KLÖVERN

Annual Report 2003

Contents

Mia Fogelgren at the Klövern unit StrandFastigheter in a meeting with Sven Wigerblad, Scientific Golfers, and Karin Lindsten, Framsteg.

Cover photo: Riksbanken 5, Nyköping.

The Year in Brief

The build-up of Klövern continued during 2003 in line with the strategic plan adopted by the Board of Directors. Klövern has laid the foundation for continued expansion in existing prioritized markets. Ten well-functioning local units have been built up, forming Klövern together with the head office.

Two large parcels of properties were purchased from Akelius and Mandamus during the second half of 2004. The properties are located in Kalmar, Karlstad, Linköping, Norrköping and Örebro.

Despite many sales, the square meter area of the portfolio of properties doubled. By year's end Klövern owned 103 properties with a total area of 590,000 square meters, at a book value of about SEK 2.9 billion. Klövern was re-listed during spring on the O-list of Stockholmsbörsen. Starting January 1, 2004 Klövern is listed on Attract 40 of the O-list.

	2003	**2002**
Rental revenue, MSEK	322	96
Operating surplus, MSEK	189	61
Result from sales of properties, MSEK	19	0
Profit not including items affecting comparability and taxes, MSEK	87	23
Earnings per share not including items affecting comparability and taxes, MSEK	1.65	1.61
Cash flow, MSEK	148	–15
Dividend per share, SEK	0.50*	0.00

* Proposal

Annual General Meeting 2004

Klövern AB's Annual General Meeting will be held at 4:00 p.m., Wednesday, April 21, 2004 at Restaurangskolan, Nyköping Strand in Nyköping.

Shareholders who wish to participate in the proceedings of the general meeting of shareholders must:

- be registered in the share register maintained by VPC AB by Thursday, April 8, 2004;
- notify the Company of their desire to attend not later than by 4:00 p.m., Wednesday, April 14, 2004 under address: Klövern AB, P.O. Box 1024, SE-611 29 Nyköping, Sweden, or by telephone +46-155 44 33 00, or via Klövern AB's home page www.klovern.se;
- such notice must contain the shareholder's name, personal registration number, address, telephone number, number of shares owned and assistants (if any) at the meeting.
- shareholders who have chosen to register their shares in the name of a nominee must temporarily re-register their shares in their own name with VPC in order to have the right to participate in the proceedings of the general meeting of shareholders. A request for such registration may be made to the bank or securities institution that manages the shares.
  In cases where representatives participate in the meeting, authorisation documents should be sent to the company at the time of notification of attendence. A registration certificate must be attached to such request.
- The Board of Directors proposes a dividend to the shareholders of SEK 0.50. As record day for the dividend, which gives the holder the right to receive the dividend, is proposed April 26, 2004. If the Annual General Meeting passes the resolution as proposed, the dividend will be remitted Thursday, April 29, 2004.

President's Statement

Notable for Klövern during 2003 was the strong expansion and display of entrepreneurial spirit. At the beginning of the year the company had 80 rather recently acquired properties with an aggregate book value of MSEK 1,876 and 17 employees. One year later the company has 103 properties valued at MSEK 2,890 and 37 employees. The Company is established in ten cities and stands well prepared to meet the challenges of 2004.

Back to the O-list

At the beginning of 2003 extensive efforts were initiated aimed at relisting Klövern on the O-list of Stockholmsbörsen. Klövern (the former Adcore) had been placed on the observation list of the O-list in May 2002 when the business orientation was changed from IT consulting services to real estate. At the same time, Stockholmsbörsen decided that the Company had to undergo a renewed test for listing.

After completion of the examination process, Stockholmsbörsen arrived at the decision that Klövern fulfilled the requirements for listing of the Company's shares on the O-list of the exchange and trading resumed April 30, 2003. The listing on the O-list simplifies Klövern's supply of capital.

Market interest for the share was high during the fall of 2003 and the trading volume shot up. At the beginning of 2004 Klövern became listed on Attract 40, that is among the 40 issues on the O-list with the highest liquidity. This in turn may contribute to further increasing market interest in the share.

The price performance of the share was good during the year. The market price increased by 40 percent, which was more than Carnegie's real estate index, which increased by 35 percent.

Acquisitions and sales

At the beginning of 2003 Klövern had 80 properties valued at about MSEK 1,900 in 40 different municipalities.

At the end of the year the number of properties had increased to 103. At the same time the holdings had been concentrated to 31 municipalities. During the same period rental revenue increased sharply, which meant that rental revenue from our nine largest cities doubled on average.

The ambition for the operating year was to acquire properties for at least MSEK 500. During the year 38 properties were acquired with a book value of MSEK 1,107. These properties were part of two parcels acquired from Akelius and Mandamus.

Most sales were to local buyers in small towns in southern Sweden. Due to the small size of the locations, the number of interested buyers is in many cases limited. Against this background it is gratifying to be able to report that not only did Klövern succeeded in selling one fifth of the portfolio of properties the Company held at the beginning of the year, but to do so at refinement gains of MSEK 19.

Development projects

To acquire Swedish commercial properties with high vacancy rates and then upgrade them with the aim of raising the occupancy rate and the value of the properties, later to sell the properties at an optimal occasion is an important element of Klövern's business concept. During 2003 we were busy with four major and some smaller rebuilding projects for an aggregate investment of MSEK 90, of which the Svärdet property in Norrköping is one and Ana 13 in Nyköping is another. Klövern's head office is located in Ana 13.

Organization and employees

Klövern's strong expansion has meant that the number of employees grew substantially during the year. As is common in phases of major changes, operations might grow faster than the number of employees. This was the case for Klövern and the result was that the employees as individuals grew during the year. Without their competence and great commitment, Klövern's positive development would not have been possible.

In order to ensure that legal requirements are met, great efforts have been made to develop routines and policies. By year-end the organization had a complexion and a scope that was correctly dimensioned and stable. We have built up a number of new local business units with their own staffs during the year: Karlstad, Örebro, Kalmar and Linköping. During 2004 we will continue to strengthen these units and build additional ones at other locations where we have reached critical mass, such as in Borås, where Klövern in January 2004 took possession of properties worth MSEK 200.

New properties and services

Klövern is an active landlord that wants to create mutually beneficial relations with the tenants. These relationships, together with the knowledge we have gained about the constantly changing needs of our customers, have further developed our way of operating. Aside from satisfying the needs of our customers, we also try to give them added value in the form of other services. During 2003 we initiated cooperation with Song Network, under which we are currently able to offer broadband service to our tenants. In time, we will alos be able to offer telephony and other services at very competitive prices.

Klövern welcomed several new tenants during the year. Among the larger can be mentioned the Swedish Integration Board in Norrköping and Flextronics in Karlstad, Gävle and Uppsala.

Profit

To build an entirely new business with a functioning organization is costly. Similarly, acquiring empty properties initially gives rise to declining profits until the properties have been upgraded and begin to generate surpluses. In spite hereof, and thanks to good business practice and strong expansion, Klövern was able to record a satisfactory result for 2003. The year's profit, not including items affecting comparability and taxes, increased by MSEK 64 to MSEK 87.

Future

The concentration of the portfolio of properties and our operations begun in 2003, will continue in 2004. The goal is for the portfolio of properties in each city to be at least 100 000 square meters and/or generate more than MSEK 50 in rental revenue. Properties will also continue to be managed and upgraded aided by an active entrepreneurial spirit and good business practice by our own locally established personnel.

Today, Klövern has properties at 31 locations. In a year or so we will probably be represented only in some 20 locations. But we will have more to offer, both in the form of alternative premises, other services and, not least, personal service by committed employees. This constitutes the foundation for continued positive profit performance. Year 2004 will be marked by expansion on our prioritized markets.

Nyköping, March 4, 2004

Gustaf Hermelin
President & CEO

Business model, goals and strategies

- Klövern's *business model* is "as a partner with local ties, actively to acquire, develop and sell properties outside the major metropolitan areas in Sweden."
- Klövern has a *vision* of strengthening local business and commerce for the benefit of development of companies and individuals.
- Klövern's *organization* is distinguished by a sense of service, entrepreneurship and good business practice.
- Klövern's associates work according to the *motto* of "making the customer's day easier."

Financial goals

The long-term return on equity will be 15 percent, the equity ratio will exceed 20 percent and the interest coverage ratio will be at least 130 percent.

Dividend policy

Klövern will transfer on a long-term basis at least 50 percent of earnings after taxes to the shareholders in the form of dividends or buy-back of own shares. When assessing the size of the transfer, due consideration will be given to the Company's investment alternatives, financial position and capital structure.

Market

Klövern will be a significant player in the real estate market for commercial premises outside the major metropolitan areas in Sweden. The strategy is to create geographic and functional units of at least 100,000 square meters rentable space, or with rental revenue of at least MSEK 50. All parts of the organization will have strong local ties and the goal is to create leading market positions.

Customers

Klövern will create mutually profitable customer relationships. Aside from premises, Klövern will deliver activities and services that provides added value to the customer.

Klövern strives for an even distribution between income from locally owned companies, public and/or nationwide companies and public sector operations.

Property portfolio

Holdings will in the first instance increase by acquisition of commercial property portfolios in prioritized cities. A portion of the financing for each respective acquisition will be financed primarily through non-cash issues.

Investments in existing properties will improve the direct yield and return on equity for each individual object. Great emphasis will be placed on optimizing operation and maintenance of the portfolio of properties from an economic and environmental point of view. The composition of the portfolio of properties will be evaluated continually.

Residential properties, geographically non-priority properties or properties not expected to generate a return equivalent to Klövern's requirements will be sold when the timing is deemed to be optimal.
In order to generate refinement gains, individual properties and portfolios of properties will be sold after development and optimization.

The share and owners

Share capital and ownership situation

As of December 31, 2003 Klövern's share capital amounted to SEK 337,041,610. The total number of shares outstanding was 67,408,322 divided into 3,723,239 class A shares and 63,685,083 class B shares with a nominal value of SEK 5 per share. Class A shares entitle their holders to one vote per share and class B shares entitle their holders to one tenth of one vote per share. The number of shareholders as of December 31, 2003 was 34,920. The distribution, detailing the holdings of the ten largest shareholders, is set forth below.

Owner	Number of owners	Number of A shares	Number of B shares	Total number of shares	Stake (%)	Votes (%)
Lantbrukarnas Riksförbund		0	13,200,000	13,200,000	19.6	13.1
Länsförsäkringar Södermanland		0	3,665,174	3,665,174	5.4	3.6
Catella Fonder		0	3,583,100	3,583,100	5.3	3.6
Nect Holding B.V.		177,046	2,770,909	2,947,955	4.4	4.5
SEB Fonder		0	2,596,592	2,596,592	3.9	2.6
Gustaf Hermelin		254	2,594,823	2,595,077	3.8	2.6
Akelius Insurance		0	1,868,842	1,868,842	2.8	1.9
Erik Paulsson		270,096	1,500,706	1,770,802	2.6	4.2
Länsförsäkringar Fonder		0	1,748,293	1,748,293	2.6	1.7
Investment AB Öresund		200,000	1,522,307	1,722,307	2.6	3.5
Total 10 largest owners		**647,396**	**35,050,746**	**35,698,142**	**53.0**	**41.3**
Other owners	34,910	3,075,843	28,634,337	31,710,180	47.0	58.7
Total all owners	**34,920**	**3,723,239**	**63,685,083**	**67,408,322**	**100.0**	**100.0**

Change of share capital

Month	Day	Year	Transaction	Share capital in SEK Change	Share capital in SEK Total	Number of shares Change	Number of shares Total number	Nominal SEK/share
February	4	1994	Company founded	–	50,000.00	500	500	100.00
September	8	1994	New issue	52,000.00	102,000.00	520	1,020	100.00
September	22	1995	New issue	34,000.00	136,000.00	340	1,360	100.00
June	20	1996	Bonus share issue	544,000.00	680,000.00	–	1,360	500.00
July	8	1996	New issue[1)]	370,000.00	1,050,000.00	740	2,100	500.00
December	10	1996	Split 1:500	–	1,050,000.00	1,047,900	1,050,000	1.00
December	10	1996	Bonus share issue	1,050,000.00	2,100,000.00	1,050,000	2,100,000	1.00
December	18	1996	Non-cash issue[2)]	180,000.00	2,280,000.00	180,000	2,280,000	1.00
May	16	1997	Non-cash issue[3)]	55,000.00	2,335,000.00	55,000	2,335,000	1.00
June	26	1997	New issue[4)]	875,000.00	3,210,000.00	875,000	3,210,000	1.00
August	26	1997	Non-cash issue[5)]	5,000.00	3,215,000.00	5,000	3,215,000	1.00
September	19	1997	Non-cash issue[6)]	20,000.00	3,235,000.00	20,000	3,235,000	1.00
September	19	1997	Non-cash issue[7)]	10,000.00	3,245,000.00	10,000	3,245,000	1.00
September	19	1997	Non-cash issue[8)]	18,750.00	3,263,750.00	18,750	3,263,750	1.00
October	17	1997	Non-cash issue[9)]	32,000.00	3,295,750.00	32,000	3,295,750	1.00
March	3	1998	Non-cash issue[10)]	24,000.00	3,319,750.00	24,000	3,319,750	1.00
April	16	1998	Non-cash issue[11)]	22,000.00	3,341,750.00	22,000	3,341,750	1.00
April	17	1998	Non-cash issue[12)]	70,000.00	3,411,750.00	70,000	3,411,750	1.00
February	4	1999	Non-cash issue[13)]	200,000.00	3,611,750.00	200,000	3,611,750	1.00
January	12	2000	Non-cash issue[14)]	549,986.00	4,161,736.00	549,986	4,161,736	1.00
January	13	2000	Non-cash issue[15)]	91,803.00	4,253,539.00	91,803	4,253,539	1.00
February	14	2000	Non-cash issue[16)]	190,325.00	4,443,864.00	190,325	4,443,864	1.00
February	16	2000	Non-cash issue[17)]	11,478.00	4,455,342.00	11,478	4,455,342	1.00
February	16	2000	Non-cash issue[18)]	75,625.00	4,530,967.00	75,625	4,530,967	1.00

The share and owners

Month	Day	Year	Transaction	Share capital in SEK Change	Share capital in SEK Total	Number of shares Change	Number of shares Total number	Nominal SEK/share
February	16	2000	Split1:10	–	4,530,967.00	40,778,703	45,309,670	0.10
March	13	2000	New issue[19]	1,063 384.70	5,594,351.70	10,633,847	55,943,517	0.10
June	16	2000	Non-cash issue[20]	6,347,396.30	11,941,748.00	63,473,963	119,417,480	0.10
June	28	2000	New issue[21]	152,807.70	12,094,555.70	1,528,077	120,945,557	0.10
July	25	2000	Non-cash issue[22]	67,769.80	12,162,325.50	677,698	121,623,255	0.10
July	25	2000	Non-cash issue[23]	1,631,987.60	13,794,313.10	16,319,876	137,943,131	0.10
September	22	2000	New issue[24]	99,725.00	13,894,038.10	997,250	138,940,381	0.10
September	22	2000	New issue[25]	154,204.50	14,048,242.60	1,542,045	140,482,426	0.10
September	28	2000	Non-cash issue[26]	251,556.70	14,299,799.30	2,515,567	142,997,993	0.10
October	5	2000	Non-cash issue[27]	22,749.40	14,322,548.70	227,494	143,225,487	0.10
October	6	2000	Non-cash issue[28]	83,880.80	14,406,429.50	838,808	144,064,295	0.10
October	18	2000	New issue[29]	7,037.10	14,413,466.60	70,371	144,134,666	0.10
November	17	2000	New issue[30]	1,000.00	14,414,466.60	10,000	144,144,666	0.10
November	17	2000	New issue[31]	2,787.50	14,417,254.10	27,875	144,172,541	0.10
November	23	2000	Non-cash issue[32]	170,329.60	14,587,583.70	1,703,296	145,875,837	0.10
February	28	2001	Non-cash issue[33]	250,046.60	14,837,630.30	2,500,466	148,376,303	0.10
March	2	2001	Non-cash issue[34]	329,124.20	15,166,754.50	3,291,242	151,667,545	0.10
March	6	2001	New issue[35]	557.50	15,167,312.00	5,575	151,673,120	0.10
April	19	2001	Non-cash issue[36]	6,265.40	15,173,577.40	62,654	151,735,774	0.10
June	28	2001	Non-cash issue[37]	18,645.20	15,192,222.60	186,452	151,922,226	0.10
October	18	2001	Private placement[38]	42,375,000.00	57,567,222.60	423,750,000	575,672,226	0.10
June	18	2002	Private placement[39]	2.40	57,567,225.00	24	575,672,250	0.10
June	27	2002	Reverse split 1:250[40]	–	57,567,225.00	–573,369,561	2,302,689	25.00
June	27	2002	Reduction of share capital[41]	–46,053,780.00	11,513,445.00	–	–	5.00
August	7	2002	Rights issue[42]	115,134,450.00	126,647,895.00	23,026,890	25,329,579	5.00
December	17	2002	Non-cash issue[43]	79,972,005.00	206,619,900.00	15,994,401	41,323,980	5.00
August	15	2003	Non-cash issue [44]	70,038,450	276,658,350	14,007,690	55,331,670	5.00
August	15	2003	Non-cash issue [45]	27,692,300	304,350,650	5,538,460	60,870,130	5.00
September	25	2003	Redemption of convertible loan [46]	452,500	304,803,150	90,500	60,960,630	5.00
October	17	2003	Non-cash issue [47]	32,238,460	337,041.610	6,447,692	67,408,322	5.00

1) New issue subscribed for by institutions, primarily equity funds and insurance companies and the public at an issue price of SEK 27 000 per share.
2) Non-cash issue to the sellers of PM Invest at an issue price of SEK 29 per share.
3) Non-cash issue to the sellers of XMS at an issue price of SEK 80 per share.
4) New issue subscribed for by the public and institutions at an issue price of SEK 80 per share.
5) Non-cash issue to the sellers of Planet Scandinavia at an issue price of SEK 80 per share.
6) Non-cash issue to the sellers of CultCom at an issue price of SEK 79 per share.
7) Non-cash issue to the sellers of Strateg Communication at an issue price of SEK 79 per share.
8) Non-cash issue to the sellers of Next at an issue price of SEK 75 per share.
9) Non-cash issue to the sellers of AbriCom at an issue price of SEK 80 per share.
10) Non-cash issue to the sellers of Igis at an issue price of SEK 125 per share.
11) Non-cash issue to the sellers of Dexpertgruppen at an issue price of SEK 150 per share.
12) Non-cash issue to the sellers of LiGa at an issue price of SEK 150 per share.
13) Non-cash issue to the sellers of Interaction Design at an issue price of SEK 126.10 per share.
14) Non-cash issue to the sellers of Veritema at an issue price of SEK 241.55 per share.
15) Non-cash issue to the sellers of ELK at an issue price of SEK 506.40 per share.
16) Non-cash issue to the sellers of Netmill at an issue price of SEK 382.60 per share.
17) Non-cash issue to the sellers of BMR at an issue price of SEK 766 per share.
18) Non-cash issue to the sellers of Pyramid at an issue price of SEK 912.40 per share.
19) Rights issue to the shareholders at an issue price of SEK 65 per share.
20) Merger between Connecta and Information Highway.
21) New issue after conversion of convertible debentures, conversion price SEK 9.40 per share.
22) Non-cash issue to the sellers of Implement at an issue price of SEK 139.85 per share.
23) Non-cash issue to the sellers of berens/partner at an issue price of SEK 128.80 per share.
24) New issue after utilization of warrants at an issue price of SEK 22.40 per share.
25) New issue after utilization of warrants at an issue price of SEK 9.50 per share.
26) Non-cash issue to the sellers of GroupeG at an issue price of SEK 73.55 per share.
27) Non-cash issue to the sellers of FacingFacts at an issue price of SEK 83.70 per share.
28) Non-cash issue to the sellers of Capito at an issue price of SEK 91.05 per share.
29) New issue after conversion of convertibles, conversion price of SEK 9.40 per share.
30) New issue after utilization of warrants at an issue price of SEK 22.40 per share.
31) New issue after utilization of warrants at an issue price of SEK 9.50 per share.
32) Non-cash issue to the sellers of Aseantic at an issue price of SEK 49.95 per share.
33) Non-cash issue to the sellers of Cell Strategy at an issue price of SEK 11.70 per share.
34) Non-cash issue to the sellers of Cell Strategy at an issue price of SEK 11.70 per share.
35) New issue after utilization of warrants at an issue price of SEK 9.50 per share.
36) Non-cash issue to the sellers of W*cube at an issue price of SEK 11.75 per share.
37) Non-cash issue to the sellers of Cell Strategy in Germany at an issue price of SEK 1.50 per share.
38) Private placement subscribed for by institutions and a consortium of private individuals at a share price of SEK 0.40.
39) Private placement at an issue price of SEK 0.50 per share, for the purpose of making the number of shares outstanding evenly divisible by 250 ahead of an anticipated split.
40) Reverse split 1:250, whereby 250 shares were combined into one share by changing the nominal value of the shares.
41) Reduction of the share capital in connection with distribution of the shares in Connecta AB (Adcore Consulting AB).
42) Rights issue to the shareholders where one Class A share entitled its holder to subscribe for ten Class B shares at a subscription price of SEK 11 per share.
43) Non-cash issue to the sellers of StrandFastigheter i Nyköping AB and StrömFastigheter i Norrköping AB at a subscription price of SEK 10.50 per share.
44) Non-cash issue at a subscription price of SEK 13.00 per share to Akelius Kontor AB at a sale of properties to Klövern.
45) Non-cash issue at a subscription price of SEK 13.00 per share to Mandamus Fastigheter AB at a sale of properties to Klövern.
46) Redemption of subordinated convertible debenture loan at a subscription price of SEK 11.00 per share.
47) Non-cash issue at a subscription price of SEK 13.00 per share to Akelius Kontor AB at a sale of properties to Klövern.

Delisting of Klövern's class A share

Pursuant to a resolution passed at the Annual General Meeting of Klövern held April 23, 2003, that all class A shares in Klövern would be converted to class B shares effective as of January 2, 2004, a request was filed with Stockholmsbörsen (the Stockholm Stock Exchange) to remove Klövern's class A shares from listing on the O-list effective as of January 2, 2004. This meant that the last day for trading of Klövern's class A shares was December 30, 2003. All class A shares outstanding were converted to class B shares in January 2004. Following a resolution at an extra general meeting of shareholders held January 27, 2004 there is only one class of share – Klövern – with one vote per share.

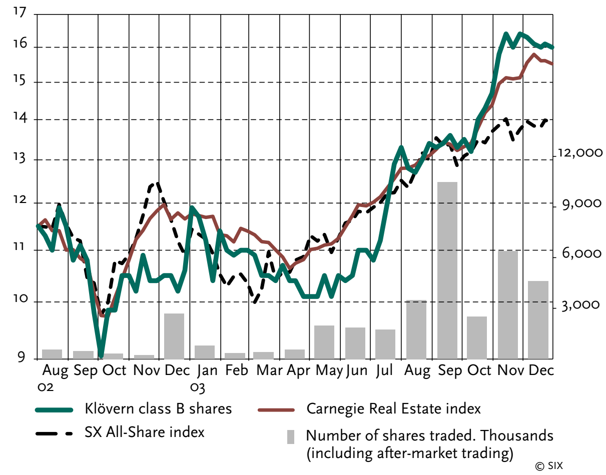
Subordinated convertible debenture loan

During 2002 Klövern issued a subordinated convertible debenture loan in the amount of MSEK 50. The loan – Klövern K2b – is listed and falls due on June 30, 2004 and carries interest at a rate of 6.25 percent. Conversion to shares may be effected August 15, 2002 – June 18, 2004 at a conversion price of SEK 11 per share. Upon full conversion on the basis of the debenture, 4,545,455 shares may be added. As of December 31, 2003 90,500 shares had been added due to conversion, and the subordinated convertible debenture loan amounted to MSEK 49 at the same time.

Tax assessment value and acquisition value

Klövern's shares are listed on the O-list of Stockholmsbörsen, which means that the shares are not subject to wealth tax. In 2002 Klövern AB distributed the shares in Adcore Consulting AB, now Connecta AB. According to publication RSV 2002:32 of the Swedish National Tax Board, 30 percent of the acquisition cost for shares in Klövern AB is attributable to these shares and 70 percent to Adcore Consulting AB.

Share price development



The market price of the Klövern B share increased during the year from SEK 11.40 per share to SEK 16.00 per share, which is equivalent to an increase by 40 percent. Stockholmsbörsen's All-Share index increased by 30 percent during the same period and Carnegie's real estate index (CREX) increased by 35 percent. During 2003 36.7 million Klövern shares were traded for a total of MSEK 493 and Klövern's market capitalization at the end of year 2003 was MSEK 1 079.

During 2003 Wihlborgs distributed Klövern shares to its shareholders. The acquisition value for tax purposes of the Klövern shares is computed based on the dividend value adopted for the shares (6 x SEK 1.75), i.e. SEK 10.50.

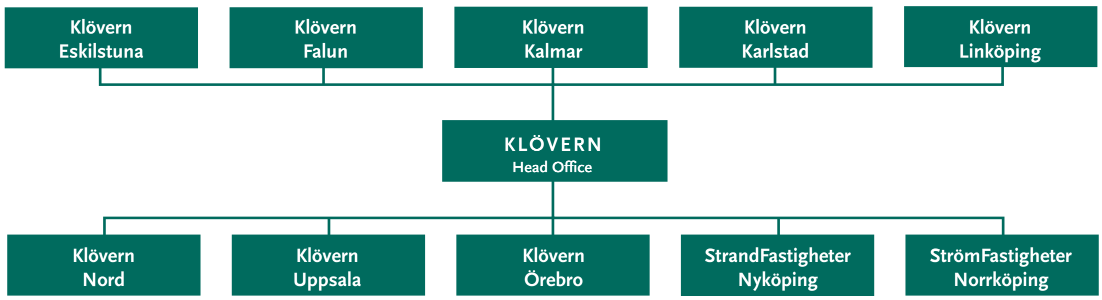
Warrants

During 2002 the former Adcore issued one remaining warrant program. The number of shares per warrant and the subscription price per share have been recalculated due to consolidation, new issues and reduction of the share capital with distribution to the shareholders during 2002. Upon full utilization of all warrants, the number of shares outstanding will increase by 354 000. The level of subscription prices render dilution and ratios unaffected as of December 31, 2003.

WARRANT PROGRAM

Program	Year	Subscription period	Remaining number of options	Restated number of shares per warrant	Recalculated subscription price per share (SEK)
Warrant T05	2002	10/1/04–11/30/04	30,000,000	0.0118	82.49
Total			**30,000,000**		

Organization and personnel



Decentralized organization

Local ties is of crucial importance to the relationship with the customer and hence also Klövern's profit. The associates must know their circle of customers, they must be accessible and be able to respond quickly to customer needs. The goal is to have a decentralized organization with committed associates who take good care of their customers and strive for mutually profitable relations.

The Klövern Group is organized in a head office, located in Nyköping, and ten units located in different parts of Sweden based on the geographic location of the properties. The head office is responsible for economy and financing, information and investor relations.

Local units

The local units handle operation of the properties and the day-to-day contacts with the tenants. Most of the property management work is handled by Klövern's own personnel. Each unit has a responsible manager who in close cooperation with Klövern's management sets guidelines for the operations of the unit. Financial management is handled by the head office, but each unit has responsibility for economic planning and follow-up.

Good business practice

The basic values that typify Klövern's operations are consideration, consciousness of responsibilities and trust. Klövern's associates strive for high quality and new ways of thinking and executing.

The organization is built in such a way that Klövern's associates work according to the motto "making the customer's day easier every day." True to this motto everybody works according to lead words, such as sense of service, entrepreneurship and good business practice. Every associate has a defined area of responsibility, with opportunities to influence day-to-day operations.

Associates

The total number of employees was 37 at year-end, after an increase by 20 persons during the year. The large increase is obviously explained by the fact the Company's present orientation started as recently as late in the summer of 2002 and that operations expanded rapidly during 2003. Of the total number of employees 13 was women and 24 was men. Just over one third of the employees work at the head office. The average age is 44 years.

Training

Klövern will continue to maintain, develop and increase the aggregate competence, in part to meet customer needs with the greatest possible knowledge, but also to ensure that Klövern's associates feel satisfaction in their jobs. As a complement to the personal development program, the Company has started a training program where all employees will have opportunities for competence development.

Market descriptions

Eskilstuna

Eskilstuna is an old industrial town that has been transformed to encompass a growing service sector. Unemployment is typically higher than in the country as a whole, and this was true again in 2003. Eskilstuna's single-minded cultivation of Stockholm and the rest of the Mälaren valley has begun to make a clear mark in the form of establishment of businesses and migration to the area of private individuals. After a few years of shrinking population growth in the mid-1990s, the trend reversed at the end of 2003, when the population increased by 598 persons to a preliminary total population of 90,683.

Large employers include the Municipality of Eskilstuna, the County Council, Volvo including Volvo Construction Equipment Components, Assa, IBM, Outokumpu and the postal service.

The vacancy rate for offices is fairly stable at 5–10 percent, with the lower value for offices at the best locations. The rental level is in the range of SEK 800–1,200 per square meter in A locations. For industrial and warehouse space the vacancy rate is between 3 and 8 percent. The rental level varies between SEK 400 and SEK 600 per square meter, depending on location.

KF Fastigheter is investing about MSEK 500 at Tuna Park, a new shopping center in Eskilstuna. The facility will house about 60 shops with a total area of about 47,000 square meters. The new center is scheduled for completion during the fall of 2004.

Falun

Falun has a large proportion of public sector activity. Unemployment is only marginally higher than in the country as a whole and the same is true for the proportion of those employed in labor market policy jobs. The population has increased during the past three years and during 2003 the population increased by 169 persons to 55,010. Large employers are Scania, Stora Enso, Tidningstjänst and Ericsson Network, aside from the municipality and the County Council.

Office vacancy is unchanged in a stable market. In A locations about 5 percent of the space is vacant, while the vacancy rate in C locations is in the 10–15 percent range. Rents are between SEK 550 and SEK 950 per square meter depending on location. The vacancy rate for industrial and warehouse space remains at a high level, 5–20 percent, depending on location. The rent level has improved slightly, however, to about SEK 300–600 per square meter.

Kalmar

Like most of Klövern's prioritized cities, Kalmar is seat of the county government, which means that the public sector plays an important role in the economy. A rapidly growing private economy means that a balance is being achieved. The open unemployment increased during the year. The level is higher than the average for the country. The population has grown every year since 1999 and 2003 was no exception. The number of inhabitants in Kalmar increased by 349 to a total of 60,415. Aside from the municipality and the County Council, large employers include Kalmar University, Bombardier, Kalmarsunds Gymnasieförbund, Samhall and the National Police Board.

The vacancy rate for office space increased slightly during the year and varies sharply depending on location. For A locations the vacancy rate is between 3 and 5 percent, only to rise towards 10–15 percent in C locations. Rents are at the level of SEK 800–1,100 per square meter in the best locations and about half of that in C locations. The vacancy rate for industrial space is 5–10 percent and the rental level is SEK 300–600 depending on location. Among major transactions can be mentioned the acquisition from Skanska by Akademiska Hus of two properties in Kalmar's guest harbor for MSEK 193.

Karlstad

A well-differentiated economy, with a large service sector, as well as an industrial and commercial sector, have had the effect that Karlstad has fared fairly well through the cyclical economic development. Unemployment is slightly lower than in the country as a whole, but the number of employees in labor market policy jobs exceeds the average for the country. The population has been growing for several years and was 81,343 at the end of 2003, after an increase of 409 persons. Large employers are the Municipality of Karlstad, the County Council, the University of Karlstad, Konsum Värmland, Metso Paper, Posten Sverige, Tieto Enator and Tidningstjänst.

The vacancy rate for offices increased slightly during the year and is between 6 and 14 percent depending on location. The rising vacancy rate has brought downward pressure on rents. Office rents in A locations is at about SEK 1,000 per square meter, and just over half of that in C locations. The vacancy rate for industrial and warehouse premises is more stable around 7 percent in A locations and 10–15 percent in C locations. The rental levels vary between SEK 350 and SEK 650 per square meter. The largest transaction during the year was Klövern's acquisition of Mandamus's properties.

There are a number of large projects in progress in Karlstad. Stora Enso has decided to invest about MSEK 4,000 in Skoghall. Expansion at Karlstad University continues, now in the form of student's lodgings. The so-called Mitt-i-City project, with new housing and commercial premises in central Karlstad, is expected to start during 2004.

Linköping

The real estate market in Linköping was hard hit by the economic downturn in general and the downturn in the IT and telecom sector in particular. Only Stockholm was harder hit. Part of the explanation is the large number of real estate projects carried out in recent years. The downturn has not affected the entire real estate market, however. The city has a large university that attracts a lot of students. The demand for housing is strong and the difficult economic conditions did not prevent Linköping from growing sharply during 2003. The population increase was as much as 1,165 persons, which brought the total population to 136,231. Unemployment was similar to the country as a whole. Major employers include Saab, the university, Ericsson and Swedish Meats, in addition to the County Council and the local municipality.

The vacancy rate in Central Linköping is at a modest 5–10 percent. In the Mjärdevi area, however, the vacancy rate is very high, close to 30 percent. So far, no turnaround in the vacancy situation has been registered. Rental levels have come down somewhat in B locations, but remain at SEK 900–1,300 per square meter in A locations. Demand is greater for warehouse than for industrial space. The vacancy rate varies between 5 and 15 percent and rents between SEK 300 and SEK 650 per square meter.

During the fall Vasakronan sold its portfolio to Norrporten for MSEK 778.

Norrköping

Norrköping has been hurt by several negative events in the economy in recent years, but these have also speeded up the city's transformation from an industrial to a white-collar city. The location of a branch of the University in Linköping has contributed to the development. Unemployment increased during the year and is at a clearly higher level than in the country as a whole. The population has grown sharply over the past three years. But during 2003 the increase was a mere 668 persons, and the total population was 123,971. Aside from the municipality and the County Council, major employers include Holmen Paper, Posten Sverige, the Civil Aviation administration and Whirlpool Sweden.

Office vacancies have risen a bit and are at the 5–15 percent level, depending on location. The increase has had little impact on rental levels, however. In central Norrköping the rental levels are at SEK 900–1,300 per square meter, and in C locations at about SEK 500 per square meter. The vacancy rate for industrial and warehouse space in good locations is very low. The rental levels are at around SEK 400–500 per square meter.

Nyköping

Nyköping has a large public sector, but also industrial, retail and private service companies. The proximity to Stockholm and the huge expansion of Stockholm/ Skavsta airport will in all likelihood mean an upswing for the city. The proportion of persons in labor market policy jobs and the proportion of unemployed is at much the same level as in the country as a whole, after having increased somewhat during the year. The population increased marginally, by 72 persons, during 2003. The total population is 49,382 persons. The city has several major employers beside the County Council and the municipality. Among them, Thorsman & Co, ABB Automation, Studsvik and the National Police Board.

The vacancy rate for offices is rather stable around 5 percent in A locations, and rises to 10–15 percent in C locations. The rental level in the best locations was unchanged during 2003 at SEK 700–1,000 per square meter. In C locations the rental level is at about half of that. The development of Skavsta airport has brought demand for industrial and warehouse space and is expected to have a somewhat positive effect going forward. The rental levels are between SEK 350 and SEK 500 per square meter.

Uppsala

IT and telecom dominate in Uppsala, together with high-tech and bio-technology manufacturing. Unemployment as well as the proportion of people in labor market policy jobs is at a lower level than in the country as a whole. The population grew by close to 1,000 persons during 2003 to a total of 180,669. This trend is expected to continue. The shortage of housing is an inhibiting factor, however. Large employers are the university, Sveriges Lantbruksuniversitet, Pharmacia, Posten Sverige and Amersham Bioscience, in addition to the County Council and the municipality.

Vacancies are relatively low for offices in A locations, 1–5 percent, only to increase rather sharply in less attractive areas. Rents are at about SEK 1,300–1,650 per square meter in the best location and at 700–900 in C locations. Industrial vacancies are a 7–15 percent and the rental levels are SEK 400–800 per square meter, depending on location.

Örebro

In Örebro there is both industrial and high-tech research and advanced services production. The traditional service sector is strong in Örebro. The stable population trend in recent years continued during 2003. The population rose by 768 persons to 126,288 and that development is expected to continue. Open unemployment is slightly above the average for the country. Major employers, aside from the County Council and the municipality, include the University of Örebro, Atlas Copco, SCB and Posten Sverige.

The vacancy rate for offices in the best locations is low and stable. The rental level is at about SEK 1,000 per square meter. The industrial premises vacancy rates are also believed to be stable at around 5–10 percent depending on location. The rent level varies between about SEK 450 and SEK 650 per square meter.

Örebro's position as a logistics center has strengthened over the past several years. The very central location in Sweden, where the E20 and the E18 intersect, makes it ideal for warehousing and trans-shipment operations. A logistics center has been built between Örebro and Kumla. DHL is a big player at this location. At the cross-roads of E18 and E20, a large service facility for long-haul trucks is planned. A conference center, Convectum, was built during 2003.

Customers

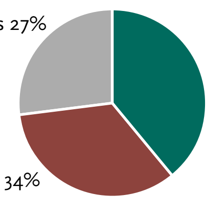
Proximity to the customer

A good relationship with the customer is a crucial success factor for virtually all companies. According to Klövern's approach it is much simpler to build a good relationship with the customer by being locally rooted, knowing the customer's everyday cares and meeting personally rather than being at a distance. The local presence is maintained mainly with Klövern's own personnel.

Customer structure

Klövern's business orientation in the direction of commercial real estate means that most of the customers are legal entities. An even distribution between locally owned companies, public and/or nationwide companies and public sector entities is sought. At year-end 2003 the public sector accounted for 43 percent of the contract value, local companies for 35 percent and public and/or nationwide companies for 22 percent. As seen by the diagram, the distribution became somewhat more balanced during the year.

Distribution of contract value by type of tenant



The ten largest customers account for 41 percent of Klövern's contract value. Only two tenants have contract values exceeding 5 percent of Klövern's total contract value. The largest tenant is the Posten Group, with 15 percent of the total contract value.

KLÖVERN'S LARGEST TENANTS

Tenant	Contract value, MSEK	Proportion of total contract value, %	Average contract period, years
Posten	57	15	2.5
Ericsson	33	9	4.9
Tieto Enator	17	5	2.5
National Road Administration	14	4	2.0
Municipality of Karlstad	10	2	2.8
Municipality of Nyköping	8	2	3.8
Saab	5	1	1.1
Lernia	5	1	1.7
The tax authority	4	1	3.9
Telia	4	1	2.1
Total, ten largest	**157**	**41**	**3.0**

Environment

Environmental work

Concern for the environment is a natural part of day-to-day work at Klövern. Good work and residential environments, indoors as well as outdoors, make satisfied tenants. The goal is that everybody in the organizations should feel responsibility for, and through their actions actively contribute to observance of the environmental policy that has been adopted. By cooperating in a wider perspective, Klövern involves employees as well as customers, suppliers, entrepreneurs and local authorities in the work for a long-term favorable environmental development.

Environmental policy

The environmental policy developed by Klövern is manifested in several different ways in Klövern's operations. It is a part of the prerequisites in the procurement process for contracts to achieve selective demolishing where parts of the construction material can be recycled. The Company chooses products and services with the least possible impact on the environment, and strives to reduce paper consumption and the use of chemicals.

Another concrete result of Klövern's environmental policy is that source-sorting of trash has begun and will be introduced at all properties. Efforts in source-sorting have proven to have the desired profitability effect. During 2003 an investigation of electricity and heating arrangements was conducted to create a basis for energy optimization and energy procurement. A review was also begun of the operating schedule of ventilation installations with a view to limiting their use and thus saving energy.

By taking environmental action in this way, Klövern not only contributes to more active environmental thinking, but also meets customer demands for environmental consciousness.

On September 9, 2003 County Governor in Östergötland, Björn Eriksson, and Andreas Carlgren, Director-General of the Swedish Integration Board, inaugurated the new offices of the Swedish Integration Board on the premises of the Svärdet property in Norrköping. The property was almost fully vacated when the decision was made to upgrade it. After the upgrade, it is fully rented.

Purchases and sales

Purchases and sales of properties are included as an important element of Klövern's operations. Since the Company is relatively newly started, and has an expressed desire to grow, acquisitions have naturally outnumbered sales until the end of 2003.

During 2003 Klövern sold 15 properties with a book value of MSEK 185. Properties sold are specified on page 46. Sales included 18 percent of the number of properties at the beginning of 2003. All sales referred to locations where Klövern's portfolio of properties was very limited in scope, in several cases with a single property. Thanks to the sale of properties in locations with few properties, more efficient operations were achieved in Klövern's geographic units.

The number of acquired properties was 38 during the year, with a book value of MSEK 1,107. All properties were part of two parcels acquired from Akelius and Mandamus, respectively, during the second half of the year. The properties are located in Kalmar, Karlstad, Linköping, Norrköping and Örebro/Kumla.

ACQUIRED PROPERTIES

Unit	Number	Area, square meters	Book value, MSEK	Rental value. Whole-year basis, MSEK
Örebro	9	93,469	437	66
Karlstad	11	41,297	234	36
Nyköping	0	0	0	0
Linköping	3	25,247	177	27
Norrköping	6	56,823	118	24
Kalmar	9	20,989	141	20
Nord	0	0	0	0
Uppsala	0	0	0	0
Eskilstuna	0	0	0	0
Falun	0	0	0	0
Total	**38**	**237,825**	**1,107**	**172**

Property development

To acquire properties with a low occupancy rate, upgrade them to lower vacancies, thereby also raising the value and the return, is a natural element of Klövern's business model. An investment in the form of property development typically means a radical change of the property, such as remodeling or expansion, and can in many cases be likened to purchasing a property. Specific leasehold improvements are expensed over the rental period.

Four buildings were the subject of major renovation during 2003: Ana 13 in Nyköping, Svärdet 8 in Norrköping, Skepparen 15 in Karlstad and Kungsängen 10:1-2 in Uppsala. In addition to these, a number of other properties were developed, albeit to a lesser degree. A total of MSEK 90 was invested in property development during the year.

Ana 13 in Nyköping

The work involved in transforming Ana 13 in Nyköping from the original crisp-bread factory, and more recently an auto repair shop, into a modern head office for Klövern was begun already in 2002. The property was in need of extensive rebuilding, affecting most of the interior and the exterior. The renovation involved a careful adaptation of the building's older character to a modern work environment. Work was completed during the spring of 2003 and occupancy took place in April. Klövern invested MSEK 10 during 2003.

The property is located just opposite the Nyköping castle in the Nyköping Strand area, which has been under transformation from industrial and office area to an office and residential area.

Svärdet in Norrköping

In conjunction with the acquisition of Ström-Fastigheter in Norrköping AB, Klövern took over the Svärdet property in Norrköping. The first stage of an extensive renovation of the property was in progress at the time, aimed at transforming the almost vacant building from its early 1960s feel to a modern place to work. After the employment office moved in April 2002, work has continued, including the move of a restaurant in the building to increase accessibility, and reconstruction of office space for the Swedish Integration Board completed during the fall of 2003. After the upgrade, the occupancy rate is over 97 percent. The capital expenditure phase completed in 2003 amounted to MSEK 36.

Skepparen 15 in Karlstad

At the Karlstad property of Skepparen 15, about 5,000 square meters was vacant when Klövern took possession in mid-2002. The property contained a lot of educational space and the plan was to try to complement this use with other activities. In a first stage during the spring of 2003, about 1,000 square meters of old-fashioned school premises were rebuilt to house the John Bauer Friskolan high-school. Friskolan has become a Klövern tenant at several locations. The second stage for this tenant will begin in the spring of 2004.

The ground floor in the nave, which had contained a large-scale school kitchen and which was largely inaccessible because of the location of a shelter, has been transformed into a modern landscape office for Flextronics. Flextronics has subsequently become a tenant also in Gävle and Uppsala. Only 1,000 square meters of vacant space now remains in Skepparen. The total investment during 2003 amounted to MSEK 12.

Kungsängen in Uppsala

The former Posten properties, Kungsängen 10:1 and 10:2, were in the middle of a major transformation when Klövern acquired them in 2002. The postal service vacated a large portion of the premises, concentrating its operations to the ground floor. The excellent location of the properties – a mere 100 meters from the railway station – and the flexibility of the large building, enabled developing of the property. A large part of Kungsängen 10:1 has been rebuilt for the Norwegian IT company ProfDoc. Other vacant parts have been leased out without major renovations.

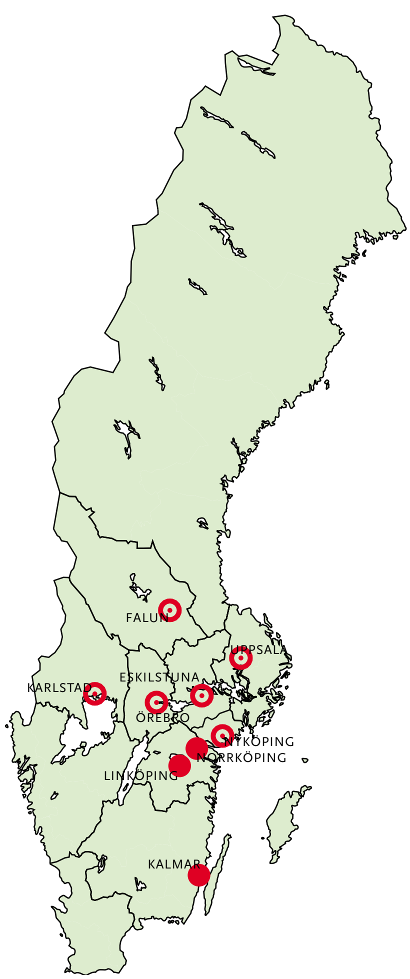
The back building, Kungsängen 10:2, has been subject to a major renovation and has been leased to the municipality in its entirety. The investment during 2003 amounted to MSEK 17.

The property Ana 13 in Nyköping was developed in 2003, from a dilapidated auto repair shop into a modern head office for Klövern.

Properties

By year-end 2003 Klövern had a total of 103 properties located in 31 different municipalities, from Luleå in the north to Kristianstad in the south. The total area was close to 590,000 square meters. The net increase during the year was 23 properties with nearly 200,000 square meters. The economic occupancy rate dropped by 1 percent to 88 percent. The decrease is mostly due to the fact that Klövern has acquired properties with a low occupancy rate with a view to refine them to achieve a higher direct yield in time, thereby raising the value of the properties.

The portfolio of properties was divided into ten geographic units: Örebro, Karlstad, Nyköping, Linköping, Norrköping, Kalmar, North, Uppsala, Eskilstuna and Falun. At these units mainly Klövern's own people work, but also temporary personnel. The seven largest units represent more than 87 percent of the rental value.



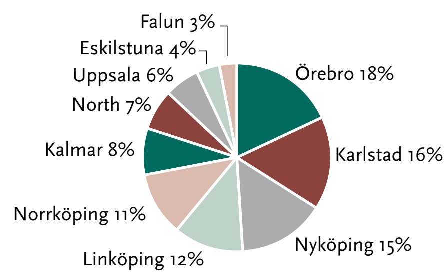
Commercial orientation

Klövern is focused on commercial properties. More than 51 percent of total rental value is accounted for by office space. Industrial and warehouse space comes next. The proportion of residential is only 2 percent of the total rental value.

The average contract period is 2.7 years, with 27 percent of the rental contracts, measured as share of the contract value, falling due for renegotiation during 2004.

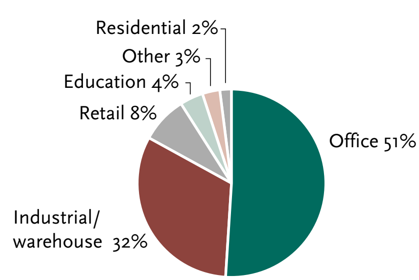
Distribution of rental value by unit

"87 percent of the rental value is in the 7 largest units"



Distribution of rental value by type of premises

"83 percent of the rental value is premises type office and industrial/warehouse"



DISTRIBUTION OF RENTABLE AREA BY TYPE OF PROPERTY

	Number of properties	Area, square meters	Rental value, MSEK	Economic occupancy rate, %	Proportion of rental value, %
Offices	54	257,378	235	85	54
Industrial/warehouse	34	269,690	148	90	34
Retail	11	43,662	35	94	8
Education	3	11,123	9	86	2
Residential	1	6,252	7	100	2
Total	**103**	**588,105**	**434**	**88**	**100**

DISTRIBUTION OF RENTABLE AREA BY TYPE OF PREMISES

	Area, square meters	Rental value, MSEK	Economic occupancy rate, %	Proportion of rental value, %
Offices	247,437	224	85	51
Industrial/warehouse	256,254	139	90	32
Retail	41,382	33	94	8
Education	22,273	16	93	4
Residential	10,386	8	96	2
Other	10,373	14	90	3
Total	**588,105**	**434**	**88**	**100**

DISTRIBUTION OF RENTABLE AREA BY UNIT

Unit	Number of properties	Area, square meters	Rental value, MSEK	Economic occupancy rate, %	Proportion of rental value, %
Örebro	10	101,610	79	96	18
Karlstad	18	89,485	68	87	16
Nyköping	16	107,899	65	93	15
Linköping	9	55,635	51	71	12
Norrköping	10	89,841	46	79	11
Kalmar	14	38,011	33	90	8
Nord	10	39,978	32	87	7
Uppsala	5	26,669	26	91	6
Eskilstuna	7	23,429	19	92	4
Falun	4	15,548	15	96	3
Total	**103**	**588,105**	**434**	**88**	**100**

CONTRACT STRUCTURE

Term of rental contracts, maturity year	Number of contracts	Area, square meters	Contract value, MSEK	Proportion of contract value, %
2004	585	150,162	101	27
2005	210	109,910	89	24
2006	139	94,191	81	22
2007	34	40,782	30	8
2008	20	76,475	54	15
2009–	25	16,155	15	4
Total	**1,013**	**487,675**	**370**	**100**
Residential	160	9,911	8	
Total, not incl. garage/parking space	**1,173**	**497,586**	**378**	
Garage/parking space	222	0	4	
Total	**1,395**	**497,586**	**382**	

Property valuation

Valuation of portfolio of properties

Klövern has valued internally all 103 properties as of December 31, 2003. A selection of 10 representative properties were appraised externally by DTZ. The aggregate direct yield value of Klövern's properties according to appraisals performed amounts to MSEK 2,940 as of December 31, 2003. Klövern's total book value of properties at the same point in time amounted to MSEK 2,890.

Valuation model

SUMMARY	INTERNAL APPRAISAL
Time of value	December 31, 2003
Book value	MSEK 2,890
Direct yield value	MSEK 2,940
Calculation period	Essentially five years (in the case of contracts longer than five years, a ten-year calculation period has been used.
Direct yield requirement	Individual, by property, 6.5–15%
Discount rate	Direct yield requirement plus two percentage points
Long-term vacancy	Individual, by property, 2–25%
Operation/Maintenance	Individual, by property, SEK 200–300 per square meter
Inflation development	Two percent

Cash flow model, five years

The internal appraisals are made based on a cash flow model with a calculation period of essentially five years. For properties with significant contracts exceeding five years, a ten-year calculation period has been chosen.

Revenue and costs

Rental revenue constitutes the contract base at the time of appraisal. Due account has been given to the vacancy rate in cases where contracts have been cancelled for removal, or contracts have been concluded with new tenants. Rents exceeding market terms have been adjusted after maturity of the contract. Costs for operation and maintenance have been assessed on an individual basis property by property. Values have been normalized based on experience from comparable objects and historical values of the properties cleared of extraordinary events.

Market assessment

The direct yield requirement and the long-term vacancy rate have been assigned on an individual basis to each property based on an assessment of the local market and the location of the property. The long-term vacancy rates are at least two percentage points. The discount rate is based on the direct yield requirement, plus two percentage points. Rental revenue and costs are adjusted upward by two percentage points per year according to the inflation goal of Riksbanken, the Swedish central bank. No indexation or other adjustments beyond the overall price trend have been performed.

Reference values

Reference values for direct yield requirement, long-term vacancy rate, and operating and maintenance costs have been culled from the external appraisals made during 2002 and 2003 for each respective property.

Competitor comparisons

By year-end 2003 there were 13 real estate companies listed on Stockholmsbörsen in addition to Klövern. These companies are both competitors and colleagues of Klövern. Competitors to the extent a real estate company has properties in the same locations, and hence compete for tenants, or is interested in acquiring the same objects, colleagues for example in connection with property purchases and sales from and to each other. In the tables below Klövern is compared with our colleagues/competitors in three separate main areas: Property portfolio, Market valuation of the share and Key Financial Indicators.

PROPERTY PORTFOLIO

	Book value, MSEK	Rentable area, thousand sq.m.	Proportion of commercial properties, %	Rental value, MSEK	Economic occupancy rate, %
Brinova	1,999	468	84	242	96
Capona	2,319	n.i.	100	n.i.	n.i.
Castellum	13,911	2,437	96	1,995	91
Drott	24,985	2,510	69	2,882	88
Fast Partner	2,718	369	n.i.	312	90
Heba	806	235	0	n.i.	n.i.
Hufvudstaden	10,612	438	100	n.i.	92
Klövern	2,890	588	98	434	88
Kungsleden	12,336	1,962	78	1,681	94
Ljungberggruppen	3,146	n.i.	n.i.	504	89
Pandox	5,277	n.i.	100	n.i.	n.i.
Tornet	18,860	2,701	83	2,672	92
Wallenstam	9,191	1,249	40	n.i.	97*
Wihlborgs	16,228	1,708	90**	1,706	91

n.i. = no information, * area, ** rental value
Source: Year-end reports

MARKET VALUATION

	Market value, 12/31/03, MSEK*	Share price 12/31/03, SEK	Price performance, %, 2003	Trading volume, 12 mo. MSEK	P/E ratio	Earnings per share SEK	Proposed dividend per share SEK	Direct yield, %	Total return, 2003 %
Brinova	457	61.00	listed 2003	71	11	5.4	2.0	3	listed 2003
Capona	1,261	67.50	23	819	13	5.3	3.8	6	29
Castellum	6,970	170.00	39	3,182	13	12.8	8.5	5	44
Drott	12,130	136.50	41	8,969	17	8.1	–**	–	–
Fast Partner	508	9.95	47	43	33	0.3	0.5	5	52
Heba	1,170	94.50	20	33	36	2.6	2.4***	3	23
Hufvudstaden	7,157	34.70	29	1,074	19	1.8	1.2	3	32
Klövern	1,079	16.10	40	493	9	1.7	0.5	3	43
Kungsleden	3,659	193.00	33	1,592	5	39.3	13.0	7	40
Ljungberggruppen	1,438	107.00	29	82	16	6.6	4.0	4	33
Pandox	2,702	108.50	49	2,217	17	6.5	0.0	0	49
Tornet	5,120	198.00	28	3,287	6	33.7	n.i.	n.i.	–
Wallenstam	2,251	169.00	78	510	5	30.9	6.0	4	82
Wihlborgs	5,621	92.50	19	2,770	8	11.7	6.0	7	26

n.i. = no information *Not including repurchased shares, **one share in Bostads AB Drott and SEK 150, ***and extra dividend SEK 1
Source: Year-end reports and Stockholmsbörsen

FINANCING RATIOS

	Equity ratio, %	Period of fixed interest, months	Interest coverage ratio, times	Average interest rate, %
Brinova	24	n.i.	1.5	5.3
Capona	34	34	2.6	5.7
Castellum	33	32	2.6	5.2
Drott	38	24	1.5	4.3
Fast Partner	24	26	1.5	5.2
Heba	25	14	3.6	3.9
Hufvudstaden	44	29	n.i.	5.3
Klövern	27	29	1.8	5.6
Kungsleden	22	31	2.1	5.0
Ljungberggruppen	26	37	2.0	5.6
Pandox	35	28	2.3	5.1
Tornet	28	28	2.0	5.4
Wallenstam	12	23	1.8	4.6
Wihlborgs	31	17	2.1	5.3

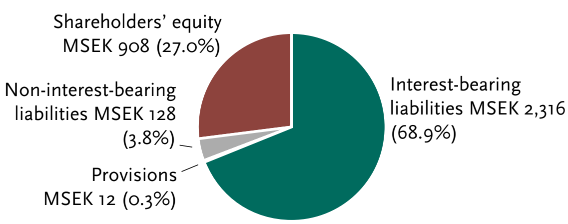
n.i. = no information
Source: Year-end reports

Financing and sensitivity analysis

Responsibility for and management of the Group's financial issues are centralized to the Parent Company. Klövern's Board of Directors has adopted a financial policy that sets goals for the financial operations and how financial risks are to be handled. The goal of financial management is to achieve the lowest possible cost of financing on a long-term basis within the framework of the policy.

Financial structure

Klövern's financing as of December 31, 2003 is illustrated by the pie chart below. Interest-bearing liabilities amounted to MSEK 2,316.



Interest rate structure and risk

Klövern' single largest cost item is interest expense. In order to limit the risk when interest rates change, the Company distributes interest maturity dates over the years in accordance with the financial policy. The average period of fixed interest was 2.4 years at year-end. The period of fixed interest was only marginally affected by the fact that loans totaling MSEK 32.5 with short periods of fixed interest have been extended by interest rate swaps. The market value of swaps was MSEK –0.4 at year-end. Loans maturing during 2004 had an average period of fixed interest of 76 days at year-end.

According to the policy, the total interest rate risk in the portfolio of liabilities should not exceed a level where a change in the variable interest rate of 1 percentage point raises the average interest rate for the entire loan portfolio by more than 0.3 percentage point. If the interest rate level had been 1 percentage point higher as of December 31, 2003 Klövern's interest expense for 2004 would have increased by about MSEK 5.

Loan structure and refinancing risk

The loan portfolio is split between several lenders. The largest lenders are Hypo Real Estate and Aareal Bank. Klövern has as its goal to differentiate between interest fixing risk and refinancing risk. At year-end the average period of capital being tied up was 4.5 years. All financing is in Swedish kronor (SEK).

LOAN STRUCTURE DECEMBER 31, 2003

Interest maturity year	MSEK	Average interest, %	Percentage portion, %
2004	759	4.6	33
2005	446	5.9	19
2006	269	5.7	12
2007	388	6.3	17
2008	155	6.2	7
2009–	250	6.5	11
Subordinated debenture loan	49	6.3	2
Total	**2,316**	**5.6**	**100**

Rental value and economic occupancy rate

Klövern's properties are located in localities outside the major metropolitan areas. These markets are less cyclical than the major metropolitan areas, which means less volatility in rental levels. At year-end Klövern had a total economic vacancy rate of 12 percent. Basic demand for the type of premises offered by Klövern is stable, and opportunities for renting out currently vacant premises are good.

Risk diversification

In order to minimize the risk of tenants vacating properties for cyclical reasons, and to reduce rental losses, Klövern strives to maintain an even distribution between locally owned companies, public and/or nationwide companies and public sector operations. Klövern also gives emphasis to education environments as being an interesting future market niche.

Major tenants

The Swedish postal authority (Posten) is Klövern's largest customer with a total rental value of about

MSEK 57, which is equivalent to 15 percent of Klövern's total contract value. Posten has been involved in a transformation process which for Klövern has meant larger vacancies in certain locations, but at the same time a greater rental volume in others. The properties vacated by Posten are often in highly attractive locations and possibilities of finding new tenants to premises vacated by Posten are regarded as promising. The second largest tenant is Ericsson with a total contract value of about MSEK 33. Ericsson has undergone a restructuring phase and continues to rent two of Klövern's properties under newly concluded five-year contracts. Operations on these premises are part of Ericsson's core business in the areas of GSM and 3G.

Other larger tenants include Tieto Enator, the National Road Administration, the Municipality of Karlstad, Lernia, the tax authority, Telia, Saab and the Municipality of Nyköping. Together, the ten largest tenants account for about 41 percent of Klövern's total contract value.

Property expenses

Overall, Klövern's properties are well maintained and in excellent shape, which means that day-to-day expenses are at a competitive level. The largest expense for operation of the properties is for electricity and heating. Practical efforts and capital spending are ongoing in the quest to improve cost efficiency. The price of the variable portion of the electricity expense is fixed for a period of two years from year-end 2003.

Property sales

A significant feature of Klövern's business model is to sell properties, in part for the Company to realize upgrading gains, but also to adjust the composition of the property portfolio.

The overall economic situation, inflation expectations and the level of interest rates are important factors affecting property prices, and therefore the result on future property sales.

In addition to being affected by factors in the surrounding world, the real estate market is influenced by the development of regional and local business. With a local presence in each respective market, Klövern has good possibilities of capitalizing on future business opportunities.

Disputes

Several of Klövern's previous disputes were resolved during 2003. At year-end some disputes and economic claims on Klövern remain from the time before the company changed its business orientation. In the judgment of the Board of Directors and Management, provisions set aside in the amount of MSEK 12 in this year's closing of the books are sufficient to meet these demands.

Sensitivity analysis

The sensitivity analysis is based on the Group's earnings capacity and balance sheet as of December 31, 2003. The sensitivity analysis shows the effects on the Group's earnings for the year after full impact of each of the parameters below. Interest-bearing liabilities and rental contracts run over several years, which means that changes do not get full impact during a single year, but only in a more extended perspective. Klövern's long-term average interest rate as of December 31, 2003 is higher than the market rate for the corresponding period of fixed interest. This means that the effect of a higher market rate in a longer perspective will be significantly smaller than the effect of a lowering of same. Klövern's profitability will also be affected by results of property sales.

	Change	Earnings effect, MSEK
Economic occupancy rate	+/– 1 % percentage point	+/– 4.3
Rental income	+/– 1 %	+/– 3.8
Property expenses	+/– 1 %	–/+ 1.4
Klövern's average borrowing cost	+/– 1 % percentage point	–/+ 22.7

Tax situation

Tax situation 2003 tax assessment year

For tax year 2002 Klövern had a deficit for tax purposes of MSEK 1,080. In connection with the 2003 tax assessment, the tax authority has decided to tax Klövern in accordance with its submitted tax return. The deficit is mainly attributable to sales of Swedish and foreign subsidiaries in the former IT consultancy operation.

Current taxes

In connection with aquisition of shares in subsidiaries during 2003, current taxes of SEK 0.2 were charged to earnings. In consideration of its current estimated earnings capacity and current tax loss carryforwards, Klövern does not expect to pay other than marginal current tax over the next five to ten years.

Deferred tax claim

In its financial statements for 2003, the Company reports a deferred tax claim in the amount of MSEK 200. This is attributable to deficit for tax purposes in the Company's tax return for the 2002 financial year and in accordance with which the tax authority has assessed the Company. The deferred tax claim is subject to re-examination at each accounting year-end.

Additional claims for deductions

After the end of the 2003 tax assessment period, Klövern filed a claim for a capital loss on the sale of a subsidiary in an additional amount of MSEK 5,000. The claim is therefore formally treated as a request for reconsideration of the tax assessment for 2003. Klövern's opinion is that the tax authority will decide on the claim for deduction during 2004. In addition to the above, the Company estimates that there are deductions attributable to the formerly conducted IT consultancy business in an additional amount of MSEK 1,300 to be claimed in connection with future tax assessments.

Administration Report

Overview of operations

Klövern's business concept is "as a partner with local ties, actively to acquire, develop and sell properties outside the major metropolitan areas in Sweden." Klövern intends to expand by acquiring properties so as to achieve considerable size in a number of localities. This creates a foundation for efficient management and a leading position in the local market. Klövern will also achieve a size of its operations and a market capitalization that will make the Klövern share an attractive investment alternative for the stock market's players. Klövern's share was re-listed on the O-list of Stockholmsbörsen during the year.

Earnings

The year's result, not including items affecting comparability and taxes, amounted to MSEK 87 (23). Result for the year, including items affecting comparability, amounted to MSEK 87 (210), for the year. Gains from sales of properties constituted MSEK 19 (0) of the year's result. Rental income amounted to MSEK 322 (96) and the operating surplus was MSEK 189 (61). The net of financial items for the year was MSEK –103 (–34).

Cash flow and financial position

The Group's cash flow during the year was MSEK 148 (–15) and the equity ratio was 26.9 (23.4) percent at year-end, equivalent to 28.4 percent (25.6) after full conversion. Shareholders' equity at year-end was MSEK 908 (522); liquid funds amounted to MSEK 211 (63). Interest-bearing liabilities was MSEK 2,316 (1,537) at the same point in time. The average financing rate at year-end was 5.6 (5.8) percent, with an average period of fixed interest of 2.4 years (2.5).

Portfolio of properties

At the beginning of 2003 Klövern owned 80 properties, distributed over 40 locations, with a book value of MSEK 1,876. At year-end Klövern held 103 properties, distributed over 31 locations, with a total book value of MSEK 2,890. Fifteen properties in non-priority locations were sold in the same period.
The acquisitions, a total of 38 properties, were part of two transactions with Akelius and Mandamus, respectively, as the other party.

The economic occupancy rate in the portfolio of properties was 88 percent at year-end.

Parent Company

The result after taxes in the Parent Company amounted to MSEK –12 (140). The Parent Company has received group contributions totaling MSEK 97 (21) from subsidiaries in the Group. The Parent Company's liquid funds amounted to MSEK 6 (6) as of December 31, 2003.

Work of the Board of Directors

The Board of Directors convened on 22 occasions during 2003. Issues relating to the Company's purchases of properties were dealt with at most meetings. Regularly scheduled Board of Directors meetings were and are planned for February, May, August and November. The agenda for regularly scheduled meetings include a report by the President, a financial report, purchases and sales, and dealing with Klövern's interim reports.

From January 1 and until the regularly scheduled Annual General Meeting held April 23, 2003 the Board of Directors consisted of Stefan Dahlbo (Chairman), Erik Paulsson, Ole Oftedal and Lars Evander. At the regularly scheduled Annual General Meeting Stefan Dahlbo (Chairman) and Erik Paulsson were re-elected and Gustaf Hermelin, Anna-Greta Lundh, Bo Pettersson, Johan Piehl and Anders Swensson were elected as new directors. At the extra meeting of shareholders held August 6, 2003 Lars Holmgren was elected as new director.

The Annual General Meeting held April 23, 2003 commissioned the Board of Directors to contact Klövern's five largest shareholders and one additional representative for the other shareholders. They were given the assignment of appointing one representative each, who under the leadership of the Chairman would have the task of making suggestions for a slate of directors to be presented annually at the Annual General Meeting for resolution. The following persons were appointed: Mattias Nordin, LRF, Axel von Stockenström, Länsförsäkringar Södermanland, Anders Swensson, Nect Holding, Erik Paulsson, Henrik Strömbom, Catella Kapitalförvaltning and Nils Magnus Lilja. All representatives can be reached at e-mail address styrelsenominering@klovern.se, or by telephone via Klövern, +46-155-44 33 00.

All directors jointly handle compensation and auditing issues. The Company's auditors have reported on planning and observations from the audit at three Board of Directors meetings.

Delisting of Klövern's class A share

In accordance with a resolution at the Annual General Meeting held April 23, 2003 that all class A shares in Klövern were to be converted to class B shares as of January 2, 2004, a request was filed with Stockholmsbörsen to delist Klövern's class A shares from the O-list effective as of January 2, 2004. This meant that the last day for trading Klövern's class A share was December 31, 2003. In January 2004 all class A shares were converted to class B shares. Following a resolution at the extra general meeting of shareholders held January 27, 2004 only one class of shares – Klövern – with one vote per share exists.

Information about the transition to IFRS in 2005

In 2005 listed companies in EU will be reporting according to IFRS (International Financial Reporting Standards). For Swedish companies the transition has been gradual over several years through the introduction of the recommendations of the Swedish Financial Accounting Standards Board, which are based on IFRS.

The differences identified with respect to Klövern relate to the reporting of financial instruments. According to IFRS, certain such instruments, including derivative instruments, should be valued at market. Since Klövern's current reporting of financial instruments only includes information about market value in a note, the transition to IFRS will have an effect on the income statement and balance sheet. For 2003, application of IFRS would have entailed a reduction of shareholders' equity in the amount of MSEK 0.4.

Events after the reporting period

On February 1 Klövern took possession of nine properties with total rentable space of about 63 800 square meters in Borås. The acquisition price was MSEK 209 and part of the purchase money was paid in the form of 4.2 million newly issued shares in Klövern. In accordance with a resolution by an extra meeting of the shareholders of Klövern held January 27, 2004, Klövern has reclassified all class B shares into shares without class designation.

Outlook for 2004

During 2004, Klövern will continue to structure and improve its operations. Properties will be sold and new acquisitions will be made, in the first instance to create organizationally strong market units in those locations where Klövern is already established.

Dividend

Klövern's aim on a long-term basis is to transfer at least 50 percent of profit after taxes to its shareholders through dividends or, alternatively, repurchase of shares. When assessing the magnitude of the transfer, the Company's investment alternatives, its financial position and its capital structure are to be taken into account. For the 2003 financial year the Board of Directors proposes a dividend of SEK 0.50 per share, which is equivalent to about 50 percent of the year's profit.

Proposed allocation of earnings

According to the Consolidated Balance Sheet, the Group's unrestricted equity amounts to SEK 272,060 thousand. SEK 254 thousand is proposed to be transferred to restricted reserves.

The Board of Directors propose that the retained earnings available for disposition be allocated as follows:

To be carried forward	SEK 177,244,098
Dividends to the shareholders	SEK 44,384,636
Total	SEK 221,628,734

Klövern AB (publ)
Organization number 556482-5833

Financial Reports

Statements of Income

Amounts in SEK thousand	Note	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Rental revenue	1	322,504	96,461	10,981	–
Property costs	2	–133,246	–35,492	–	–
Operating surplus		**189,258**	**60,969**	**–**	–
Result from sales of properties	1	19,244	–	–	–
Central administration	3	–16,922	–4,126	–19,308	–3,136
Depreciation of tangible fixed assets	4	–1,355	–515	–298	–8
Items affecting comparability	5	–	143,426	–	143,426
Operating profit		**190,225**	**199,754**	**–8,625**	**140,282**
Result from financial items					
Interest income and similar items	6	3,767	2,684	254	2,415
Interest expense and similar items	7	–107,166	–36,298	–3,976	–4,740
Result before taxes		**86,826**	**166,140**	**–12,347**	**137,957**
Taxes on the year's result	8	–216	43,506	–	1,900
Result for the year		**86,610**	**209,646**	**–12,347**	**139,857**
Earnings per share[1]					
Earnings per share before dilution, SEK		1.73	15.76	–0.25	10.52
Earnings per share after dilution[2]		1.65	13.98	–0.25	9.37
Earnings per share before items affecting comparability and taxes before dilution, SEK		1.74	1.71	–0.25	–0.41
Earnings per share before items affecting comparability and taxes after dilution, SEK[2]		1.65	1.61	–0.25	–0.41
Number of shares outstanding at end of period before dilution, million		67.4	41.3	67.4	41.3
Number of shares outstanding at end of period after dilution, million		71.9	45.9	71.9	45.9
Average number of shares outstanding before dilution, million		50.0	13.3	50.0	13.3
Average number of shares outstanding after dilution, million		54.5	15.1	54.5	15.1

1) Translation taking reverse split 1:250 into account has been effected from the beginning of the year for the 2002 financial year.
2) Earnings per share after dilution: the subordinated convertible debenture loan in the amount of MSEK 50 is treated as converted to shares in its entirety, which means that it is regarded as equity and the number of shares outstanding therefore increases as a result of the conversion. The interest expense for the subordinated convertible debenture loan has been reversed, which means that the net of financial items has improved by MSEK 3.1 for 2003 and MSEK 1.6 for 2002.

Balance Sheets

		Group		Parent Company	
Amounts in SEK thousand	Note	12/31/2003	12/31/2002	12/31/2003	12/31/2002
ASSETS					
Fixed assets					
Tangible fixed assets					
Equipment	9	6,181	5,361	1,264	32
		6,181	5,361	1,264	32
Financial assets					
Shares in Group companies	10	–	–	182,992	181,226
Due from Group companies	11	–	–	465,368	165,000
Deferred tax claim	12	200,000	200,000	200,000	200,000
		200,000	200,000	848,360	546,226
Total fixed assets		**206,181**	**205,361**	**849,624**	**546,258**
Current assets					
Inventories	13				
Properties		2,889,564	1,875,930	–	–
		2,889,564	1,875,930	–	–
Short-term receivables					
Accounts receivable		9,874	19,506	84	15,449
Due from Group companies		–	–	79,299	21,024
Tax claims		–	976	–	–
Other receivables		39,556	63,711	26,243	27,362
Prepaid expenses and accrued income		8,868	5,028	3,276	438
		58,298	89,221	108,902	64,273
Liquid funds		210,849	62,887	5,800	6,200
Total current assets		**3,158,711**	**2,028,038**	**114,702**	**70,473**
TOTAL ASSETS		**3,364,892**	**2,233,399**	**964,326**	**616,731**

Amounts in SEK thousand	Note	Group 12/31/2003	Group 12/31/2002	Parent Company 12/31/2003	Parent Company 12/31/2002
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	14				
Restricted equity					
Share capital		337,042	206,620	337,042	206,620
Premium reserve		–	–	274,281	104,880
Restricted reserves		299,251	129,850	24,970	24,970
		636,293	336,470	636,293	336,470
Unrestricted equity					
Unrestricted reserves		185,450	–23,941	233,976	–2,941
Net profit for the year		86,610	209,646	–12,347	139,857
		272,060	185,705	221,629	136,916
Total shareholders' equity		**908,353**	**522,175**	**857,922**	**473,386**
Provisions					
Other provisions	15	12,235	18,700	12,235	18,700
Total provisions		**12,235**	**18,700**	**12,235**	**18,700**
Long-term liabilities					
Subordinated convertible loans	16	49,005	50,000	49,005	50,000
Other liabilities to credit institutions	17,18	2,044,733	1,401,707	1,860	4,093
Other liabilities	19	222,129	24,347	–	–
Total long-term liabilities		**2,315,867**	**1,476,054**	**50,865**	**54,093**
Current liabilities					
Liabilities to credit institutions	18	–	60,972	–	–
Accounts payable		35,051	36,165	5,245	13,134
Due to Group companies		–	–	33,693	23,496
Other liabilities		1,738	34,456	1,197	30,868
Accrued expenses and prepaid income	20	91,648	84,877	3,169	3,054
Total current liabilities		**128,437**	**216,470**	**43,304**	**70,552**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**3,364,892**	**2,233,399**	**964,326**	**616,731**

Pledged assets and contingent liabilities

Amounts in SEK thousand	Group 12/31/2003	Group 12/31/2002	Parent Company 12/31/2003	Parent Company 12/31/2002
Pledged assets				
For own liabilities				
Real estate mortgages	2,347,662	1,888,349	–	–
Corporate mortgages	5,000	5,000	–	–
Escrow funds	76,316	20,062	–	–
Total pledged assets	**2,428,978**	**1,913,411**	**–**	**–**
Contingent liabilities				
Guaranties for subsidiaries	–	–	1,642,100	920,000
Total contingent liabilities	**–**	**–**	**1,642,100**	**920,000**

Changes in shareholders' equity

Group. Amounts in SEK thousand	Share capital	Restricted reserves	Unrestricted equity	Total equity
Shareholders' equity December 31, 2001	**57,567**	**2,298,031**	**–2,230,746**	**124,852**
New issue	195,107	226,130	–	421,237
Distribution of Adcore Consulting AB	–46,054	–99,245	–66,979	–212,278
Costs for new issues	–	–21,282	–	–21,282
Covering of losses from funds	–	–2,273,784	2,273,784	–
Net profit for the year	–	–	209,646	209,646
Shareholders' equity December 31, 2002	**206,620**	**129,850**	**185,705**	**522,175**
New issue	129,969	168,858	–	298,827
Redemption of subordinated convertible loan	453	543	–	996
Adjustment	–	–	–255	-255
Net profit for the year	–	–	86,610	86,610
Shareholders' equity December 31, 2003	**337,042**	**299,251**	**272,060**	**908,353**

Parent Company, amounts in SEK thousand	Share capital	Premium reserve	Legal reserve	Unrestricted equity	Total equity
Shareholders' equity December 31, 2001	**57,567**	**2,273,784**	**24,970**	**–2,297,725**	**58,596**
New issue	195,107	226,130	–	–	421,237
Distribution of Adcore Consulting AB	–46,054	–99,968	–	–	–146,022
Costs for new issues	–	–21,282	–	–	–21,282
Loss coverage from reserves	–	–2,273,784	–	2,273,784	–
Group contributions	–	–	–	21,000	21,000
Net profit for the year	–	–	–	139,857	139,857
Shareholders' equity December 31, 2002	**206,620**	**104,880**	**24,970**	**136,916**	**473,386**
New issue	129,969	168,858	–	–	298,827
Redemption of subordinated convertible loan	453	543	–	–	996
Group contributions	–	–	–	97,060	97,060
Net profit for the year	–	–	–	–12,347	–12,347
Shareholders' equity December 31, 2003	**337,042**	**274,281**	**24,970**	**221,629**	**857,922**

Statements of Cash Flow

Amounts in SEK thousand	Note	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Current operations					
Profit after financial items		86,610	166,140	–12,347	137,957
Adjustment for items not included in cash flow		1,355	–169,786	97,358	–180,395
Current taxes		–216	–19	–	–
Cash flow from current operations before changes in working capital		87,749	–3,665	85,011	–42,438
Cash flow from changes in working capital					
Increase(–)/Decrease(+) in operating receivables		30,923	42,224	–44,610	54,549
Increase(+)/Decrease(–) in operating liabilities		–27,061	–86,417	–27,267	–197,413
Cash flow from current operations		**91,611**	**–47,858**	**13,134**	**–185,302**
Investment operations					
Acquisition of subsidiaries		–	1,149	–	–
New issue in connection with acquisitions		298,827	–	298,827	–
Disposal of properties		185,056	–	–	–
Acquisition of properties		–1,198,717	–1,145,056	–	–
Acquisition of tangible fixed assets		–2,187	–5,876	–1,530	–40
Investment in financial assets		–	–2,201	–302,134	–165,000
Cash flow from investment operations		**–717,021**	**–1,151,984**	**–4,837**	**–165,040**
Financing operations					
New issue		996	253,296	996	253,296
Loans raised/repaid		778,841	952,590	–3,228	47,765
Costs for new issue		–	–21,282	–	–21,282
Decrease in provisions		–6,465	–	–6,465	–
Cash flow from financing operations		**773,372**	**1,184,604**	**–8,697**	**279,779**
Cash flow for the year		147,962	–15,238	–400	–70,563
Liquid funds at beginning of year		62,887	78,125	6,200	76,763
Liquid funds at year end[1)]		**210,849**	**62,887**	**5,800**	**6,200**

1) Liquid funds consist in their entirety of cash and bank balances. In addition to reported liquid funds, there is an unutilized committed credit facility of MSEK 5.

Supplementary information to the statements of cash flow

Amounts in SEK thousand	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Interest paid, current operations				
Interest received, current operations	3,767	2,684	254	2,415
Interest paid, current operations	–90,170	–34,735	–1,066	–3,177
Interest paid, financing operations	–3,109	–1,563	–3,109	–1,563

Accounting Principles and Comments to the Financial Statements

Amounts in SEK thousand unless otherwise stated

General accounting principles
The Annual Accounts have been prepared in accordance with The Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Board and the Emerging Issues Task Force of the Swedish Financial Accounting Standards Board. Klövern's accounting principles are unchanged from the preceding year. A number of new accounting recommendations came into force January 1, 2003. Application of these recommendations has meant increased disclosures in the annual report, primarily with respect to financial instruments. By reason of Klövern's change in orientation from consulting operations to real estate during the second half of 2002, changes in and additions to the financial reporting were made. Historical comparative data in this Annual Report covering the first six months of 2002 refer in their entirety to Adcore's consulting operations, however.

Consolidated accounting
The consolidated financial statements are prepared in accordance with recommendation RR1:00 of the Swedish Financial Accounting Standards Council. The consolidated financial statements have been prepared according to the purchase method of accounting, which means that assets and liabilities are carried at market value according to an acquisition analysis compiled. The consolidated financial statements include those companies in which the Parent Company, directly or via subsidiaries, hold more than 50 percent of the votes, or in other ways have controlling influence as defined in Chapter 1, Section 4 of the Swedish Annual Accounts Act.

Reporting by segment
Since in Klövern's judgment operations conducted are classified as one segment, the issue of disclosure requirements set forth in RR25 Reporting by segment has not arisen.

Valuation principles
Valuation of assets, liabilities and provisions is based on acquisition values unless otherwise specifically stated below.

Inventories
The Group's properties (buildings, land improvements and land) are reported in the consolidated balance sheet as current assets. The reason why the properties are classified as current assets is that turnover of properties is an important part of Klövern's business. The rate of turnover of the Company's properties may vary over time. Management is constantly working with the Company's property sales process, as regularly reported to the Board of Directors. No deduction for depreciation is made. In remodeling and renovation situations, the portion of the investment deemed to constitute maintenance is expensed. Properties are valued at the lower of cost and market. When discrepancies arise between reported value and assessed market value, requisite writedown is effected, or previously made writedowns are reversed. Market value estimates are based on external and internal appraisals performed on an ongoing basis according to generally accepted valuation principles. These principles are essentially based on present value computation of each respective property's estimated cash flow on the basis of market cost of capital and required return.

Revenue
Rental revenue is reported on a straight-line basis over the life of the respective rental contracts. Revenue relating to sales of properties is booked on the contract date unless that conflicts with any provisions in the purchasing documents.

Taxes
Total taxes are comprised of current taxes and deferred taxes. Taxes are reported in the income statement, except when the underlying transaction is reported directly against equity, in which case the accompanying tax effect is carried to equity. Current taxes (previously called Paid taxes) are taxes payable or to be refunded relating to the current year. Adjustments of current taxes attributable to prior periods are also included here. Deferred taxes are computed according to the balance sheet method, based on temporary differences between reported values and values for tax purposes of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be settled and on the tax rates (28 percent) and taxation rules resolved or advised as of the balance-sheet date. Deferred tax claims in deductible temporary differences and tax loss carryforwards are reported to the extent it is probable that they will entail lower tax payments in the future.

Statement of cash flow
The statements of cash flow are compiled using the indirect method, which means that the net result is adjusted for items that have not given rise to cash receipts or payments, and for income and costs that relate to the cash flow of investment and financing operations.

Pension costs
Pensions commitments to the employees of Klövern are fee-determined and are fulfilled by payments expensed during the time benefits are earned.

Provisions
Other provisions refer to provisions for disputes or obligations. The size of provisions set aside is equivalent to the Company's best estimate of the probability that such dispute or obligation will result a utilization of the Company's (or its subsidiaries') resources, as well as the currently assessed (expected) cost to settle such disputes or obligations.

Receivables
Receivables are carried at the amount at which, after individual assessment, they are expected to be collected.

Borrowing costs
Borrowing costs are reported according to the main principle of recommendation RR21 of the Swedish Financial Accounting Standards Council, which means that borrowing costs are charged to the result in the period during which they arise.

Principles of depreciation of fixed assets
Depreciation according to plan is based on the original cost, less estimated residual value and assets are depreciated over their expected period of gainful use.

	Period of use	
The following depreciation periods are used:	Group	Parent Company
Tangible fixed assets		
Equipment	5 years	5 years

Leasing – lessee
Leasing contracts where essentially all risks and benefits associated with ownership fall on the lessee are classified as operational leasing contracts. All of the Group's leasing contracts are classified as operational leasing contracts. Leasing fees are reported as a cost in the income statement and are distributed on a straight-line basis over the life of the contract.

Liquid investments
Liquid investments are valued at the lower of cost and market.

Financial instruments
Fixed interest has been achieved to a small degree in the form of extending loans with interest rate swaps. The effect on results of payment streams attributable to interest rate swaps is allocated to the period to which it refers. Financial items have thus not been affected by market valuation of interest rate swap agreements entered into.

Group contributions
Group contributions are valued according to the economic purport. Since the group contributions do not constitute compensation for goods or services, they are carried directly to retained earnings after deduction of their tax effect.

Stock options and subordinated convertible debenture loan
Stock options
Effect of stock options issued: the level of subscription prices at the beginning of 2003 as well as at the end of the year makes for no effect on dilution and key financial indicators.

Subordinated convertible debenture loan
Before dilution: The outstanding subordinated convertible debenture loan has not been converted to shares. This means that the Subordinated convertible debenture loan is regarded as an interest-bearing liability and interest thereon is charged to net financial items as a interest expense. After dilution: The subordinated convertible debenture loan is regarded as converted to shares in its entirety, which means that it is regarded as equity and the number of shares outstanding will increase as a result of conversion. The interest expense for the subordinated convertible debenture loan has been reversed, which means that the net of financial items has been improved.

New recommendations 2004
January 1, 2004 an new recommendation, RR 29 Compensation to employees, came into force. This recommendation is not believed to have any effect on the Company's Statement of Income and Balance Sheet.

Notes

Note 1 Revenues

	2003	2002
Group		
Rental revenue	322,504	96,461
Parent Company		
Revenues	10,981	–

Revenue in the Parent Company refers to invoiced administrative management to subsidiaries.

Operational leasing – The Group as lessor, MSEK		
Contractual rental revenue, year 1	113	79
Contractual rental revenue, years 2–5	254	160
Contractual rental revenue, after 5 years	15	19
	382	258

Property sales

The purchase money for properties sold amounts to SEK 204,300 thousand. The book value amounted to SEK 185,056 thousand and the result was SEK 19,244 thousand.

Note 2 Property expenses

	2003	2002
Group		
Operating and maintenance costs	–120,968	–31,501
Property taxes and site leasehold fees	–12,278	–3,991
	–133,246	**–35,492**

Note 3 Employees, personnel costs and fees to the Board of Directors and Auditors

Average number of employees	2003	Of whom men	2002	Of whom men
Parent Company				
Sweden	8	50%	4	50%
Parent Company total	8	50%	4	50%
Subsidiaries				
Sweden	17	65%	13	76%
Subsidiary total	17	65%	13	76%
Group total	**25**	**60%**	**17**	**70%**

At year-end 2003 the Board of Directors in the Parent Company consisted of 8 members (4), 1 of whom was a woman (0). The number of senior managers in the Parent Company was 4 (4), of whom 0 women (0).

Salaries, other compensation and social benefits

	2003		2002	
	Salaries & remunra-tions	Social security expense	Salaries & remunera-tions	Social security expense
Parent Company	6,414	3,260	5,743	4,941
• (of which pension cost)[1)]		(1,165)		(3,054)
Subsidiaries	5,952	2,819	3,876	1,712
• (of which pension cost)		(700)		(457)
Group total	**12,366**	**6,079**	**9,619**	**6,653**
• (of which pension cost)[2)]		(1,865)		(3,511)

1) 276 of the Parent Company's pension costs (last year 1,843) refers to the group Board of Directors and President.

2) 276 of the Group's pension costs (last year 2,143) refers to the group Board of Directors and President.

Salaries and other compensation distributed among Directors, President and other employees

	2003		2002	
	Board of Directors and President	Other employees	Board of Directors and President	Other employees
Parent Company	2,099	4,314	4,210	1,533
• (of which bonus, etc.)	(305)	(–)	(–)	(–)
Parent Company total	2,099	4,314	4,210	1,533
• (of which bonus, etc.)	(305)	(–)	(–)	(–)
Subsidiaries	(–)	5,952	1,204	2,672
• (of which bonus, etc.)	(–)	(–)	(–)	(–)
Subsidiary total	(–)	5,952	1,204	2,672
• (of which bonus, etc.)	(–)	(–)	(–)	(–)
Group total	**2,099**	**10,266**	**5,414**	**4,205**
• (of which bonus, etc.)	(305)	(–)	(–)	(–)

Compensation to members of senior management

Compensation and benefits to the President & CEO and other members of senior management are decided by the Company's Board of Directors. The Board of Directors received a fee of SEK 600 thousand (700) to be distributed among the members of the Board of Directors. The fee to the Chairman amounts to SEK 150 thousand and the fee to other directors is SEK 75 thousand. No director's fee is paid to a director, who is in the Company's employment.

Compensation to the President & CEO

The President & CEO has received a salary and the benefit of a company car totaling SEK 1,223 thousand. The President & CEO has also received a result-based salary amounting to SEK 305,000. The result-based salary of the President & CEO amounts to one percent of the Company's profit before taxes, to the extent that amount exceeds set operational goals for the property management operations. The maximum bonus is SEK 500 thousand per year.

The President & CEO has the right to a company car. While in the employment of the Company, the pension premium amounts to 25 percent of the pensionable salary. By pensionable salary is meant basic salary. The retirement age of the President & CEO is 65 years.

The following periods of notice apply to the President & CEO: in the event of termination at the Company's initiative, the period of notice is 12 months; in the event of termination at the President's initiative, the period of notice is 6 months. In the event of termination at the Company's initiative, the period of notice is 12 months. In the event of termination at the Company's initiative, full salary and benefits as described above is payable during the period of notice. The compensation is reduced by any income earned from other employer. In the event of termination at the President's initiative, full salary and benefits is payable during the period of notice while the employment continues.

Compensation to other members of senior management

The other members of senior management (three persons during 2003) were paid a total basic salary of SEK 2,461 thousand during the year. No variable compensation is paid. One person has the right to a company car and home service. During the period of employment with the Company, the pension premium will amount to 15–25 percent of the pensionable salary. By pensionable salary is meant basic salary. The retirement age of the other members of senior management is 65 years.

Members of senior management have the same periods of notice and compensation as described above during the period of notice as the President & CEO.

Note 3 cont.

Fee and reimbursement to the auditors

	Group		Parent Company	
	2003	2002	2003	2002
Ernst & Young				
• Audit assignment	600	1,023	185	943
• Other assignments	785	81	690	81
Deloitte				
• Audit assignment	27	300	27	200
• Other assignments	1,263	577	1,263	577

From the regularly scheduled Annual General Meeting held April 23, 2003 only Ernst & Young is auditors in Klövern.

Note 4 Depreciation of tangible fixed assets

	2003	2002
Group		
Depreciation according to plan by class of asset		
• Equipment	–1,355	–515
	–1,355	**–515**
Parent Company		
Depreciation according to plan by class of asset		
• Equipment	–298	–8
	–298	**–8**

Note 5 Other items affecting comparability

	2003	2002
Group		
Restructuring costs	–	–5,968
Gain on sale of subsidiaries	–	149,394
	–	**143,426**
Parent Company		
Restructuring costs	–	–5,968
Gain on sale of subsidiaries	–	149,394
	–	**143,426**

Amounts during 2002 applies to the restructuring of the former Adcore Group.

Note 6 Interest income and similar items

	2003	2002
Group		
Interest income, Group companies	–	–
Interest income, other	3,767	2,684
	3,767	**2,684**
Parent Company		
Interest income, Group companies	–	–
Interest income, other	254	2,415
	254	**2,415**

Note 7 Interest expense and similar items

	2003	2002
Group		
Interest expense, Group companies	–	–
Interest expense, other	–107,166	–36,298
	–107,166	**–36,298**
Parent Company		
Interest expense, Group companies	–	–
Interest expense, other	–3,976	–4,740
	–3,976	**–4,740**

Note 8 Tax expense in the year's result

Group	2003	2002
Current taxes	–24,968	4,286
Deferred tax expense on temporary differences	–	–4,472
Deferred tax revenue on capitalized tax value of tax loss carryforward	24,752	43,692
Reported tax expense	**–216**	**43,506**

Difference between actual tax expense and tax expense according to current percentage rate

Group	2003
Reported profit before taxes	*86,826*
Tax according to current rate (28%)	–24,311
Deferred tax revenue during the year	24,752
Tax effect of costs that are not tax deductible	–657
Total reported taxes in the Group	**–216**

Note 9 Equipment

	Group	Parent Company
Accumulated acquisition cost		
Opening balance	12,720	40
Purchases	2,176	1,530
Acquisition of subsidiaries	61	–
Sales and disposals	–400	–
	14,557	**1,570**
Accumulated depreciation according to plan		
Opening balance	–7,359	–8
Acquisition of subsidiaries	–42	–
Sales and disposals	380	–
Year's depreciation according to plan on acquisition values	–1,355	–298
	–8,376	**–306**
Reported value at the end of the period	**6,181**	**1,264**

Note 10 Shares in Group companies

	2003	2002
Accumulated acquisition values		
Opening balance	181,226	200
Purchases	1,766	181,126
Distribution/Sales	–	–100
Reported value at end of period	**182,992**	**181,226**

Specification of the Parent Company's and the Group's holdings of shares in subsidiaries

Subsidiary / Org. no. / Registered office	Number of shares	Stake in %1)	Book value
StrandFastigheter i Nyköping AB, 556542-0098, Nyköping	80,000	100	126,395
StrömFastigheter i Norrköping AB, 556603-1067, Norrköping	104,000	100	53,631
Klövern Adam AB, 556494-9699, Nyköping	1,000	100	100
Klövern Barkenlund AB, 556554-8772, Stockholm	1,000	100	1,766
Klövern Bobby AB, 556494-9780, Nyköping	1,000	100	100
Klövern Ett AB, 556610-3106, Stockholm	1,000	100	100
Handelsbolaget Klövern Hattmakaren 15, 916463-6996, Falun		99.9	
Fastighetsbolaget Klövern Kitteln Handelsbolag, 916577-3186, Örebro		99.9	
Handelsbolaget Klövern Lyran 2, 916476-8914, Umeå		99.9	
Fastighetsbolaget Cylindern Handelsbolag, 916623-1507, Malmö		99.9	
Kommanditbolaget Klövern Tornadon, AB Pionen & Co, 916572-9667, Karlstad		99.9	
Klövern Malmbjörken Kommanditbolag, 969631-7339, Nacka		99.9	
Klövern Skaftö 1 Kommanditbolag, 916839-8437, Göteborg		99.9	
Klövern Skaftö 8 Kommanditbolag, 969620-8850, Göteborg		99.9	
Klövern Skaftö Kommanditbolag 9, 969620-8868, Göteborg		99.9	
Klövern Kyrkängen 9 Kommanditbolag, 969618-0687, Nacka		99.9	
Klövern Tre Liljor 16 Kommanditbolag, 969618-0752, Värnamo		99.9	
Klövern Tygvävaren 4 Kommanditbolag, 969618-0703, Nacka		99.9	
Klövern Posthornet Kommanditbolag, 969677-2582, Nacka		99.9	
Klövern Valhalla 2:19 Kommanditbolag, 916610-6824, Nacka		99.9	
Klövern Komp Ett AB, 556613-4085, Stockholm	1,000	100	100
• Klövern Komp Ett AB owns 0.1 % of above mentioned partnerships and limited partnerships			
Other subsidiaries, inactive			800
			182,992

1) Refers to the ownership stake of capital, which is also equivalent to the proportion of votes for the total number of shares outstanding.

Note 11 Equipment

	Group	Parent Company
Accumulated acquisition cost		
Opening balance	–	165,000
Receivables added	–	300,368
Reported value at end of period	**–**	**465,368**

Note 12 Deferred tax claim

Group	Deferred tax claim	Deferred tax liability	Net
Opening balance	200,000	–	200,000
Current taxes	–	–24,752	–
Deferred tax revenue on during the year capitalized tax value of tax loss carryforwards	24,752	–	–
Setoff	–24,752	24,752	–
Reported value at end of year	**200,000**	**0**	**200,000**

Deferred tax claim is in its entirety attributable to tax loss carryforwards. The valuation of the deferred tax claim is based on the assessment of the Board of Directors of the Company's current earnings capacity.

Note 13 Inventories

The tax assessment value of the properties amounts to a total of 1,743,998, of which the building value is 1,454,979. The residual value of the buildings for tax purposes is 2,351,086.

Note 14 Shareholders equity

As of December 31, 2003 the share capital in Klövern amounted to SEK 337,041,610. The total number of shares outstanding is 67,408,322, divided into 3,723,239 class A shares and 63,685,083 class B shares, each with a nominal value of SEK 5. All shares are fully paid. Class A shares entitle their holders to one vote per share and class B shares entitle their holders to one tenth of one vote per share. All shares entitle their holders to the same rights to dividends. During 2002 Klövern issued a subordinated convertible debenture loan in the amount of MSEK 50. The loan falls due for maturity June 30, 2004 and conversion to class B shares may be effected August 15, 2002 – June 18, 2004 at a conversion price of SEK 11 per share. Upon full conversion due to the debenture, a total of 4,545,455 class B shares may be added. As of December 31, 2003, 90,500 had been added as a result of conversion; an additional 4,454,955 shares may thus be added upon conversion after December 31, 2003.

During 2002 the then Adcore issued a remaining warrant program. Upon full utilization of all warrants, the number of shares outstanding will increase by 354,000. Subscription may be effected during the period October 1 – November 30, 2004. The level of the subscription price for the shares render dilution and ratios unaffected as of December 31, 2003.

During January and February 2004 all shares have been converted to common shares with one vote per share, new issues have been made and a portion of the subordinated convertible debenture loan has been redeemed for shares.

Change in share capital

	Date	Number of class A shares	Number of class B shares	Number of common shares	Par value SEK/share	Share capital, SEK
Opening balance	**1/1/3**	**2,583,239**	**38,740,741**	**–**	**5**	**206,619,900**
Conversion of class B shares to class A shares	4/3/03	1,140,000	–1,140,000	–	5	0
Non-cash issue of class B shares	8/15/03	–	14,007,690	–	5	70,038,450
Non-cash issue of class B shares	8/15/03	–	5,538,460	–	5	27,692,300
Redemption of convertible loan to class B shares	9/25/03	–	90,500	–	5	452,500
Non-cash issue of class B shares	10/17/03	–	6,447,692	–	5	32,238,460
Closing balance	**12/31/03**	**3,723,239**	**63,685,083**	**–**	**5**	**337,041,610**
Conversion of class A shares to class B shares	1/12/04	–3,723,239	3,723,239	–	5	0
Redemption of convertible loan to class B shares	1/19/04	–	182,000	–	5	910,000
Non-cash issue of class B shares	2/13/04	–	4,180,000	–	5	20,900,000
Conversion of class B shares to common shares	2/18/04	–	–71,770,322	71,770,322	5	0
New issue of common shares	2/18/04	–	–	12,725,995	5	63,629,975
As of February 18, 2004	**2/18/04**	**–**	**–**	**84,496,317**	**5**	**422,481,585**

Dividend

The Board of Directors of Klövern AB proposes to the Annual General Meeting that a dividend of SEK 0.50 per share be paid, a total of MSEK 44.4. The amount is based on the total number of shares outstanding (84,96,317) after new issues during 2004 and the shares (4,272,55) that may be added as a result of conversion of the remaining outstanding convertible debenture.

Note 15 Other provisions

Other provisions refer to provisions for disputes or commitments. The size of provisions set aside is equivalent to the Company's best assessment of (a) the probability that such disputes and commitments will result in utilization of the Company's (or its subsidiaries') resources, and (b) the currently estimated cost to settle such dispute or commitment. The provision for disputes was reduced during the year by SEK 6,465 thousand because of settlement of certain prior disputes for which provisions had been set aside. These settlements had no effect on earnings.

Other provisions	Group	Parent Company
Opening balance	18,700	18,700
Settlement of disputes	–6,465	–6,465
Reported value at end of period	**12,235**	**12,235**

Note 16 Convertible loan

The Company has an outstanding loan convertible into new subscription as follows:

Convertible note, SEK 49,005 thousand

May be exchanged for Class B shares with 0.1 vote per share with a nominal value of SEK 5. The conversion price is SEK 11 per share. Conversion may be effected during the period August 15, 2002 until June 18, 2004, inclusive. The loan carries interest at a rate of 6.25 percent p.a. The loan was issued during 2002 and amounted to SEK 50,000 thousand. As of December 31, 2003 a loan amount of SEK 995 thousand had been converted to 90,500 class B shares.

Note 17 Other liabilities to credit institutions, long-term

	Group	Parent Company
Due date, 1–5 years from the balance sheet date	1,397,355	1,860
Due date, later than five years from the balance sheet date	647,378	–
	2,044,733	**1,860**

The during which interest is fixed has to a lesser degree as loans totaling MSEK 34.5 with short periods of fixed interest have been extended via interest rate swaps. When interest rate swaps are used to achieve fixed-interest financing, thereby hedging future interest payments, a market value of the swap arises. This market value varies depending on changes in market interest rates and also depending on the remaining time to maturity of the interest rate swap.

The market value of Klövern's interest rate swaps amounted to MSEK –0.4 at year-end. In accordance with Klövern's accounting principles the market value of the interest rate swaps is not reported in the financial statements. Interest is instead charged over the life of the interest rate swaps.

Financial risks

Financial risks are managed within the framework of the financial policy adopted by the Board of Directors. The following risks are identified in this financial policy:

Interest risk

By interest risk is meant the risk of impact on earnings of changes in market interest rates. How a change in market rates affects earnings largely depends on periods of fixed interest chosen. The average period of fixed interest for Klövern was 2.4 years at year-end.

Klövern's financial policy contains a rule to the effect that the total interest rate risk in the debt portfolio must not be greater than if a change of the variable interest rate by one percentage point causes more than 0.3 percent change of the average interest rate on the total loan portfolio. If the variable interest as of December 31, 2003 had been one percentage point higher, Klövern's total interest cost for 2004 would have increased by MSEK 5, or 0.2 percent of the total debt portfolio.

Currency risk

By currency risk is meant the risk of impact on the net of financial items of changes in foreign exchange rates. Klövern has no currency risk since all borrowing is done in SEK.

Refinancing risk

Refinancing risk is the risk that financing is not available, or available only at very onerous terms at a certain point in time.

To minimize the financing risk in accordance with Klövern's financial policy, credit agreements have been concluded with principal credit institutions. The maturity dates of loans have also been spread over several years. At year-end the average period of fixed interest was 4.5 years.

Counterparty risk

By counterparty risk is meant the risk the a counterparty is unable to perform delivery or payment. Counterparty risks arise in financial operations mostly in investing liquidity surpluses, interest rate swap agreements and in the case of long-term credit commitments. In order to minimize counterparty risks Klövern works, in accordance with its financial policy, only with banks and credit institutions with a high credit rating.

Liquidity risk

By liquidity risk is meant the risk of not having access to liquid funds to fulfill one's payment obligations. Klövern prevents the liquidity risk by maintaining good liquidity and having access to the necessary credit.

Note 18 Pledged assets to credit institutions

	Group	Parent Company
Real estate mortgages	2,324,162	–
Corporate mortgages	5,000	–
Escrow funds	76,316	–
	2,405,478	**–**

Note 19 Other liabilities, long-term

	Group	Parent Company
Due date, 1–5 years from the balance sheet date	32,026	
Due date, later than five years from the balance sheet date	190,103	–
	222,129	**–**
Pledged assets for other liabilities		
• Real estate mortgages	23,500	–

Note 20 Accrued expenses and prepaid income

	Group	Parent Company
Invoiced rents for the first quarter 2004/2003	51,766	–
Accrued interest expense	23,980	1,562
Property taxes	2,672	–
Estimated stamp duty on property acquisitions	861	–
Other items	12,369	1,607
	91,648	**3,169**

Nyköping, March 8, 2004

Stefan Dahlbo
Chairman

Gustaf Hermelin
President & CEO

Lars Holmgren

Anna-Greta Lundh

Erik Paulsson

Bo Pettersson

Johan Piehl

Anders Swensson

Our audit report was submitted March 9, 2004

Ernst & Young AB

Björn Fernström
Authorized Public Accountant

Audit Report

To the Annual General Meeting in Klövern AB (publ)
Organization number 556482-5833

I have examined the Annual Accounts, the consolidated financial statements, the accounting records and the management by the Board of Directors and the President of Klövern AB (publ) for the financial year ending December 31, 2003. Responsibility for the accounting records and management rests with the Board of Directors and the President. My responsibility is to render my opinion on the Annual Accounts, the consolidated financial statements and the management based on my audit.

The audit was performed in accordance with generally accepted auditing standards in Sweden. This means that I have planned and performed the audit in such a way as to get reasonable assurance that the Annual Accounts and the consolidated financial statements contain no material errors. The audit procedure includes examination of a sample of supporting documentation for amounts and other information in the accounting records. An audit also includes a test of the accounting principles, and the Board of Director's and the management's application thereof, and forming an opinion of the aggregate information contained in the Annual Accounts and the consolidated financial statements. I have examined significant decisions, actions and circumstances in the company to allow us to form an opinion as to whether any Director or the President is liable for damages to the company, or in any other way has acted contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. I am of the opinion that my audit gives me a reasonable ground for my statements below.

The Annual Accounts and the consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act and therefore provide a true and fair picture of the Company's and the Group's performance and financial position in accordance with generally accepted accounting standards in Sweden.

I recommend that the Annual General Meeting adopts the Statement of Income and the Balance Sheet for the Parent Company and the Group, deals with the profit in the Parent Company in accordance with the recommendation contained in the Administration Report and that the members of the Board of Directors and the President be granted discharge from liability for the financial year.

Stockholm, March 9, 2004

Ernst & Young AB

Björn Fernström
Authorized Public Accountant

Key financial indicators

Key financial indicators for the Group

	2003 12 months Jan.–Dec.	2002 12 months Jan.–Dec.
Return on equity before items affecting comparability and taxes, before dilution, %	12.1	7.0
Return on equity before items affecting comparability and taxes, after dilution, %	11.8	7.0
Return on equity before dilution, %	12.1	64.8
Return on equity after dilution, %	11.7	60.6
Earnings per share before items affecting comparability and taxes, before dilution, SEK	1.74	1.71
Earnings per share before items affecting comparability and taxes, after dilution, SEK	1.65	1.61
Earnings per share before dilution, SEK	1.73	15.76
Earnings per share after dilution, SEK	1.65	13.98
Visible equity per share at end of period before dilution, SEK	13.48	12.64
Visible equity per share at end of period after dilution, SEK	13.31	12.47
Equity ratio at end of period before dilution, %	26.9	23.4
Equity ratio at end of period after dilution, %	28.4	25.6
Interest coverage ratio, times	1.8	5.6
Debt equity ratio, times	2.5	3.0
Leverage, properties, %	78	80
Number of shares outstanding at end of period before dilution, million	67.4	41.3
Number of shares outstanding at end of period after dilution, million	71.9	45.9
Average number of shares outstanding before dilution, million	50.0	13.3
Average number of shares outstanding after dilution, million	54.5	15.1

Key financial indicators, properties

	12/31/2003	12/31/2002
Rentable space, square meters	588,105	389,601
Rental value, annual basis, MSEK	434	291
Rental revenue, annual basis, MSEK	382	258
Book value of properties, MSEK	2,890	1,876
Economic vacancy rate, %	12	11
Vacancy rate by area, %	15	14

Board of Directors

Stefan Dahlbo, born 1959
Chairman since 2002.
Executive Vice President, Investment AB Öresund.
Other assignments: Chairman, HQ Fonder AB. Director, Hagströmer & Qviberg AB, Johnson Pump AB and Wihlborgs Fastigheter AB.
Share ownership in Klövern: 27,666 shares, privately and via company.

Erik Paulsson, born 1942
Director since 2002.
President and CEO, Wihlborgs Fastigheter AB.
Other assignments: Chairman, SkiStar AB. Director, Wihlborgs Fastigheter AB and Nolato AB.
Share ownership in Klövern: 1,793,201 shares, privately and via company.

Gustaf Hermelin, born 1956
Director since 2003.
President and CEO, Klövern AB.
Other assignments: None
Share ownership in Klövern: 2,585,235 shares, privately and via company.

Bo Pettersson, born 1958
Director since 2003.
Other assignments: Chairman, Catella Capital.
Share ownership in Klövern: 0 shares.

Lars Holmgren, born 1952
Director since 2003.
Chief Financial Officer, LRF Lantbrukarnas Riksförbund.
Other assignments: Among others chairman, SwedeAgri Finance AG, LRF Samköp AB, LRF Leasing AB. Director, Bostadsinvest i Haninge AB, Spira AB, LRF Försäkring Skadeförsäkringsaktiebolag and LRF Reinsurance AG.
Share ownership in Klövern: 0 shares.

Johan Piehl, born 1955
Director since 2003.
President and CEO, Förvaltnings AB Charrow.
Other assignments: Director, HQ Fonder AB.
Share ownership in Klövern: 580,000 shares, privately and via company.

Anna-Greta Lundh, born 1955
Director since 2003.
President and CEO, Länsförsäkringar Södermanland.
Other assignments: Director, Länsförsäkringar AB.
Share ownership in Klövern: 4,000 shares, privately.

Anders Swensson, born 1955
Director since 2003.
Other assignments: Director, Connecta AB.
Share ownership in Klövern: 2,947,955 shares, via company.

All shareholdings as of March 4, 2004

Management and Auditors

Senior Management

Anders Lundquist, Gustaf Hermelin, Thomas Nilsson, Caesar Åfors and Britt-Marie Einar.

Gustaf Hermelin, born 1956.
President and Chief Executive Officer.
Employed by Klövern since 2002.
Share ownership in Klövern:
2,585,235 shares, privately and via company.

Anders Lundquist, born 1963.
Chief Financial Officer.
Employed by Klövern since 2002.
Share ownership in Klövern:
3,066 shares, privately.

Thomas Nilsson, born 1951.
Real Estate Manager.
Employed by Klövern since 2002.
Share ownership in Klövern:
500,991 shares, via company.

Caesar Åfors, born 1959.
Finance Manager.
Employed by Klövern since 2002.
Share ownership in Klövern:
661,464 shares, via company.

Britt-Marie Einar, born 1965.
Corporate Communications Officer.
Employed by Klövern since 2004.
Share ownership in Klövern:
1,000 shares, privately.

Auditor

Ernst & Young AB
Björn Fernström, born 1950.
Authorized Public Accountant.
The Company's auditor since 2000.

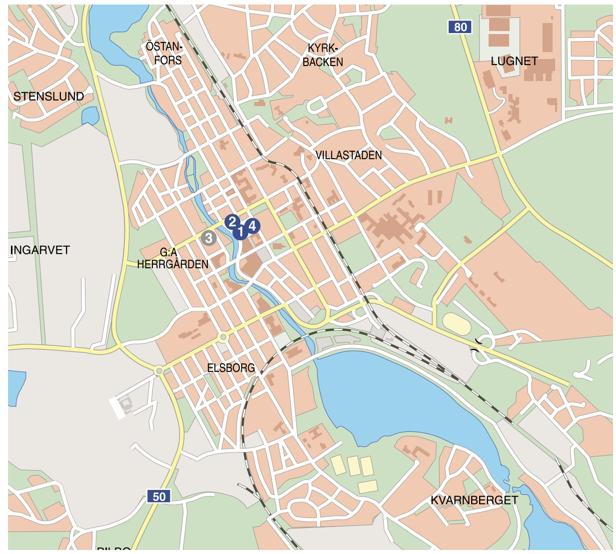
Specification of properties

Map reference	Municipality	Property	Address	Building year/ appraisal year	Office, sq.m.	Industrial/ warehouse, sq.m.	Retail, sq.m.	Education, sq.m.	Residential, sq.m.	Other, sq.m.	Total, sq.m.	Rental value, MSEK	Tax assessment, MSEK	Economic occupancy rate, %
	Bollnäs	Gärdet 6:4	Postgränd 5	1983	761	1,045	429	–	–	–	2,235	1.9	6.3	77
	Borgholm	Höken 2	Ö Kyrkogatan 29, 31	1983	1,478	–	–	–	–	230	1,708	1.4	7.4	65
	Borgholm	Ryssland 7	Storgatan 17	1990	396	–	263	–	–	–	659	0.7	3.4	80
	Enköping	S:t Ilian 23:4	Drottninggatan 42–44	1945	–	1,558	–	–	162	–	1,720	1.3	0.0	99
1	Eskilstuna	Eskilshem 1:8	Nystrandsgatan 3	1972	190	–	1,915	–	–	1,470	3,575	0.9	5.9	0
2	Eskilstuna	Nötknäpparen 24	Gustafsvägen 5 A	1956	–	185	1,899	–	–	180	2,264	0.6	1.8	100
3	Eskilstuna	Valhalla 2:19	Fraktgatan 11	1974	365	–	1,507	–	–	–	1,872	0.9	2.5	92
4	Eskilstuna	Valpen 3	Björksgatan 5–7	1993	–	4,134	–	–	–	–	4,134	4.9	0.0	100
5	Eskilstuna	Vågskålen 24	Kriebsensgatan 5	1936	100	–	77	2,310	1,062	–	3,549	4.3	26.2	94
1	Falun	Hattmakaren 15	Östra Hamngatan 32, Slaggatan 13	1979	2,039	–	667	–	–	–	2,706	2.3	11.8	87
2	Falun	Hattmakaren 16	Nybrogatan 21	1980	2,350	455	953	–	–	–	3,758	3.7	15.1	100
3	Falun	Kardmakaren 21	Engelbrektsg 50–56	1990	1,110	47	–	–	5,095	–	6,252	7.0	31.6	100
4	Falun	Sparbanken 7	Åsgatan 39, Mäster Pers Gränd 1	1929	892	88	659	648	–	545	2,832	2.2	11.0	87
	Gävle	Brynäs 12:1	Fältskärsleden 10	1972	2,018	4,090	133	–	–	–	6,241	5.3	0.0	92
	Halmstad	Kilot 1	Bolmensgatan 1	1986	1,282	5,612	–	–	–	–	6,894	4.9	0.0	88
	Härnösand	Tullen 10	Köpmangatan 13	1983	2,320	2,172	–	–	–	–	4,492	3.1	15.3	51
1	Kalmar	Bryggaren 2, 24	Storgatan 46, 50	1986/87	578	–	–	–	144	–	722	0.6	3.7	96
2	Kalmar	Fredriksdal 1	Smedjegatan 2	1982	–	3,498	–	–	–	–	3,498	2.7	0.0	100
3	Kalmar	Guldfisken 2	Esplanaden 30	1947	2,953	76	–	–	–	–	3,029	2.5	10.1	96
4	Kalmar	Korpen 18	Fabriksgatan 31	1976	3,338	–	–	–	–	398	3,736	3.6	18.9	70
5	Kalmar	Korpen 20	Fabriksgatan 29, Nygatan 30	1979	3,908	563	–	1,911	–	–	6,382	5.9	26.6	90
6	Kalmar	Lärlingen 5	Kaggensgatan 40 B–D, 42, 44, Strömgatan 7B, C	1960	3,763	58	748	–	–	–	4,569	4.4	20.0	91
7	Kalmar	Mästaren 28	Fiskaregatan 20, Kaggensgatan 30	1962	585	21	746	–	–	–	1,352	1.6	7.8	97
8	Kalmar	Tenngjutaren 1	Larmgatan 40, Strömgatan 2	1979	1,364	–	–	–	297	–	1,661	1.4	7.1	100
	Karlskrona	Ingenjören 7	Blåportsgatan 7	1984	–	1,818	–	–	–	–	1,818	1.7	0.0	100
1	Karlstad	Barkassen 7	Lagergrens gata 4	1990	4,623	–	236	–	–	–	4,859	4.4	31.6	44
2	Karlstad	Barkassen 8	Lagergrens gata 2	1990	7,711	–	–	–	–	–	7,711	9.1	55.2	100
3	Karlstad	Gångjärnet 2	Blockgatan 29	1964	157	3,379	–	–	–	–	3,536	1.8	5.1	100
4	Karlstad	Hammaren 21	Gjuterigatan 27–29	1990	774	1,172	–	–	–	–	1,946	1.1	4.4	94
5	Karlstad	Herrhagen 1:10	Hamnpirsgatan 4	1986/87	1,470	50	–	–	–	–	1 520	1.1	4.8	81
6	Karlstad	Kanoten 6&9	Kanikenäsbanken 12	1990	8,894	–	–	–	–	–	8,894	8.1	58.7	100
7	Karlstad	Monitorn 9	Ö:s Torggatan 2A	1993	3,042	8	154	–	–	–	3,204	4.6	25.6	92
8	Karlstad	Passadvinden 3	Regnvindsgatan 17	1990	1,547	2,164	–	–	–	–	3,711	1.9	7.2	91
9	Karlstad	Skepparen 15	Orrholmsgatan 4–6	1954	16,610	2,454	–	2,789	–	–	21,853	17.7	0.0	83
10	Karlstad	Stolpen 1	Ventilgatan 5	1964	4,329	–	–	–	–	–	4,329	3.7	6.2	93
11	Karlstad	Sågen 1	Faktorigatan 13, Industrigatan 1	1986	3,283	–	–	–	–	–	3,283	2.9	14.4	100
12	Karlstad	Sågen 2	Faktorigatan 15	1988	1,735	–	–	–	–	–	1,735	1.5	7.4	100
13	Karlstad	Sälgen 6	Älvgatan 39	1949	1,574	–	–	–	–	–	1,574	0.9	6.0	0
14	Karlstad	Tornadon 2	Blekegatan 9	1975	–	12,605	–	–	–	–	12,605	4.5	19.8	79
15	Karlstad	Ugnen 1	Sågverksgatan 32	1989	951	784	–	–	–	–	1,735	0.9	2.7	100
	Katrineholm	Nejlikan 13	Fredsgatan 30–32	1951	288	1,500	–	–	592	185	2,565	2.6	0.0	96
	Katrineholm	Rådmannen 3	Västgötagatan 16	1955/78	–	18,272	–	–	–	180	18,452	8.2	15.8	99
	Kristianstad	Kristiansstad 5:56	Vattentornsvägen 9	1972	–	1,783	–	–	–	–	1,783	1.4	0.0	100
	Kristinehamn	Uroxen 14	Kungsgatan 28	1954	1,475	1,404	124	–	–	–	3,003	1.9	8.2	82
	Kumla	Transistorn 2	Montörgatan 2, Radiogatan 9	1972/98	–	35,521	–	–	–	–	35,521	23.0	59.4	100
	Köping	Drotten 2	V:a Långgatan 6	1988	2,022	1,579	–	–	–	–	3,601	3.3	13.6	100
1	Linköping	Brevduvan 17	Kungsgatan 20	1918	7,786	80	–	–	257	20	8,143	8.8	60.2	99
2	Linköping	Elden 12	Läroverksgatan 30, Storgatan 58	1969	1,280	70	242	–	1,004	–	2,596	2.2	12.3	99
3	Linköping	Glasberget 1	Attorpsgatan 5	1990	7,354	595	–	1,270	–	–	9,219	8.1	36.0	90
4	Linköping	Guvernören 13	Norra Oskarsgatan 18	1968/71	2,086	1,139	–	–	–	–	3,225	1.4	5.8	89
5	Linköping	Gymnasten 2	Roxengatan 7	1977	1,727	–	–	–	–	310	2,037	1.8	8.5	85

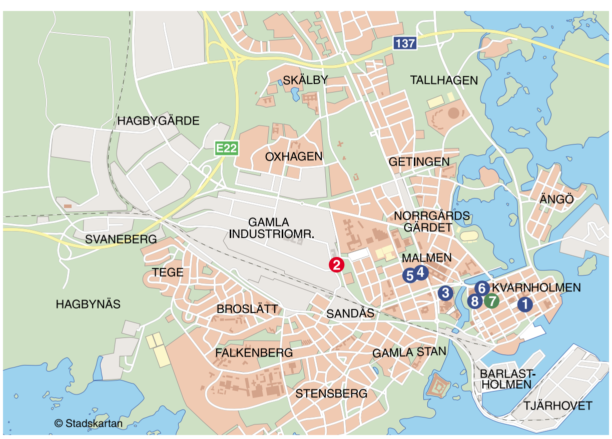
Office Industrial/warehouse Retail Education Residential

Eskilstuna

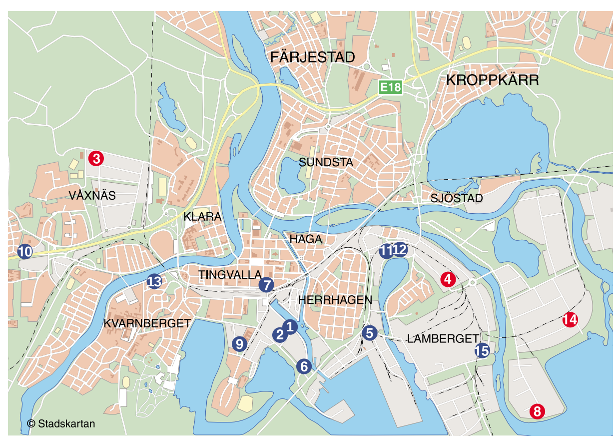
Falun



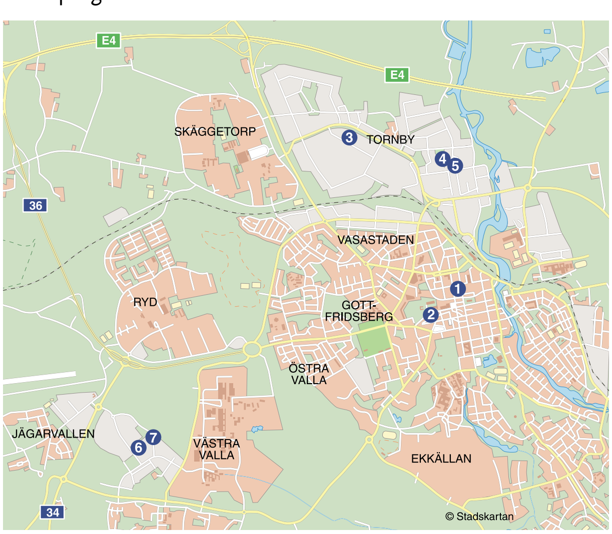
Kalmar



Karlstad



Linköping



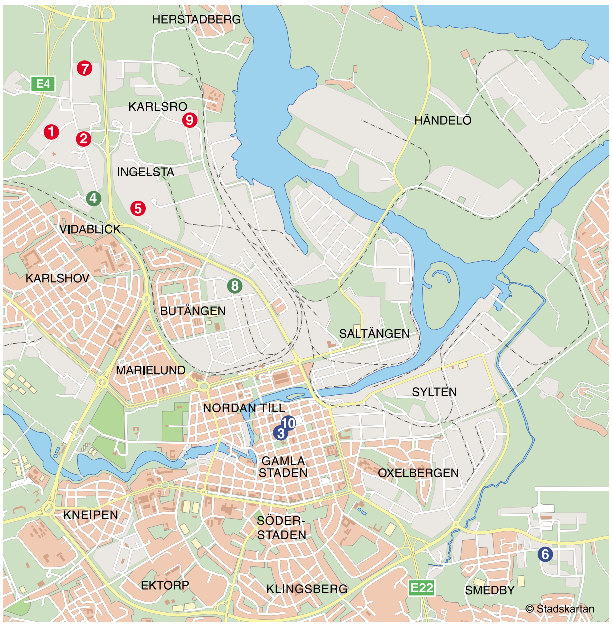
Office
Industrial/warehouse
Retail
Education
Residential

Specification of properties

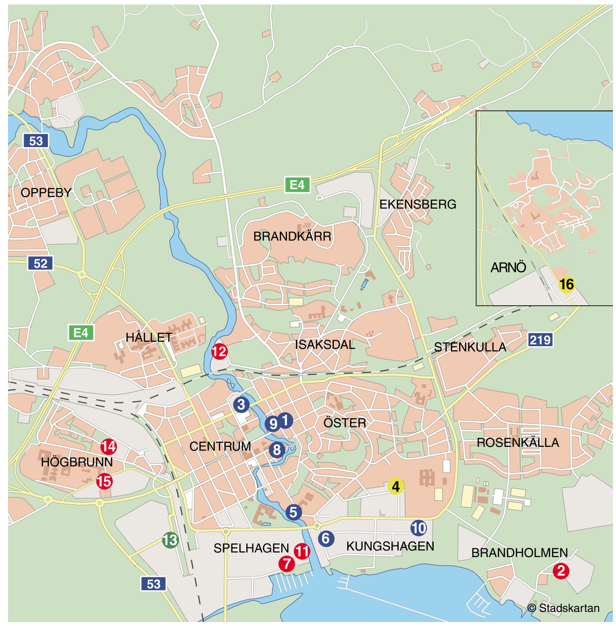
Map reference	Municipality	Property	Address	Building year/ appraisal year	Office, sq.m.	Industrial/ warehouse, sq.m.	Retail, sq.m.	Education, sq.m.	Residential, sq.m.	Other, sq.m.	Total, sq.m.	Rental value, MSEK	Tax assessment, MSEK	Economic occupancy rate, %
6	Linköping	Idétävlingen 2	Datalinjen 2, Teknikringen 8	1990	15,042	1,500	–	–	–	570	17,112	16.0	135.9	35
7	Linköping	Idétävlingen 4	Wallenbergsgata 4	2000	5,539	–	–	–	–	–	5,539	8.5	37.6	78
	Luleå	Djuret 3	Blomgatan 17–19	1983	481	6,777	107	–	15	180	7,560	4.9	0.0	99
	Luleå	Råttan 18	Kungsgatan 19–23	1953	3,387	437	–	–	–	10	3,834	3.3	20.5	99
	Lycksele	Stadshuset 7	Storgatan 24	1985	325	816	394	–	–	50	1,585	1.6	5.7	92
	Mark	Kyrkängen 9	Kyrkogatan 2	1929	–	–	653	–	–	–	653	0.9	2.8	100
	Mörbylånga	Färjestaden 1:292	Storgatan 26	1985	200	–	–	–	–	–	200	0.2	0.6	100
1	Norrköping	Bronsen 2	Tenngatan 4	1971	3,534	4,625	–	890	–	–	9,049	4.7	19.3	85
2	Norrköping	Malmen 5	Koppargatan 18	1979/82	718	2,836	312	–	–	–	3,866	1.9	6.9	83
3	Norrköping	Pelikanen 14	Hospitalsgatan 20	1972	1,861	–	–	–	–	–	1,861	1.4	5.9	78
4	Norrköping	Platinan 1	Platinagatan 1	1988	–	–	3,875	–	–	–	3,875	1.8	6.5	100
5	Norrköping	Reläet 9	Ståthögavägen 48	1974/93	1,140	33,473	–	–	–	600	35,213	13.7	65.1	54
6	Norrköping	Rotfjärilen 1	Svärmaregatan 1–3	1992/93	3,751	1,994	–	–	–	–	5,745	4.7	13.6	85
7	Norrköping	Silvret 2	Koppargatan 28	1988/98	–	6,866	–	–	–	–	6,866	2.3	17.4	100
8	Norrköping	Spolaren 2	Maskingatan 10	1976	–	368	4,774	–	–	–	5,142	2.5	9.7	100
9	Norrköping	Stålet 3	Malmgatan 18	1969	910	9,216	–	–	–	–	10,126	4.0	0.0	78
10	Norrköping	Svärdet 8	Hospitalsgatan 17 mfl	1967	7,693	40	–	–	–	365	8,098	8.8	34.0	97
1	Nyköping	Bagaren 20	Östra Storgatan 5, S:t Annegatan 6	1962	1,155	–	423	–	–	392	1,970	1.4	6.6	63
2	Nyköping	Brandholmen 1:9	Pontongatan 11	1962	346	7,842	–	–	–	97	8,285	3.2	9.8	79
16	Nyköping	Fabrikatet 1,4,5	Materialvägen 3	1980	–	1,155	–	3,564	–	–	4,719	2.5	7.9	58
3	Nyköping	Fors 11	Repslagaregatan 43	1946/69	8,287	2,512	270	137	–	211	11,417	9.9	43.6	89
4	Nyköping	Furan 2	Domänvägen 11	1977/99	–	17	–	2,838	–	–	2,855	2.6	0.0	100
5	Nyköping	Kompaniet 29	Folkkungavägen 1	1986	1,827	–	–	–	–	–	1,827	1.9	8.7	96
6	Nyköping	Lansen 13, 4	Gasverksvägen 2, Östra Längdgatan 5 &7	1977/91	4,581	1,027	–	–	–	264	5,872	4.6	25.2	91
7	Nyköping	Nyköping Strand	Spelhagsvägen m fl	1940/87	12,856	29,731	–	3,655	–	–	46,242	21.8	72.4	99
8	Nyköping	Nyköpings Bruk 7	Västra Kvarngatan 62	1991	1,880	–	–	–	–	–	1,880	1.8	9.0	100
9	Nyköping	Riksbanken 5	Östra Storgatan 3	1991	2,187	90	–	–	–	–	2,277	2.4	10.6	86
10	Nyköping	Skölden 2	Gasverksvägen 15	1989	2,023	–	–	–	–	–	2,023	1.3	6.3	99
11	Nyköping	Spelhagen 1:7	Västra Skeppsbron 6	1929	1,637	3,780	–	–	–	–	5,417	1.7	4.2	98
12	Nyköping	Spinnerskan 2	Periodgången 11	1969	–	4,210	–	–	–	–	4,210	2.1	3.1	91
13	Nyköping	Stensötan 5	Idbäcksvägen 8B	1973	173	1,488	3,285	–	–	–	4,946	3.0	6.4	100
14	Nyköping	Stockrosen 7	Krukmakaregatan 4	1940	155	1,373	–	578	–	–	2,106	0.8	1.7	87
15	Nyköping	Säven 4	Norrköpingsvägen 9	1987	–	1,853	–	–	–	–	1,853	3.6	0.0	100
	Nässjö	Brevet 1	Storgatan 47	1980	600	2,856	1,155	–	–	–	4,611	2.3	11.9	91
	Nässjö	Posten 1	Postgatan 1A–1B	1955	1,992	–	1,062	–	99	–	3,153	1.6	9.0	56
	Sandviken	Säterjäntan 3	Västerleden 30	1987	–	933	–	–	–	–	933	0.9	0.0	100
	Sundsvall	Borgmästaren 10	Köpmangatan 19	1956	4,097	1,631	–	–	–	29	5,757	5.2	32.0	94
	Torsby	Vasserud 3:13	Vitsandsvägen 82	1975	–	3,334	–	–	–	–	3,334	0.7	4.4	100
	Umeå	Stigbygeln 2	Signalvägen 12	1973	–	3,959	–	–	–	–	3,959	3.2	0.0	100
1	Uppsala	Boländerna 21:4	Verkstadsgatan 10–14	1968	5,125	2,963	388	–	–	–	8,476	6.7	29.2	81
2	Uppsala	Boländerna 21:5	Verkstadsgatan 16	1998	–	–	3,384	–	–	–	3,384	3.4	27.7	100
3	Uppsala	Kungsängen 10:1	Kungsgatan 48–50	1920/66	5,520	1,664	781	–	28	952	8,945	11.1	57.8	94
4	Uppsala	Kvarngärdet 30:2	Kvarntorget 3	1964	670	–	3,120	–	–	354	4,144	3.9	25.0	91
	Västerås	Kol 13	Kopparbergsvägen 25	1955	1,258	2,858	223	–	95	–	4,434	4.3	20.0	94
1	Örebro	Barkenlund 11	Vasastrand 11	1989	2,604	202	–	–	–	–	2,806	2.9	15.5	100
2	Örebro	Fåraherden 1	Riagatan 1,3	1992	1,800	–	–	–	752	–	2,552	2.2	14.8	90
3	Örebro	Kitteln 11	Stortorget 7–9, Engelbrektsg 8	1964	4,276	70	5,434	–	597	2,078	12,455	15.7	87.6	96
4	Örebro	Oxbacken 7	Krontorpsgatan 1	1988	2,682	–	–	–	–	–	2,682	1.9	10.5	77
5	Örebro	Rådhuset 1	Drottninggatan 3, Engelbrektsgatan 2	1950	1,580	–	–	–	–	800	2,380	2.6	10.7	99
6	Örebro	Tennstopet 5	Drottninggatan 25, Våghustorget 1	1987	1,855	265	990	–	90	–	3,200	4.2	27.9	92
7	Örebro	Vindhjulet 3	Tunnlandsgatan 1–5	1970	17,223	91	–	1,683	–	–	18,997	15.7	60.8	93
	Östersund	Snäckan 25	Rådhusgatan 100	1985	1,959	1,423	–	–	–	–	3,382	2.8	0.0	51
Total					247,437	256,254	41,382	22,273	6,386	10,373	588,105	434.1	1,743.2	88

Office Industrial/warehouse Retail Education Residential

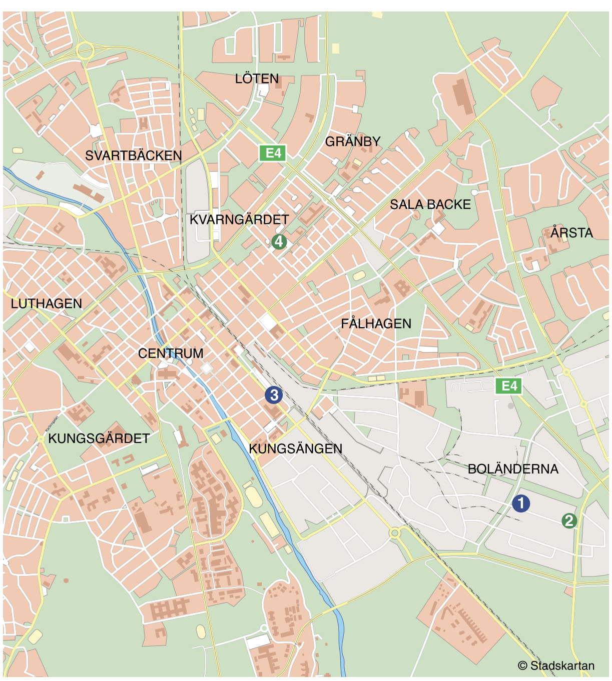
Norrköping



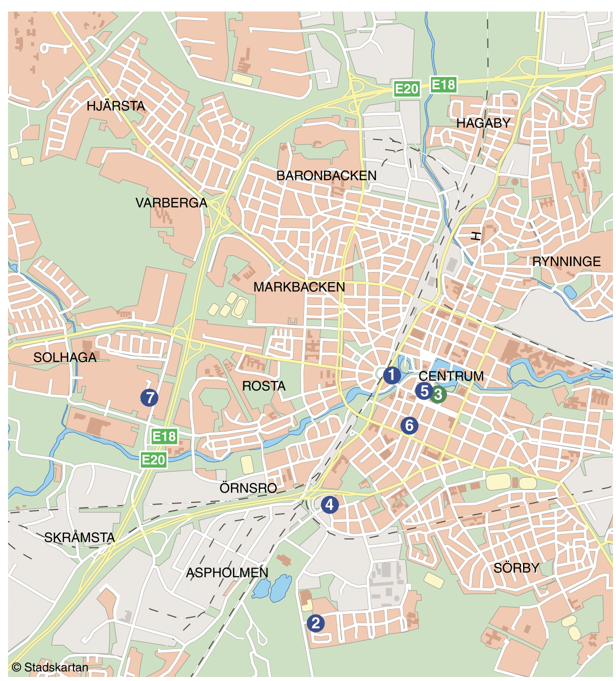
Nyköping



Uppsala



Örebro



Office Industrial/warehouse Retail Education Residential

Properties sold

Property	Municipality	Address	Building year/ appraisal year	Office, sq.m.	Industrial/ warehouse, q.m.	Retail, sq.m.	Education, sq.m.	Residen-tial, sq.m.	Other, sq.m.	Total, sq.m.	Rental value, MSEK
Tygvävaren 4	Alingsås	Lilla Torget 4	1929	318	24	852	–	–	–	1,194	0.9
Bryggaren 18	Västervik	Bredgatan 22–24	1911	655	1,553	65	–	231	–	2,504	1.9
Mejeriet 7	Ystad	Lagmansgatan 2	1972	–	1,097		–	–	–	1,097	0.6
Samskolan 2	Simrishamn	Storgatan 36	1985	267	–	258	–	–	–	525	0.7
Postiljonen 1 & 2	Karlsborg	Storgatan 9-3	1985	253	–	963	–	–	–	1,216	1.0
Vale 6	Umeå	Skolgatan 68	1974	254	3,051	132	–	–	968	4,405	4.0
Ran 6	Uddevalla	Edingsvägen 2	1980	806	1,246	250	–	–	–	2,302	1.4
Tre Liljor 16	Värnamo	Pinnstolsgatan 5	1978	242	–	1,016	–	–	–	1,258	1.1
Samskolan 5	Ängelholm	Lärkgatan 2A–2B	1953	355	2,091		–	–	–	2,446	2.0
Lejonet 14	Vetlanda	Stationsgatan 7A	1959	586	120	511	–	663	–	1,880	1.1
Björken 11	Oxelösund	Södra Malmgatan 16	1959	–	75	711	640	2,009	75	3,510	2.7
Pelikanen 8	Norrtälje	Posthusgatan 3–11	1969	4,343	35	1,085	–	100	–	5,563	5.4
Järnlodet 15	Norrtälje	Kyrkogatan 11	1951/92	1,790	–	1,526	–	161	75	3,552	3.0
Bageriet 13	Örebro	Fredsgatan 17 B–E, Slottsgatan 17B	1978	1,395	1,707	319	–	3,083	375	6,879	5.1
Kapellet 23	Heby	Kapellgatan 1	1973	–		571	–	–	–	571	0.5
Total				**11,264**	**10,999**	**8,259**	**640**	**6,247**	**1,493**	**38,902**	**31.4**

Definitions

Accounting-related

Calculation of ratios

Ratios based on the average number of shares outstanding are computed based on weighted averages. For ratios referring to 2003, due consideration was given to new issues in August and October, and conversion in September. In reported ratios after dilution, due consideration was given to the effect of issued warrants. In reported ratios after dilution, due consideration was given to the effect of issued convertible debenture.

Effect of options issued: the level of subscription prices for options in existence at the beginning and end of 2003 have the effect that options outstanding have had no effect on dilution and ratios during the year.

Before conversion: The convertible debenture loan has not been converted to shares. This means that the debenture loan is classified as an interest-bearing liability and interest thereon is charged to interest expense.

After conversion: The convertible debenture loan is regarded as fully converted to shares, which means that it is regarded as equity and the number of shares outstanding increases as a consequence of conversion. The cost of interest for the convertible loan is reversed, which means that the net of financial items improves and profit increases.

Return on equity

Profit after taxes in relation to shareholders' equity.

Return on equity before items affecting comparability and taxes

Profit before items affecting comparability and taxes in percent of average equity.

Equity ratio

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

Earnings per share

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

Visible equity per share

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

Interest coverage ratio

Profit after financial items, plus financial expenses, divided by financial expenses.

Leverage, real estate

Interest-bearing liabilities relating to real estate relative to book value of real estate for resale.

Debt equity ratio

Interest-bearing liabilities relative to equity.

Real-estate-related

Rental revenue

Rent charged, plus surcharges, such as compensation for heat and real estate taxes.

Rental value

Rental revenue, plus estimated market rent for space not rented.

Economic occupancy rate

Rental revenue reported during the period in percent of rental value at the end of the period. Properties acquired during the period are included as if owned during the entire period.

Property category

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.

Property costs

Refers to direct real estate expenses, such as for electricity, water, heat, repairs, maintenance, lessee modifications, site-lease rent and real estate taxes.

Unit managers

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