              | Property       | Address                    | Site lease-hold | Building year/value | Type of property | Area, sq.m.   |                          |        |               | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |
|----------------------------------|----------------|----------------------------|-----------------|---------------------|------------------|---------------|--------------------------|--------|---------------|--------------------|----------------------------|-----------------|
|                                  |                |                            |                 |                     |                  | Office        | Industry/warehouse (I/W) | Retail | Other*        |                    |                            |                 |
| 1                                | Cedern 1       | Industrig. 5, Härnösand    |                 | 1976/1976           | (I/W)            |               | 1,652                    |        | 610           | 2,262              | 1.3                        | 95 Spec. prop.  |
| 2-3                              | Seminariet 16' | Kastellg. etc., Härnösand  |                 | 1912/1960           | Other            | 1,793         | 53                       |        | 2,506         | 4,352              | 3.5                        | 62 Spec. prop.  |
| 4-7                              | Ädelstenen 6'  | Brunnshusg. etc. Härnösand |                 | 1912/1947           | Other            | 9,654         | 1,034                    |        | 16,057        | 26,745             | 23.3                       | 84 Spec. prop.  |
| 8-15                             | Ön 2:41'       | Kusthöjden etc. Härnösand  |                 | 1944/1975           | Office           | 19,728        | 6,989                    |        | 2,753         | 29,470             | 24.4                       | 87 Spec. prop.  |
| 16                               | Föraren 3      | Söderleden 3, Sollefteå    |                 | 1949/1949           | (I/W)            |               | 1,284                    |        |               | 1,284              | 0.5                        | 100 Spec. prop. |
| 17-21                            | Remslé 13:64   | Nipan, Sollefteå           |                 | 1929/1929           | Other            | 17,118        | 9,800                    |        | 5,102         | 32,020             | 20.9                       | 94 38.0         |
| <b>TOTAL HÄRNÖSAND/SOLLEFTEÅ</b> |                |                            |                 |                     |                  | <b>48,293</b> | <b>20,812</b>            |        | <b>27,028</b> | <b>96,133</b>      | <b>73.9</b>                | <b>87 38.0</b>  |

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

Acquisition during 2012.

1) A property can consist of a number of jointly administered properties or several large buildings.

|                            | Area, sq.m. |                    |         |         | Rental value, SEKm | Economic occupancy rate, % | Tax value, SEKm |
|----------------------------|-------------|--------------------|---------|---------|--------------------|----------------------------|-----------------|
|                            | Office      | Industry/warehouse | Retail  | Other*  |                    |                            |                 |
| TOTAL CENTRAL/NORTH REGION | 284,516     | 194,347            | 64,049  | 142,427 | 685,339            | 611.8                      | 89 1,990.9      |
| TOTAL KLÖVERN              | 1,126,464   | 847,304            | 185,776 | 369,342 | 2,528,886          | 2,468.1                    | 88 10,713.10    |

# CORPORATE GOVERNANCE REPORT AND REVIEW



|  |     |
|--|-----|
| CORPORATE GOVERNANCE REPORT AND REVIEW | 126 |
| – BOARD OF DIRECTORS                   | 132 |
| – EXECUTIVE MANAGEMENT                 | 134 |
| ARTICLES OF ASSOCIATION                | 139 |
| FIVE-YEAR REVIEW AND KEY RATIOS        | 142 |
| DEFINITIONS                            | 144 |

INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES

*Stairway at the property Hilton 3 in Solna, acquired during 2012.*

CORPORATE GOVERNANCE REPORT AND REVIEW

# CORPORATE GOVERNANCE REPORT 2012

Klövern AB is a Swedish public real estate company which is listed on NASDAQ OMX Stockholm Mid Cap. Sound corporate governance with well-structured internal processes and clarity are of fundamental importance for Klöverns long-term creation of value. The corporate governance report reports on Klöverns corporate governance in the 2012 financial year.

## IMPORTANT EVENTS

- > New CEO from 1 January 2012
- > Dividend of SEK 1.25 per common share and SEK 10.00 per preference share decided upon for the 2011 financial year
- > Notice of the Annual General Meeting and two Extraordinary Shareholders Meetings
- > Reduction of the number of board members from seven to five
- > Amendments to the Articles of Association
- > Decision on new issues of preference shares



**1 JANUARY**  
Rutger Arnhult takes up position as CEO.



**2 MARCH**  
Klövern acquires the listed company Dagon AB, 70% of the acquisition being through newly issued preference shares. Dagon's CEO Per Johansson becomes head of the South Region.

**25 MAY**  
The Board decides to initiate repurchase of Klöverns own shares in accordance with the decision of the Annual General Meeting.

**14 SEPTEMBER**  
Decisions on a new issue, authorization for a new issue and dividend.

**16 NOVEMBER**  
Klövern's Board decides to transfer Klöverns own shares in order to finance company or property acquisitions.



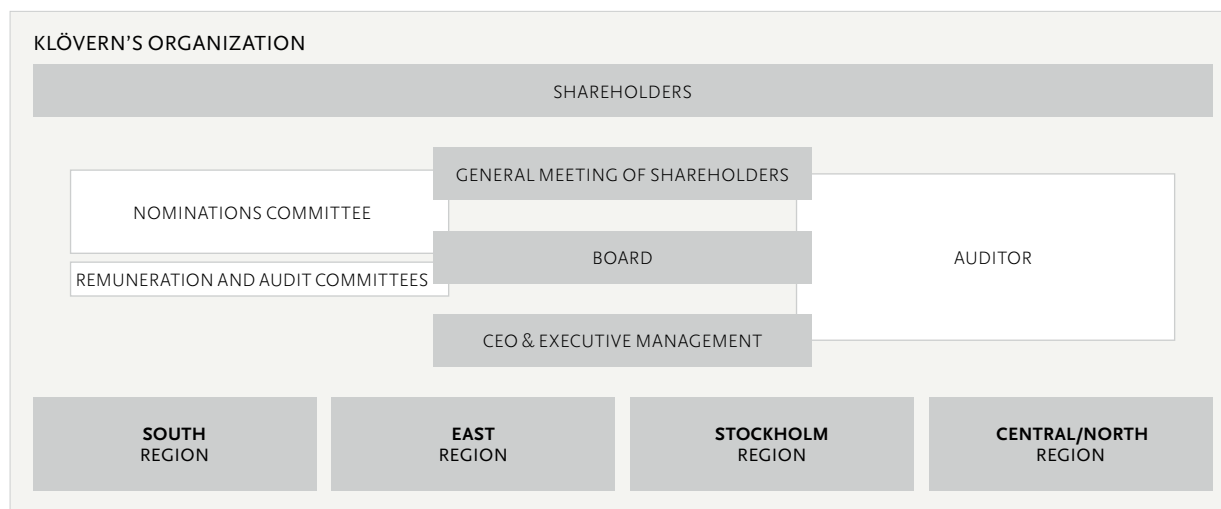
**12 JANUARY**  
An Extraordinary Shareholders Meeting, decisions on issue of preference shares, dividend on preference shares and amendment of the Articles of Association.

**17 APRIL**  
Decisions on dividend on common and preference shares, authorization for a new issue and reduction of the number of board members from seven to five.



**29 JUNE**  
Klövern acquires the property Borgarfjord 4 in Kista. This acquisition is partly paid for by newly issued preference shares.

**1 OCTOBER**  
Klövern's new issue of preference shares of SEK 500 million is fully subscribed. An additional new issue of SEK 150 million is carried out.



**CORPORATE GOVERNANCE IN KLÖVERN**

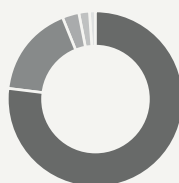
Corporate governance in Klöver is long term and defines the decision-making system used by the owners, directly and indirectly, to manage the company and its risks. The design of Klöver's corporate governance, management and control is based on legislation, the regulatory framework of NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance, the Articles of Association, other external guiding documents and recommendations and internal guiding documents such as the business plan, policies and attestation rules. Klöver's values on closeness and commitment shape the way in which the personnel work, which is also the case for corporate governance, management and control.

**THE SWEDISH CODE OF CORPORATE GOVERNANCE**

The Swedish Code of Corporate Governance 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".

**OWNER CATEGORIES**

Share of capital  
%



- Privately owned 77
- Financial companies 17
- Repurchased own shares 3
- Public sector 2
- Interest organizations 1

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, together with current legislation, specifies the business and governance of the company. Klöver AB is a Swedish public limited liability company, listed on NASDAQ OMX Stockholm Mid Cap with corporate ID number 556482-5833, and with its registered office at Nyckelvägen 14 in Nyköping. The company's business activities until 12 January 2012 consisted of owning and selling real estate companies and compatible activities.

At an Extraordinary Shareholders Meeting on 12 January 2012, new Articles of Association were adopted with a changed direction of business. Klöver's business activities are to, directly or indirectly through subsidiaries, own, manage, develop and sell properties as well as engaging in compatible activities. The amendments in the Articles of Association also included issue of a new class of shares in the form of preference shares as well as changing the Board so that deputy members cannot be elected to the Board.

The company's financial year is the calendar year.

**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. Notice of the Annual General Meeting of shareholders or an extraordinary shareholders' meeting where the Articles of Association are to be considered shall be given at the earliest six weeks and at the latest four weeks prior to the meeting. Notice of other Extraordinary Shareholders' Meetings shall be given at the earliest six weeks and at the latest two weeks prior to the meeting.

**The share and ownership**

Since 2003, the Klöver share has been listed on NASDAQ OMX Stockholm MidCap.

At year-end 2012, there were 166,544,360 registered shares (166,544,326), each share conferring one vote, in the company, held by 26,567 shareholders (27,213). The share price of the common share was SEK 25.60 (25.90) as at 31 December 2012. In January 2012, Klöver also issued preference shares which are listed on NASDAQ OMX Stockholm. At year-end 2012, there were a total of 18,536,338 preference shares, each conferring one-tenth of a vote, distributed among 20,427 shareholders (-). The share price of the preference share was SEK 136.75 (-) as at 31 December 2012. The capitalization, based on the total number of outstanding shares, was SEK 6,670 million (4,165) at year-end 2012. The share capital amounted to SEK 925 million (833). 81% (84%) of the share capital was Swedish-owned.

The company has two shareholders with a shareholding of over 10 per cent of the equity, Corem Property Group and Arvid Svensson Invest. The ten largest shareholders together represented 59 per cent (63) of the total number of outstanding shares at year-end. During 2012, 73.7 million shares were traded (84.2) and 9.5 million preference shares (-). During 2012, share capital was separated from the common share for the new preference share, which was distributed to Klöver's common shareholders in a bonus issue without payment. The transfer from the common share to the preference share corresponds to a decrease in value of the common share of SEK 3.30. Measured according to the closing stock exchange price for the common share, it fell by one per cent (-24) during the year. If the closing value is adjusted by the value transferred to the preference share, the common share rose by 11 per cent during the year. The preference share rose by 6 per cent (-) from the closing price on the first day of trading of SEK 129

(30 January 2012) until the year-end. More information about shareholding in Klöver and a list of the largest shareholders can be found on pages 62–66.

**SHARE REPURCHASE AND DIVIDEND**

At year-end, Klöver had 5,000,000 repurchased common shares (5,741,463), corresponding to 3.0 per cent (3.4) of the total number of registered shares, which do not confer voting rights or entitlement to dividend. Repurchases took place in 2007, 2008 and 2012. During 2012, repurchased shares have also been sold. Klöver has been authorized to repurchase at most 10 per cent of the total number of registered shares. Klöver has no repurchased preference shares. After the year-end, all repurchased shares have been divested.

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 eight years, Klöver has, including proposed dividend to common shares and preference shares to the Annual General Meeting, distributed to Klöver's shareholders an average of 61 per cent of the profit from property management.

**NOMINATIONS COMMITTEE****THE COMPOSITION OF THE 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 work of the Nominations Committee**

The 2012 Annual General Meeting decided that the Nominations Committee should be appointed annually, in accordance with unchanged principles, 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. Based on the shareholding on 31 August, the shareholders represented and thus also the number of members on the Nominations Committee was

reduced from seven to six. No compensation is paid to members of the Nominations Committee. Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail at styrelsenominering@klovern.se or by telephone on +46 155-44 33 12. The Nominations Committee has had four meetings during 2012. The Nominations Committee has focused on matters relating to evaluation of the Board, the number of directors and the competence of the Board.

#### THE COMPOSITION OF THE NOMINATIONS COMMITTEE PRIOR TO THE 2013 ANNUAL GENERAL MEETING 2013

| Representative                             | Shareholder                          | Shareholding as at 31 August 2012, % |
|--|--------------------------------------|--------------------------------------|
| Lars Höckenström,<br><i>Chairman</i>       | Corem Property Group                 | 20.3                                 |
| Rikard Svensson                            | Arvid Svensson Invest                | 15.4                                 |
| Mia Arnhult                                | Rutger Arnhult through Company       | 8.7                                  |
| Eva Gottfridsdotter Nilsson                | Länsförsäkringar Fonder <sup>1</sup> | 5.2                                  |
| Samir Taha                                 | Rutger Arnhult through Company       | 0.0                                  |
| Fredrik Svensson                           | Chairman of the Board                | –                                    |
| <b>SHAREHOLDERS WITH OVER 5% OWNERSHIP</b> |                                      | <b>49.5</b>                          |

1) Owner group

#### 2012 ANNUAL GENERAL MEETING

Klövern's Annual General Meeting for 2012 was held on 17 April at Kistamässan in Kista, Stockholm. The meeting was attended by 102 shareholders. Besides shareholders, the meeting was attended by around twenty other people including directors, auditors, representatives, assistants and guests. Together, these represented 63 per cent (67) of the votes in the company. In addition to the mandatory matters stipulated in the articles of association, decisions were made on:

- > dividend of 1.25 per common share and SEK 10 per preference share,
- > re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, Eva Landén and Anna-Greta Lundh,
- > re-election of Fredrik Svensson as Chairman of the Board,
- > reappointment of auditor,
- > unchanged board fee, excluding the CEO, excepting that the number of board members has been reduced by two and the board fee therefore amounts to SEK 700,000, of which SEK 280,000 is paid to the Chairman of the Board and SEK 140,000 to each board 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,
- > authorization for the Board to decide on new issue of common and preference shares.

Minutes of all Annual General Meetings are available (in Swedish) on Klöverm's website, [www.klovern.se](http://www.klovern.se). The 2013 Annual General Meeting will be held at the World Trade Center in Stockholm at 4 pm on 17 April 2013.

#### NOTICE OF THE EXTRAORDINARY SHAREHOLDERS MEETINGS 12 January 2012

On 6 December 2011, Klöverm announced that an Extraordinary Shareholders Meetings 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 in Klöverm's 2011 and 2012 annual reports and on Klöverm's website, [www.klovern.se](http://www.klovern.se)

#### THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2012

| Director                                | Elected/resigned | Independent | No. of board meetings attended | Fee, SEK 000s | Shareholding <sup>1</sup> , % of equity, | Shareholding <sup>3</sup> , % of votes |
|---|------------------|-------------|--------------------------------|---------------|--|--|
| Fredrik Svensson, Chairman <sup>1</sup> | 2005             | No          | 27/35                          | 280           | 14.4                                     | 14.5                                   |
| Rutger Arnhult, CEO <sup>1</sup>        | 2009             | No          | 34/35                          | –             | 26.0                                     | 28.4                                   |
| Ann-Cathrin Bengtson                    | 2011             | Yes         | 29/35                          | 140           | –  | –                                      |
| Eva Landén <sup>1</sup>                 | 2011             | No          | 34/35                          | 140           | –  | –                                      |
| Anna-Greta Lundh                        | 2003             | Yes         | 30/35                          | 140           | 0.0                                      | 0.0                                    |
| <b>TOTAL SHAREHOLDING</b>               |                  |             |                                |               |  |  |
| Gustaf Hermelin <sup>2</sup>            | 2003/2012        | Yes         | 9/35                           |               |  |  |
| Erik Paulsson <sup>2</sup>              | 2011/2012        | Yes         | 9/35                           |               |  |  |

1) Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent on relatively large owners and Rutger Arnhult and Eva Landén are dependent in relation to the executive management.

2) Declined re-election at the Annual General Meeting in 2012.

3) Direct or indirect shareholding in the company as at year-end 2012/13.

**14 September 2012**

On 22 August 2012, Klöver announced that an Extraordinary Shareholders Meeting would be held on 14 September 2012 due, inter alia, to the decision on a bonus issue of preference shares, a decision on distribution of earnings and a decision on authorization for the Board to decide on a new issue. More information is available on Klöver's website, [www.klovern.se](http://www.klovern.se).

**THE BOARD OF DIRECTORS****THE RESPONSIBILITY OF 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. After the 2012 Annual General Meeting, the Board consisted of five directors, Fredrik Svensson (chairman), Rutger Arnhult (CEO), Ann-Cathrin Bengtson, Eva Landén and Anna-Greta Lundh. Britt-Marie Nyman, Klöver's 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 Nominations Committee shall be presented in the notice of the Annual General Meeting.

Three of Klöver's five directors, Ann-Cathrin Bengtson, Anna-Greta Lundh and Fredrik Svensson are independent both in relation to the company and to the executive management. As at 31 December 2012, two of these, Ann-Cathrin Bengtson and Anna-Greta Lundh are also independent in relation to the major shareholders.

**Formal work plan****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
- > appoint a Nominations Committee at the instruction of the Annual General Meeting and participate in this committee.

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****THE TASK OF COMMITTEES**

In the event of the Board appointing committees, the formal work plan shall make clear which tasks and decision-making power have been delegated to the committees by the Board and how the committees are to report to the Board. The Audit Committee shall consist of at least three directors. The majority of the committee members shall be independent in relation to the company and the executive management. At least one of the members who are independent in relation to the company and the executive management shall also be independent in relation to the Company's major shareholders.

Klöver's Board considers that the whole Board, except the CEO, should participate in discussions and decisions relating to audit and remuneration to the executive management. During 2012, Klöver's Board decided that the whole of the Board, except the CEO, should constitute the Remuneration and Audit Committees. The Remuneration Committee shall

prepare proposals for the Board on guidelines for remuneration and other terms of employment for the CEO and other senior executives in accordance with principles decided upon by the Annual General Meeting.

The Remuneration Committee has had three minuted meetings during 2012. These meetings have dealt with matters such as remuneration and bonuses for the Executive Management.

#### The work of the Board during 2012

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. The outcome for 2012 showed that the Board had performed well but it was desired that more time should be made available for strategic, forward-looking matters.

During 2012, there have been five (5) ordinary meetings, one (1) meeting following election, six (4) meetings with decisions by circulation and 23 (8) extraordinary meetings, making a total of 35 meetings (18). 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 each meeting on the result and financial position and major investments and transactions. 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. During 2012, there have been a number of extraordinary board meetings due to the large number of acquired companies and properties and financing of the same.

Fredrik Svensson has been Chairman of Klöverns Board since the 2011 Annual General Meeting.

#### AUDITORS

Ernst & Young AB was elected as the company's auditor at the 2012 Annual General Meeting for the period until the 2013 Annual General Meeting. Authorized public accountant Mikael Ikonen, is auditor-in-charge at Klöverns AB. According to the Articles of Association, the auditors are 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 reporting to the Board shall state, among other things, whether Klöverns is organised in such a way as to enable the accounts, financial management and financial circumstances otherwise to be checked in a satisfactory way.

#### THE GROUP

The Group structure of Klöverns AB consists of the Parent Company Klöverns AB and 21 directly owned subsidiaries (16). All activity takes place in Sweden in 17 business units. The cities are grouped in four regions, Stockholm, Central/North, East and South, in order, amongst other things, to share leading-edge expertise in project work and letting.

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

#### The work of the Executive Management during 2012

The Executive Management has had 13 minuted meetings (24) during 2012. In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with. During 2012, the meetings of the Executive Management have also dealt with integration of the acquired real estate company Dagon, the preparation of a new business plan and a new profile for Klöverns.

#### Changes in the Executive Management

Rutger Arnhult took up his appointment as CEO on 1 January 2012. Rutger Arnhult has been a member of the board of Klöverns since the 2009 Annual General Meeting and has previously been CEO of Corem Property Group AB (publ). Per Johansson has joined the executive management through acquisition of Dagon AB (March 2012) as head of the South region. Per Johansson was previously CEO of Dagon.

#### MIKAEL IKONEN

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

**Other assignments:** NPF Sweden Holding AB, Corem Property Group, Hemsö Fastighets AB, Fortin Properties AB, 11 Real Asset Fund AB, AlpCot Agro AB, Cramo Holding AB, Nolitnac Holding AB, Unibail Rodamco AB and SFF Real Estate AB.

**Shareholding in Klöverns:**  
No shareholding.



## BOARD OF DIRECTORS

The Board of Directors consists of five members with Fredrik Svensson as Chairman.



### RUTGER ARNHULT

*Director since 2009.*  
Born 1967.  
CEO of Klöver AB

**Board assignments:** Chairman of M2 Asset Management AB, director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

**Education:** Graduate in business administration.

**Shareholding in Klöver:** 47,776,261 shares and 298,628 preference shares, via company, directly and indirectly.

Dependent in relation to the company, the executive management and a major shareholder.



### FREDRIK SVENSSON

*Chairman since the 2011 Annual General Meeting.*  
*Director 2005–2011.*  
Born 1961.  
CEO of AB Arvid Svensson (ASA).

**Other board assignments:** Director of Case Investment AB, Fastighets AB Balder (publ), United Log AB and Tenzing AB.

**Education:** Graduate in business administration.

**Shareholding in Klöver:** 26,599,466 common shares and 2,241,596 preference shares through company, directly and indirectly.

Dependent in relation to a major shareholder.



**EVA LANDÉN**

*Director since the 2011 Annual General Meeting.*  
Born 1965.  
CEO of Corem Property Group AB (publ).

**Other board assignments:** Director of Corem Property Group AB (publ).

**Education:** Graduate in business administration.

**Shareholding in Klöver<sup>1)</sup>:** No shareholding.

Dependent in relation to the company, the executive management and a major shareholder.

**ANN-CATHRIN BENGTSON**

*Director since the 2011 Annual General Meeting.*  
Born 1962.  
Chairman of Aros Congress Holding AB.

**Other board assignments:** Director of Länsförsäkringar Bergslagen.

Director of Best Western Hotels and alternate director of Visita.

**Education:** Graduate in business administration.

**Shareholding in Klöver<sup>1)</sup>:** No shareholding.

Independent director.

**ANNA-GRETA LUNDH**

*Director since 2003.*  
Born 1955.  
CEO, Länsförsäkringar Södermanland.

**Other board assignments:** Director of Humlegården, Almi Invest Östra Mellansverige, Agria, Agria International and Eskilstuna-kuriren.

**Education:** Graduate in business administration.

**Shareholding in Klöver<sup>1)</sup>:** 34,609 common shares and 735 preference shares, privately.

Independent director.

1) Shareholding as at 28 February 2013.

## EXECUTIVE MANAGEMENT

The executive management consists of the CEO Rutger Arnhult and an additional seven executives with different areas of responsibility.



**BRITT-MARIE NYMAN**

*Finance and IR manager, deputy CEO.*

Born 1965.  
Employed since 2004.

**ELISABETH NORLING**

*Personnel manager*

Born 1964.  
Employed since 2007.



**RUTGER ARNHULT**

*CEO*

Born 1967.  
Employed since 2012.

**Education:** Graduate in business administration.

**Board assignments:** Chairman of M2 Asset Management AB, director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

**Shareholding in Klöver:** 47,776,261 shares and 298,628 preference shares, via company, directly and indirectly.



**Previous employment:** Information and IR manager, Tornet 1999–2003.

**Education:** Graduate in business administration.

**Board assignments:** None.

**Shareholding in Klöver:** 3,000 common shares and 75 preference shares.



**Previous employment:** Head of business area and recruitment consultant, Proffice 2005–2007.

**Education:** Graduate in business administration.

**Board assignments:** None.

**Shareholding in Klöver:** No shareholding.



**MATTIAS RICKARDSSON**

*Chief Financial Officer*

Born 1974.  
Employed since 2003.

**Previous employment:** Subsidiary controller, Österströms Rederi AB, 1999–2003.

**Education:** University studies in Economics.

**Board assignments:** None.

**Shareholding in Klöver:** No shareholding.



**MIKAEL FORKNER**

*Head of East Region*  
Born 1960.  
Employed since 2010.



**HANS LINDH**

*Head of Central/North Region*  
Born 1966.  
Employed since 2010.



**P.G. SABEL**

*Head of Stockholm Region, Deputy CEO.*  
Born 1964.  
Employed since 2007.

**Previous employment:**  
Head of project development,  
AP Fastigheter 2000–2007.

**Education:** M.Sc. (Engineering).

**Board assignments:** None.

**Shareholding in Klöver<sup>1</sup>:**  
5,000 common shares and  
125 preference shares.



**Previous employment:**  
Head of Asset Management,  
ICA Fastigheter 2009–2010.

**Education:** University studies  
in Economics.

**Board assignments:** None.

**Shareholding in Klöver<sup>1</sup>:**  
No shareholding.



**Previous employment:** Property  
manager Stockholm City Real Estate  
Administration 2005–2010.

**Education:** Bachelor of Laws.

**Board assignments:** None.

**Shareholding in Klöver<sup>1</sup>:**  
No shareholding.



**PER JOHANSSON**

*Head of South Region*  
Born 1960.  
Employed since 2012.

**Previous employment**  
CEO Dagon AB (publ).

**Education:** Upper Secondary School  
Economist.

**Board assignments:** Director of  
Fastighetsägarna syd (Swedish  
Property Federation) Malmö-Burlöv  
district.

**Shareholding in Klöver<sup>1</sup>:**  
No shareholding.

1) Shareholding as at 28 February 2013.

## 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 salary 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 2012, the Board received a fee totalling SEK 770,000 (980,000) for distribution among the members of the Board, except the CEO. Until the 2012 Annual General Meeting, the Board consisted of seven members and subsequently five. The fee for the Chairman of the Board was SEK 280,000 (280,000) and to other directors SEK 140,000 (140,000) per member and year.

### REMUNERATION TO THE CEO AND SENIOR EXECUTIVES

The process for determination of remuneration to the CEO and senior executives shall be formal and transparent and specify the relationship between fixed and variable salary as well as taking into consideration the connection between performance and remuneration.

### CEO

Klövern's CEO is not entitled to variable remuneration. In addition to salary and a pension, the CEO's benefits in 2012 include health insurance, a subsistence benefit and a company car as well as a share in Klövern'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.

### Remuneration to Deputy CEOs and other senior executives

Variable salary to Klövern's two deputy CEOs and the other five senior executives may amount to at most the equivalent of three monthly basic salaries. Variable salary is based on outcome in relation to goals for operating surplus, net profit and letting.

The pension premium may amount to at most 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 Klövern'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 Klövern's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The company had 185 staff (132) at year-end 2012.

### Auditors

The fee to auditors is set by the Annual General Meeting according to a proposal from the Nominations Committee. The 2012 Annual General Meeting decided that the fee should be paid in accordance with approved invoices. The fees for audit assignments in totalled SEK 2,800,000 (1.4m) in 2012, of which SEK 0.5 million is attributable to Dagon. Remuneration for other assignments totalled SEK 1.3 million (0.0), of which SEK 0.8 is attributable to Dagon. No other auditing activity or tax advice took place in 2012.

### Incentive Programmes

No variable salary is paid to the CEO. Variable salary for the two Deputy CEOs and five other senior executives amounted to one monthly basic salary in 2012. In all, the variable remuneration of these seven (6) senior executives totalled SEK 0.9 million (1.1), which has been charged to earnings for 2012.

Variable salary of 1.73 monthly salaries was paid to the Deputy CEOs and senior executives in the 2011 financial year. This amount was charged to earnings in 2011. In February 2012, the Board decided instead on a higher remuneration, three and two monthly salaries respectively for one Deputy CEO and one other senior executive. The difference was charged to earnings in 2012.

**Profit-sharing foundation**

Klöverna has a profit-sharing foundation which covers all employees that have been employed during a particular period. The amount transferred to the foundation may be at most one price base amount per employee and is based on a combination of Klöverna's profit, required yield and dividend to shareholders. At year-end 2012, the Foundation owned 981,000 common

shares (861,000) and 18,025 preference shares (–) in Klöverna corresponding to 0.5 per cent of the total share capital and 0.6 per cent of the number of votes. No payment has been made to the foundation for the 2012 financial year.

Further information on remuneration is available in Note 3, on pages 86–87 of the 2012 Annual Report.

**REMUNERATION IN KLÖVERN**

| Amount in SEK 000s                                | 2012          | 2011          |
|---|---------------|---------------|
| <i>Chairman of the Board</i>                      |               |               |
| Fredrik Svensson                                  | 280           | 210           |
| Stefan Dahlbo                                     | –             | 63            |
| <i>Other directors</i>                            |               |               |
| Ann-Cathrin Bengtson                              | 140           | 105           |
| Eva Landén  | 140           | 105           |
| Anna-Greta Lundh                                  | 140           | 136           |
| Rutger Arnhult                                    | –             | 136           |
| Erik Paulsson                                     | 35            | 105           |
| Lars-Göran Pettersson                             | –             | 31            |
| Lars Rosvall                                      | –             | 31            |
| Fredrik Svensson                                  | –             | 31            |
| Gustaf Hermelin                                   | 35            | –             |
| <i>CEO</i>  |               |               |
| Basic salary                                      | 3,016         | 2,815         |
| Variable salary                                   | –             | 2,548         |
| Benefits  | 162           | 69            |
| <i>Deputy CEOs (two persons)</i>                  |               |               |
| Basic salary                                      | 3,323         | 2,908         |
| Variable salary                                   | 337           | 441           |
| Benefits  | 172           | 131           |
| <i>Other senior executives (4.7 persons)</i>      |               |               |
| Basic salary                                      | 5,766         | 5,125         |
| Variable salary                                   | 514           | 701           |
| Benefits  | 471           | 488           |
| <i>Other employees</i>                            |               |               |
| Basic salary                                      | 75,840        | 49,653        |
| Variable salary                                   | –             | –             |
| Benefits  | 4,084         | 2,920         |
| <b>TOTAL</b>                                      | <b>94,455</b> | <b>68,752</b> |
| <i>Contractual pension costs (including Fora)</i> |               |               |
| CEO   | 1,068         | 936           |
| Deputy CEOs (2 persons)                           | 988           | 967           |
| Other senior executives (4.7 persons)             | 1,663         | 1,773         |
| Other employees                                   | 7,898         | 5,283         |
| <b>TOTAL</b>                                      | <b>11,617</b> | <b>8,959</b>  |

| Amount in SEK 000s   | 2012           | 2011           |
|--|----------------|----------------|
| <i>Statutory pension costs (including wages tax)</i>                             |                |                |
| Chairman of the Board  | 88             | 86             |
| Other board members (3.5 persons)  | 124            | 210            |
| CEO  | 1,258          | 2,031          |
| Deputy CEOs (2 persons)  | 1,443          | 1,346          |
| Other senior executives (4.7 persons)  | 3,127          | 2,488          |
| Other employees  | 25,710         | 17,082         |
| <b>TOTAL</b>   | <b>31,750</b>  | <b>23,243</b>  |
| <i>Salaries, fees, benefits and social security contributions, Dagon's board</i> |                |                |
| Dagon's board (six persons)  | 1,097          | 0              |
| <b>TOTAL</b>   | <b>1,097</b>   | <b>0</b>       |
| <b>GRAND TOTAL</b>   | <b>138,919</b> | <b>100,954</b> |

**INTERNAL GOVERNANCE AND CONTROL**

Klöverna encounter s risks every day that can have an impact on business and the ability to achieve the 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. Over-arching 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
- > Crisis and disaster plan

After the end of the year, the Board has also adopted a gender equality policy. 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 through 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 regional manager responsible for performance. Reporting is made to the executive management and auditors.

### Internal audit

Klöverns has a decentralized and transparent organization where financial activities, economic and rental administration, as well as internal information, 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. Detailed information on Klöverns risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 68–71 of the 2012 Annual Report.

# ARTICLES OF ASSOCIATION

Adopted at the Annual General Meeting of Klöveron on 12 January 2012.

## 1. NAME OF THE COMPANY

The name of the Company is Klöveron 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 to, directly or indirectly via subsidiaries, acquire, own, manage, develop and sell properties and 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 of 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 payments 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 Inrikes-tidningar) 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, where 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, 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 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 Liability Accounting of Financial Instruments Act (1998:1479).

## FIVE-YEAR REVIEW AND KEY RATIOS

| Statement of Income, SEKm              | 2012         | 2011       | 2010       | 2009       | 2008        |
|--|--------------|------------|------------|------------|-------------|
| Income                                 | 1,948        | 1,364      | 1,243      | 1,254      | 1,220       |
| Property costs                         | -733         | -507       | -498       | -474       | -462        |
| <b>Operating surplus</b>               | <b>1,215</b> | <b>857</b> | <b>745</b> | <b>780</b> | <b>758</b>  |
| Central administration                 | -86          | -71        | -64        | -66        | -57         |
| Net financial income                   | -605         | -358       | -242       | -221       | -346        |
| <b>Profit from property management</b> | <b>524</b>   | <b>428</b> | <b>439</b> | <b>493</b> | <b>355</b>  |
| Change in value, properties            | -33          | 435        | 298        | -231       | -760        |
| Change in value, derivatives           | -175         | -225       | 23         | 34         | -155        |
| Change in value, financial assets      | 10           | -          | -          | -          | -           |
| Impairment of goodwill                 | -95          | -          | -          | -          | -           |
| <b>Profit before tax</b>               | <b>231</b>   | <b>638</b> | <b>760</b> | <b>296</b> | <b>-560</b> |
| Current tax                            | -2           | 0          | -4         | -9         | 0           |
| Deferred tax                           | 110          | -173       | -151       | -50        | 84          |
| <b>Net profit for the period</b>       | <b>339</b>   | <b>465</b> | <b>605</b> | <b>237</b> | <b>-476</b> |

| Balance Sheet, SEKm                                    | 2012          | 2011          | 2010          | 2009          | 2008          |
|--|---------------|---------------|---------------|---------------|---------------|
| Goodwill   | 289           | -             | -             | -             | -             |
| Investment properties                                  | 22,624        | 14,880        | 13,493        | 12,032        | 11,895        |
| Machinery and equipment                                | 14            | 8             | 9             | 10            | 12            |
| Derivatives  | -             | -             | -             | -             | -             |
| Deferred tax asset                                     | 427           | 397           | 405           | 418           | 407           |
| Financial assets at fair value via statement of income | 330           | -             | -             | -             | -             |
| Other receivables                                      | 163           | 94            | 129           | 83            | 116           |
| Liquid funds   | 375           | 11            | 36            | 24            | 67            |
| <b>Total assets</b>                                    | <b>24,222</b> | <b>15,390</b> | <b>14,072</b> | <b>12,567</b> | <b>12,497</b> |
| Shareholders' equity                                   | 6,696         | 4,740         | 4,516         | 4,112         | 4,035         |
| Minority interest                                      | 0             | -             | -             | -             | -             |
| Deferred tax liability                                 | 1,108         | 673           | 508           | 370           | 309           |
| Interest-bearing liabilities                           | 15,229        | 9,345         | 8,517         | 7,646         | 7,645         |
| Derivatives  | 432           | 242           | 13            | 31            | 62            |
| Accounts payable                                       | 158           | 49            | 157           | 104           | 132           |
| Other liabilities                                      | 114           | 34            | 53            | 15            | 32            |
| Accrued expenses and deferred income                   | 485           | 307           | 308           | 289           | 282           |
| <b>Total shareholders' equity and liabilities</b>      | <b>24,222</b> | <b>15,390</b> | <b>14,072</b> | <b>12,567</b> | <b>12,497</b> |

| Statements of Cash Flow, SEKm        | 2012   | 2011 | 2010   | 2009 | 2008 |
|--------------------------------------|--------|------|--------|------|------|
| Cash flow from current operations    | 712    | 341  | 507    | 490  | 201  |
| Cash flow from investment operations | -2,457 | -953 | -1,165 | -373 | -502 |
| Cash flow from financing operations  | 2,109  | 587  | 670    | -160 | 281  |
| Cash flow for the year               | 364    | -25  | 12     | -43  | -20  |
| Liquid funds at beginning of year    | 11     | 36   | 24     | 67   | 87   |
| Liquid funds at year-end             | 375    | 11   | 36     | 24   | 67   |

| Key ratios, share   | 2012   | 2011   | 2010   | 2009   | 2008   |
|---|--------|--------|--------|--------|--------|
| Market capitalization, outstanding shares, SEKm                   | 6,670  | 4,165  | 5,467  | 3,682  | 2,929  |
| Number of common shares outstanding at year-end, million          | 161.5  | 160.8  | 160.8  | 160.8  | 160.8  |
| Number of preference shares outstanding at year-end, million      | 18.5   | –      | –      | –      | –      |
| Average number of common shares outstanding, million              | 158.9  | 160.8  | 160.8  | 160.8  | 163.2  |
| Average number of preference shares outstanding, million          | 11.8   | –      | –      | –      | –      |
| Total number of registered common shares at year-end, million     | 166.5  | 166.5  | 166.5  | 166.5  | 166.5  |
| Total number of registered preference shares at year-end, million | 18.5   | –      | –      | –      | –      |
| Number of shareholders  | 31,651 | 27,213 | 27,754 | 29,943 | 30,372 |
| Foreign ownership, %  | 18     | 16     | 17     | 14     | 16     |
| Share price common share at year-end, SEK                         | 25.60  | 25.90  | 34.00  | 22.90  | 18.20  |
| Share price preference share at year-end, SEK                     | 136.75 | –      | –      | –      | –      |
| Dividend, common share, SEK                                       | 1.50*  | 1.25   | 1.50   | 1.25   | 1.00   |
| Dividend, preference share, SEK                                   | 10.00* | 10.00  | –      | –      | –      |
| Yield, common share <sup>1</sup> , %                              | 5.9*   | 4.8    | 4.4    | 5.5    | 5.5    |
| Total dividend yield common share <sup>2</sup> , %                | 3.7    | –19.4  | 54.0   | 31.3   | –22.7  |
| Dividend in relation to profit from property management, %        | 83*    | 79     | 55     | 41     | 46     |
| Price change, common share, %                                     | –1.2   | –23.8  | 48.5   | 25.8   | –28.6  |
| Earnings per common share, SEK                                    | 1.24   | 2.89   | 3.76   | 1.48   | –2.92  |
| Earnings per preference share, SEK                                | 7.52   | –      | –      | –      | –      |
| Price/earnings per common share (P/E ratio)                       | 21     | 9      | 9      | 15     | –3     |
| Profit from property management per common share, SEK             | 2.38   | 2.66   | 2.73   | 3.07   | 2.17   |
| Equity per share, SEK   | 37.20  | 29.47  | 28.08  | 25.58  | 25.09  |
| Cash flow per share, SEK  | 1.97   | –0.16  | 0.07   | –0.27  | –0.12  |
| Properties' book value per share, SEK                             | 122.24 | 92.54  | 83.91  | 74.83  | 73.97  |

\*Based on proposed dividend.

1) Based on proposed dividend for the immediately preceding financial year, %.

2) Price movements and dividend paid during the year, %.

| Key ratios, property               | 2012   | 2011   | 2010   | 2009   | 2008   | Key ratios, financial                    | 2012   | 2011  | 2010  | 2009  | 2008  |
|------------------------------------|--------|--------|--------|--------|--------|--|--------|-------|-------|-------|-------|
| Number of properties               | 387    | 255    | 250    | 217    | 217    | Return on equity, %                      | 5.8    | 10.1  | 14.0  | 5.8   | –10.7 |
| Lettable area, 000 sq.m.           | 2,529  | 1,561  | 1,528  | 1,392  | 1,382  | Equity ratio, %                          | 27.6   | 30.8  | 32.1  | 32.7  | 32.3  |
| Rental value, SEKm                 | 2,468  | 1,554  | 1,486  | 1,385  | 1,360  | Adjusted equity ratio, %                 | 31.4   | 34.9  | –     | –     | –     |
| Fair value of properties, SEKm     | 22,624 | 14,880 | 13,493 | 12,032 | 11,895 | Leverage ratio, %                        | 67     | 63    | 63    | 64    | 64    |
| Yield, valuation, SEKm             | 7.2    | 7.1    | 7.2    | 7.2    | 7.1    | Leverage ratio, real estate, %           | 56     | 63    | 63    | 64    | 64    |
| Economic occupancy rate, %         | 88     | 89     | 89     | 89     | 90     | Interest coverage ratio, multiples       | 1.9    | 2.2   | 2.8   | 3.2   | 2.0   |
| Area-based occupancy rate, %       | 81     | 80     | 79     | 80     | 82     | Average interest rate, %                 | 4.3    | 4.2   | 3.6   | 2.7   | 4.2   |
| Average lease contract term, years | 3.4    | 2.8    | 2.8    | 3.0    | 3.1    | Average period of fixed interest, years  | 3.0    | 2.7   | 2.4   | 3.2   | 1.1   |
| Operating margin, %                | 62     | 63     | 60     | 62     | 62     | Average period of tied-up capital, years | 2.2    | 1.9   | 2.0   | 1.8   | 2.6   |
|                                    |        |        |        |        |        | Interest-bearing liabilities, SEKm       | 15,229 | 9,345 | 8,517 | 7,646 | 7,645 |

# DEFINITIONS

## PROPERTIES

**AREA-BASED OCCUPANCY RATE** Area let in relation to total lettable area.

**CONTRACT VALUE** Rent of premises, index and rent supplement according to the lease contract.

**DEVELOPMENT PROPERTIES** Properties with ongoing or planned refurbishment or extension projects, which entail a higher standard or use of the premises.

**ECONOMIC OCCUPANCY RATE** Rental income in relation to rental value at year-end.

**INVESTMENT PROPERTIES** Properties currently and active managed.

**NET MOVING IN** The contract value of tenants moving in less the contract value of vacating tenants in relation to the rental value at year-end.

**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 COSTS** Costs which are not directly attributable to normal property operation.

**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.

**REQUIRED YIELD** Property valuations' required return on residual value.

**TENANT TURNOVER RATE** Contract value of vacating tenants during the year in relation to the average contract value during the year.

**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

**ADJUSTED EQUITY RATIO** Reported shareholders' equity adjusted for the value of derivatives and deferred tax liability exceeding five per cent of the difference between tax value and fair value of the properties in relation to reported total assets at the end of the period.

**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 in relation to the fair value of real estate at the end of the period.

**LEVERAGE RATIO, REAL ESTATE** Interest-bearing liabilities after deduction for the market value of listed shareholding, liquid funds and financing without collateral in property in relation to the fair value of the properties at the end of the period.

**RETURN ON EQUITY** Net profit as a percentage of average shareholders' equity.

## THE SHARE

**EARNINGS PER COMMON SHARE** Profit for the period after deduction for earnings for preference shares in relation to the average number of outstanding common shares.

**EARNINGS PER PREFERENCE SHARE** The period's accumulated share of annual dividend of SEK 10 per preference share on the basis of the number of outstanding preference shares at the end of every quarter.

**EQUITY PER SHARE** Equity in relation to the number of outstanding common and preference shares on closing date. Preference shares have, in connection with the liquidation of the company, a priority right to SEK 150 of equity together with the period's share of accumulated entitlement to annual dividend of SEK 10.

**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 outstanding shares.

**TOTAL YIELD PER SHARE** The share price development and paid dividend divided in relation to the share price at the beginning of the year.

**YIELD OF THE SHARE** Share dividend during 2012 for common shares and preference shares from the bonus issue in relation to the share price at the nearest year-end.

## PERSONNEL

**VALUE ADDED PER EMPLOYEE** Profit from property management excluding net financial income plus wage costs including wage overheads divided by the average number of employees.

**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.

## CALCULATION OF KEY RATIOS

|                                 |         |   |        |        |
|---------------------------------|---------|---|--------|--------|
| Economic occupancy rate, %      | = 100 x | Lease contract value, SEKm                                  | 2,173  | = 88   |
|                                 |         | Rental value, SEKm  | 2,468  |        |
| Equity ratio, %                 | = 100 x | Equity, SEKm  | 1,215  | = 62   |
|                                 |         | Total assets, SEKm  | 1,948  |        |
| Leverage ratio, real estate %   | = 100 x | Interest-bearing liabilities, real estate, SEKm             | 339    | = 5.8  |
|                                 |         | Fair value of real estate, SEKm                             | 5,805  |        |
| Operating margin, %             | = 100 x | Operating surplus, SEKm                                     | 12,699 | = 56   |
|                                 |         | Total income, SEKm  | 22,624 |        |
| Return on equity, %             | = 100 x | Net profit, SEKm  | 6,696  | = 27.6 |
|                                 |         | Average shareholders' equity, SEKm                          | 24,222 |        |
| Total yield per common share, % | = 100 x | share price development <sup>1</sup> and paid dividend, SEK | 1.50   | = 5.9  |
|                                 |         | Share price at beginning of the year, SEK                   | 25.60  |        |
|                                 |         | Dividend, SEK   | 4.25   | = 16.4 |
| Yield per common share, %       | = 100 x | Share price at preceding year-end, SEK                      | 25.90  |        |

The information relates to the outcome as at 31 December 2012.

1) For 2012, adjusted by SEK 3.30 per common share, which was separated in the bonus issue.

### 2013 ANNUAL GENERAL MEETING

Shareholders of Klöver AB are warmly welcomed to the Annual General Meeting at 4 pm on Wednesday, 17 April 2013 at World Trade Center, Klarabergsviadukten 70, Stockholm. The notice of the meeting, dividend and information about notification of participation are available on Klöver's website, [klovern.se](http://klovern.se).

### CALENDAR

|                       |                             |
|-----------------------|-----------------------------|
| Interim report        |                             |
| January to March      | Wednesday, 17 April 2013    |
| Interim report        |                             |
| January to June       | Thursday, 11 July 2013      |
| Interim report        |                             |
| January to September  | Wednesday, 23 October 2013  |
| Year-end report, 2013 | Wednesday, 12 February 2014 |

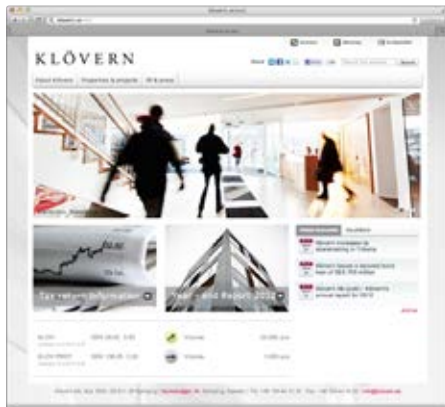
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The latest information about vacant premises, the share, financial statistics and a lot more can be found on Klöver's website, [klovern.se](http://klovern.se)

### Cover pictures

Front page: Stairway at the property Isaffjord 1, Ericsson's newly constructed head office in Kista. Back page: Entrance to the property Skeppsbron 1.

Klöver's Annual Report has been produced by Klöver in collaboration with Intellecta Corporate. The photographs have been mainly taken by Måns Berg and Per-Erik Adamsson. Forum Fastighetsekonomi AB has contributed to the Market section. Byggstatistik AB has contributed with the figure on the largest property owners in the respective business unit.



**2012** Rutger Arnhult became CEO in January 2012. During the year, Klöver has acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon in March. With the purchase of Dagon, Klöver became established in new expansive markets, in the Öresund region and Gothenburg, among other places. In June, a property was acquired in Kallebäck teknikpark [technology park] in Gothenburg for SEK 180 million, thus increasing the property portfolio in Gothenburg from 61,000 sq.m. to 83,000 sq.m. In June, a contract was signed for acquisition of the property Borgarfjord 4 in Kista for SEK 104 million. In July, the property Varmvattnet 3 in Akalla was acquired for SEK 130 million and Hilton 3 in Solna for SEK 510 million. In October, the real estate company Nordicom Sverige AB was acquired including six properties at a value of SEK 320 million. The properties are located in Linköping, Norrköping, Västerås and Växjö and in November, the property Hästägaren 3 in Mölndal, just south of central Gothenburg, was acquired for SEK 490 million. Eleven properties were divested for a total of SEK 543 million, of which four properties are located in Linköping and one property each in Nyköping, Borås, Västerås, Falun, Eskilstuna, Höganäs and Eslöv.

Klöver issued preference shares as part payment for, inter alia, the acquisition of Dagon and in a bonus issue to Klöver's shareholders. During the year, four bond loans have been issued for a total of SEK 1,825 million.

**2011** During the year, Klöver acquired eight properties at a price of SEK 315 million and sold five properties for a total of SEK 48 million. At the beginning of December, a public offer was made to purchase all shares in Dagon AB (publ). Gustaf Hermelin resigned as CEO at the year-end. The property value was SEK 14,880 million.

**2010** Klöver acquired a large property portfolio of 37 properties with a total area of 157,000 sq.m. Of the properties, 31 were located in Linköping, four in Norrköping and two in Örebro. The purchase price was SEK 1,055 million. Klöver sold a total of nine properties to a value of SEK 368 million and acquired an additional property for SEK 12 million. The property value was SEK 13,493 million.

**2009** Kistamässan was completed in May and the first sod was cut for the adjacent Victoria Tower. Klöver sold four properties in Karlstad, Linköping and Nyköping for SEK 162 million and acquired five properties in Borås, Karlstad, Kista and Nyköping, as well as 17 site leaseholds in Karlstad for a total of SEK 179 million. The property value was SEK 12,032 million.

**2008** Kistamässan opened at the beginning of September. Three properties in Karlstad, Kista and Nyköping were sold for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. The property value was SEK 11,895 million.

**2007** Klöver concluded an agreement to construct the new Kistamässan and renegotiated and entered into new leases with Ericsson for around 50,000 sq.m. The Kalmar and Eskilstuna units and an additional twelve properties were sold for a price of SEK 1,236 million. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for a value of almost SEK 1 billion. The property value was SEK 12,154 million.

**2006** Klöver's investment in Science and Business Parks was reinforced by acquisition of Pfizer's head office in Uppsala for SEK 235 million. In June, seven properties were acquired in Nyköping for SEK 245 million. At the end of 2006, Klöver acquired 46 properties in Kista and Täby for over SEK 4 billion. The property value was SEK 10,701 million.

**2005** A total of 36 properties were sold for SEK 557 million. Klöver acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. The property value was SEK 5,968 million.

**2004** In January, Klöver became established in Borås through acquisition of properties for SEK 210 million. During the year, establishment also took place in Västerås through acquisition of a total of 41 properties with a value of SEK 1 billion. Sales of a total of 20 properties for SEK 307 million. The property value was SEK 4,193 million.

**2003** Klöver is listed on the stock exchange's O list. In August, properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. During the year, 15 properties were sold at unprioritized locations for SEK 185 million. The property value was SEK 2,890 million.

**2002** The then IT company Adcore's business was split up and Adcore AB's name was changed to Klöver AB with the focus on real estate. Klöver acquired its first portfolio consisting of Post properties for SEK 1.3 billion. During the year, properties were acquired in Nyköping and Norrköping. In December, Gustaf Hermelin became CEO. The property value was SEK 1,876 million.



# KLÖVERN

## ANNUAL REPORT 12

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