



KLÖVERN

INTERIM REPORT JANUARY – JUNE 2006

- Rental income amounted to SEK 375 million (302)
- Net profit for the period increased to SEK 315 million (164)
- Earnings per share increased to SEK 2.61 (1.47)
- SEK 175 million (79) of the profit consists of changes in value of properties
- The full-year forecast is maintained: net profit is expected to exceed SEK 250 million excluding changes in the value of properties

Statement by the CEO

Increased profit and continued positive development in net new lettings

"The unrealised changes in value have had a strongly positive impact on earnings during the first six months. Klöver is also able to note the sixth quarter in succession with positive net new lettings. Properties acquired during the second quarter in Uppsala, Nyköping and Kalmar all had a lower occupancy rate than Klöver's previous average, which meant a decline in occupancy rate of three percentage units. The demand on Klöver's markets continues to be sound with an increasing rental trend for retail premises in city centre sites.

"The first six months have been characterised by successful letting endeavours in all of Klöver's separate markets. During the second quarter we have also deliberately acquired properties with low occupancy rates, which enables us to offer both existing and new clients a wider selection of high-quality premises for various purposes. Overall we see a major future potential in these acquisitions, which provide considerable enhancement of Klöver's presence in the market in Nyköping and mean that once again Klöver is able to take the offensive in Uppsala", says Klöver's CEO Gustaf Hermelin.



Earnings

Net profit for the period totalled SEK 315 million (164). This improvement is mainly due to a increase in unrealised changes in value and a considerably larger portfolio of properties. The profit includes realised changes in value from property sales at SEK 23 million (10) and unrealised changes in value of properties at SEK 152 million (69). Net financial income was SEK -54 million (-82) of which changes in the value of financial instruments and securities amounted to SEK 21 million (-6).

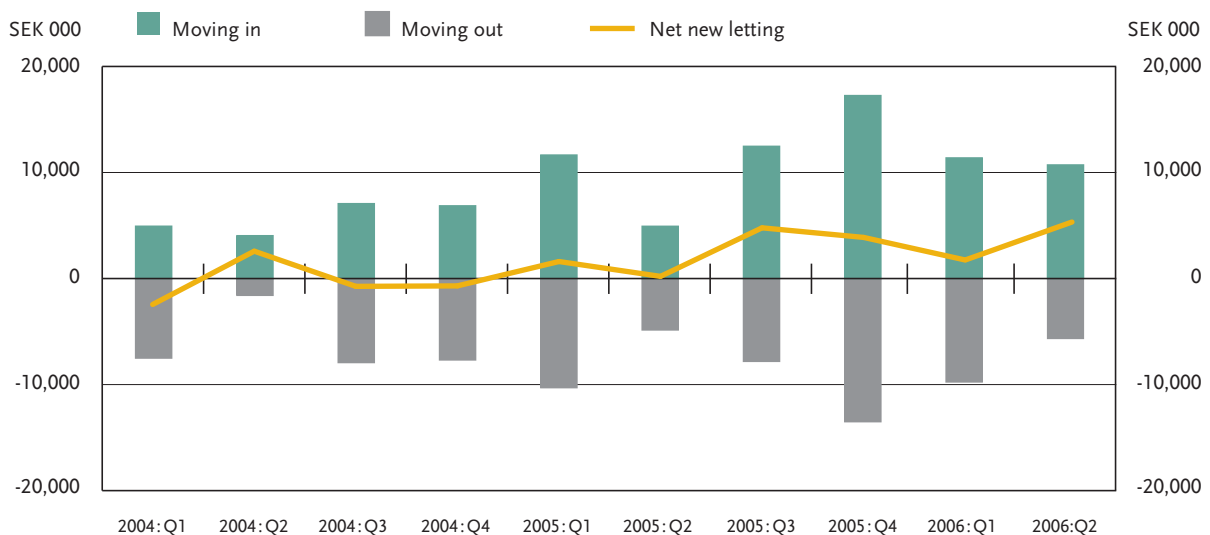
Cash flow and financial position

The cash flow for the period was SEK -65 million (54). The equity ratio at the end of the period was 34.7 per cent, compared with 34.8 per cent at the beginning of the year. Equity increased to SEK 2,459 compared with SEK 2,264 million at the beginning of the year. Liquid funds was SEK 77 million (141) and interest-bearing liabilities SEK 4,346 million (3,987).

Rental income and property expenses

Rental income during the period was SEK 375 million (302). The increase is mainly due to an increase in the

Net new letting



Positive net new letting: Klöver is reporting positive net new letting for the sixth consecutive quarter.

size of the property portfolio. Property expenses amounted to SEK 155 million (117). The operating surplus was SEK 220 million (185) corresponding to an operating margin of 59 per cent (61). The decrease in the operating margin is mainly due to the beginning of the year being unusually cold with a lot of snow. Demand for premises continues to be sound and at the same level as the previous quarter, which means an increase compared to the second quarter of 2005. However, rental levels are still relatively unchanged, except for retail premises where the trend is a continued rise for favourable sites. The net new lettings for the second quarter amounted to SEK 5 million, which means a total of SEK 7 million for the first six months. The economic occupancy rate was 84 per cent, which is a decline of three percentage points compared to the end of the first quarter. This decline can be explained by the acquisition of properties with high vacancy rates during the second quarter of 2006.

Second quarter of 2006

Net profit in the second quarter amounted to SEK 132 million (122). This profit includes realised changes in value from the sale of properties of SEK 10 million (5) and unrealised changes in value of properties at SEK 40 million (69). The operating surplus amounted to SEK 117 million (103), net financial income SEK -22 million (-46), of which changes in the value of financial instruments and securities amounted to SEK 17 million (-6) and the cash flow was SEK -48 million (-45).

Property portfolio

On 30 June 2006, Klöver's property portfolio consisted of 163 properties compared with 162 at the beginning of the year. The rental value amounted to SEK 885 million (798) and the fair value was SEK 6,552 million (5,968). The total lettable area was 1,107,000 sq.m. (1,042,000).

PROPERTY PORTFOLIO 30.06.2006

Type of premises	No. of properties ²	Area, 000 sq.m.	Rental value, SEKm	Economic occupancy rate, %
Offices	71	417	391	82
Industry/warehouse	49	435	218	83
Retail	24	87	104	95
Education/lab/health care/recreation	7	107	106	77
Restaurant/hotel	5	43	37	92
Residential	1	18	16	96
Other ¹⁾	6	—	13	87
Total	163	1,107	885	84

¹⁾ Refers to leaseholds, garage, parking spaces, sign areas, sites and telecom masts.

²⁾ Property portfolio adjustments during the first six month of 2006 mean that the number of properties has been reduced by a total of three.

CONTRACT STRUCTURE 30.06.2006

Maturity year ¹⁾	No. of contracts	Area, 000 sq.m	Contract value, SEKm	Share of contract value, %
Commercial premises				
2006	393	131	86	12
2007	688	239	195	26
2008	406	221	182	24
2009	303	156	138	19
2010	51	35	35	5
2011–	81	94	84	11
Sum	1,922	876	720	97
Residential	226	18	15	2
Sum	2,148	894	735	99
Garage/parking spaces	973	—	10	1
Total	3,121	894	745	100

¹⁾ The average contract time was 2.5 years as per 30 June 2006

Acquisitions and investments

During the period, 15 properties (36) for a total of SEK 574 million (1,406) have been acquired with a total area of around 101,000 sq.m (205,000). The major part of the properties are located in Nyköping and Uppsala. With the acquisition in Uppsala, Klöver took over a staff of six and established a unit in the city. Investment in refurbishment during the period totalled SEK 82 million (22) relating to properties primarily in Eskilstuna, Karlstad, Linköping, Nyköping and Örebro.

Property sales

During the period 10 properties (17) have been sold for a total sales price of SEK 247 million (282), which exceeded the most recently reported fair value by SEK 23 million (10). Three of the sold properties, which totally consist of around 36,000 sq.m. (37,000), are located in Västerås, two in Linköping and one each in Motala, Norrköping, Nyköping, Tranås and Uppsala.

Valuation of properties

Every quarter, Klöver values 100 per cent of the property portfolio. 25 per cent of the valuations are carried out by an external valuation company and the rest are valued internally. This means that every property in the portfolio is externally valued during a rolling 12-month period. The external valuations have been carried out by DTZ Sweden. The valuations have been carried out in accordance with the same method as in 2005. See Klöver's annual report for 2005 for a detailed description of the valuation principles.

Unrealised changes in value in the properties

The fair value of Klöver's properties was SEK 6,552 on 30 June 2006. The unrealised change in value during the first six months of 2006 was SEK 152 million (69).

Financing

At the end of the period, the interest-bearing liabilities totalled SEK 4,346 million, compared with SEK 3,987 million at the beginning of the year. The average interest rate was 3.8 per cent (3.5) and the average period of fixed interest 0.8 years (1.0). The loans, including variable loans, which mature during 2006 had, at the end of the period, an average fixed-interest period of 12 days (49).

The average period of tied-up capital was 4.1 years (4.6). Variable loans of SEK 1,929 million has been provided with interest cap. Of the interest caps, SEK 330 million mature in 2009, SEK 599 million in 2010, SEK 500 million in 2011 and SEK 500 million in 2012. During the first six months of the year, the unrealised changes in value of Klöver's financial instruments, which are reported under net financial income, amounted to SEK 11 million (-6).

INTEREST RATE AND LOAN MATURITY STRUCTURE 30.06.2006

Year	Interest maturity structure		Loan maturity structure	
	Interest maturity, SEKm	Average interest rate, %	Credit agreement, SEKm	Utilised, SEKm
Variable ¹⁾	2,840	3.1	—	—
2006	310	4.1	147	147
2007	258	4.7	338	337
2008	535	5.2	184	184
2009	63	5.1	753	653
2010	32	3.7	1,312	705
2011	308	6.5	1,992	2,320
Total	4,346	3.8	4,726	4,346

¹⁾ Variable loans are loans with a maturity of 90 days or shorter. SEK 1,929 million of these loans have been provided with interest caps.

The share and shareholders

The Klöver share is listed on Stockholmsbörsen's "O" list. The closing price on 30 June 2006 was SEK 21.50, which corresponds to a market capitalisation of SEK 2.6 billion.

As per 30 June 2006, the number of shares in Klöver was 120,364,259 allocated to approximately 26,300 shareholders.

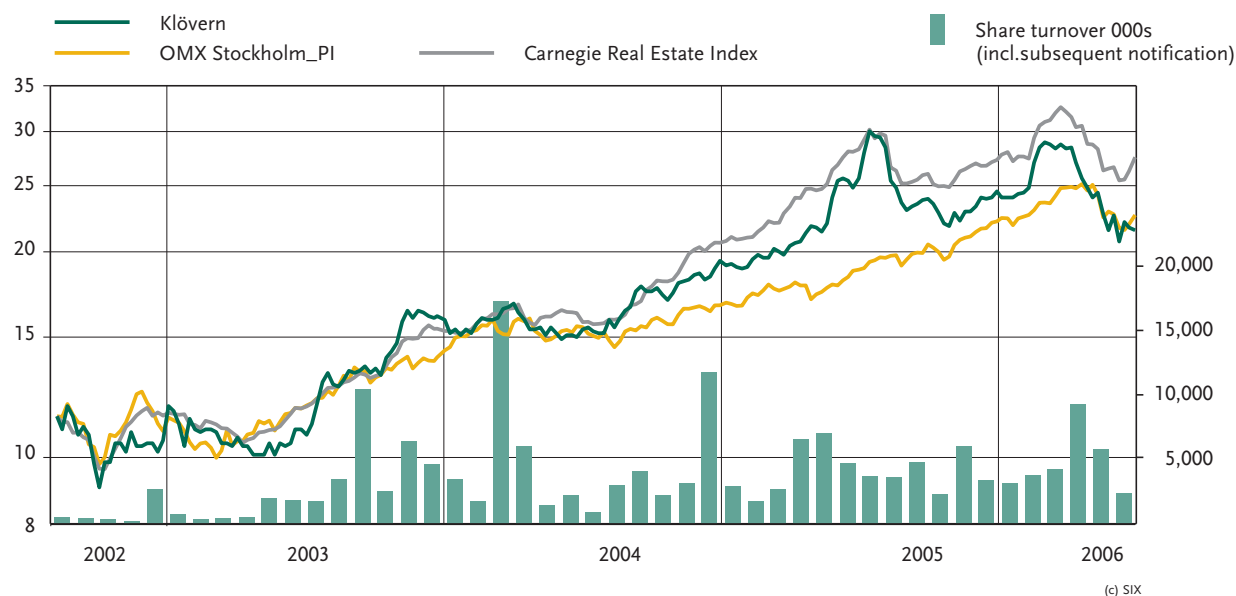
LARGEST OWNERS 30.06.2006

	No. of shares, million	Holding, %
Arvid Svensson Invest	17.0	14.1
Federation of Swedish Farmers (LRF)	15.0	12.5
Investment AB Öresund	9.1	7.5
Skandia Liv	7.7	6.4
Länsförsäkringar Södermanland	3.7	3.1
HQ Fonder	3.7	3.1
Fortis Banque Luxembourg	3.6	3.0
Länsförsäkringar Fastighetsfonden	3,6	3.0
SEB Fonder	3.1	2.6
Robur Fonder	2.4	2.0
Total largest owners	68.9	57.3
Other owners	51.5	42.7
Total all owners	120.4	100.0

Central administration

Central administration expenses for the period amounted to SEK 25 million (17). SEK 6 million (1) of the amount was fees to advisors in Klöver's tax case for reconsideration of the tax assessment for 2003.

The Klöver share



Parent company

Operations comprise functions for the group as a whole as well as ownership, management and administration of the group's subsidiaries. Net profit in the parent company amounted to SEK -15 million (-9). The parent company's liquid funds amounted on June 30 2006 to SEK 9 million, compared with SEK 15 million at the beginning of the year. Net investments in shares, stock and inventory amounted to SEK 1 million (1).

Accounting principles

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, which is in accordance with the requirements made in the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim reports for groups. The accounting principles applied in this interim report are described in Klöver's annual report for 2005, note 1. According to this note, the International Financial Reporting Standards (IFRS) have been applied since 2005 inclusive. The most important effect of the transition to IFRS relates to the reporting of properties. Properties are classified as investment properties and valued at fair value in the balance sheet with unrealised changes in value in the income statement. Previously, properties have been reported as properties for resale (inventories) at the lowest of acquisition value and fair value.

Klövern's Annual General Meeting

Klövern's Annual General Meeting on 5 April 2006 decided in accordance with the Board's recommendation on a dividend of SEK 1.00 per share. Board members Stefan Dahlbo (chairman), Gustaf Hermelin, Lars Holmgren, Anna-Greta Lundh, Johan Piehl, Lars Rosvall and Fredrik Svensson were re-elected. It was decided that a nominations committee was to be appointed annually consisting of the chairman of the Board and a representative of each owner whose shareholding in the company as per 31 August exceeds five per cent of the shares and votes in the company and a representative of the other shareholders. The nominations committee appoints a chairman who may not be a member of the Board. The names of the persons who are to serve on the nominations committee are to be published at the latest by 15 September on Klöver's website. The Annual General Meeting decided to adapt the articles of association to the rules that apply according to the new Companies Act. The Annual General Meeting decided that Klöver will offer shareholders, the opportunity to buy or sell, free of brokerage, the number of shares required to reach a whole trading lot (a trading lot = 500 shares). It has been left to the Board to decide on the duration of the offer and the detailed terms and conditions.

Klövern appeals against decision on tax surcharge

Klövern has appealed against the Tax Boards decision, to impose Klöver a tax surcharge of SEK 493 million, to the County Administrative Court and has also submitted a request for a new review of its tax assessment for 2003. The surcharge will not be paid or entered into the accounts while legal proceedings are under way but for the time being will be booked as a contingent liability. For the taxation year of 2004 Klöver has established tax loss carry forwards and depreciation of equipment totalling SEK 2,153 million, in addition to book values.

Full-year forecast for 2006

The full-year forecast that Klöver's profit before tax is expected to exceed SEK 250 million, excluding changes in value relating to properties, is being maintained.

Calendar 2006

Interim Report January–September 2006: 26 October

Reports are available on Klöver's website www.klovern.se, where it is also possible to subscribe to annual reports, interim reports and press releases.

Nyköping, 20 July 2006

Gustaf Hermelin
CEO

This interim report has not been subject to scrutiny by auditors.

Groups' Income of Statement

SEKm	2006 3 months Apr-Jun	2005 3 months Apr-Jun	2006 6 months Jan-Jun	2005 6 months Jan-Jun	2005 12 months Jan-Dec	Rolling 12 months Jul-Jun
Rental revenues	192.9	163.1	374.8	301.9	638.7	711.6
Property costs	-75.4	-60.0	-154.3	-117.4	-247.4	-284.3
Operating surplus	117.5	103.1	220.5	184.5	391.3	427.3
Changes in value properties, realised	9.7	5.5	23.1	9.9	25.2	38.4
Changes in value properties, unrealised	39.8	69.4	151.8	69.4	132.5	214.9
Depreciation of equipments	-0,8	-0.7	-1.3	-1.2	-1.8	-1.9
Central administration	-11.5	-9.2	-24.9	-17.2	-35.1	-42,8
Operating profit	154.7	168.1	369.2	245.4	512.1	635.9
Financial incomes	0.4	1.8	0.8	3.3	3.7	1.2
Financial costs ¹⁾	-39.6	-42.1	-76.2	-78.5	-182.2	-179.9
Changes in value financial items, unrealised	6.7	-5.7	11.0	-6.4	-2.7	14.7
Changes in value securities, unrealised	10.0	0.0	10.0	0.0	0.0	10.0
Profit after financial items	132.2	122.1	314.8	163.8	330.9	481.9
Profit before tax	132.2	122.1	314.8	163.8	330.9	481.9
Current tax ²⁾	0.0	0.0	0.0	0.0	-0.2	-0.2
Deferred tax ³⁾	0.0	0.0	0.0	0.0	48.0	48.0
Net profit for the period	132.2	122.1	314.8	163.8	378.7	529.7
Earnings per share, SEK	1.10	1.06	2.61	1,47	3,27	4,40
Number of shares outstanding at the end of the period, million	120.4	120.4	120.4	120.4	120.4	120.4
Average number of shares, million	120.4	114.8	120.4	111.2	115.8	120.4

There are no outstanding warrants or convertibles

¹⁾ The amounts for 2005 and rolling 12 months include one-off costs for redemption of loans at SEK 24 million.

²⁾ Current tax on acquisition of subsidiaries in 2005 totals SEK -0.2 million.

³⁾ Re-taxation of deferred tax claim affected the profit for 2005 by SEK 48 million.

Consolidated Balance Sheets

SEKm	30.06.2006	30.06.2005	31.12.2005
Assets			
Properties	6,551.9	5,416.8	5,967.9
Equipment	12.8	7.0	4.9
Deferred tax claim	279.0	231.0	279.0
Short-term receivables etc ¹⁾	152.2	56.3	97.3
Blocked accounts ²⁾	3.8	6.8	16.3
Liquid funds	76.6	163.9	141.3
Total assets	7,076.3	5,881.8	6,506.7
Shareholder's equity and liabilities			
Share capital	2,458.8	2,049.4	2,264.4
Provisions	7.1	11.5	7.1
Interest-bearing liabilities	4,346.5	3,544.5	3,987.4
Accounts payable	39.5	27.6	35.0
Other liabilities	15.2	7.9	7.2
Accrued expenses and prepaid income	209.2	240.9	205.6
Total shareholder's equity and liabilities	7,076.3	5,881.8	6,506.7

¹⁾ SEK 56.8 million of the amount as per June 30 2006 consists of shares in Diös, which were received as part payment for property sales during the third quarter of 2005.

²⁾ Consists of amounts in blocked accounts as collateral for repayment of loans or to be used for financing of investments in properties.

Groups' changes in shareholder's equity

SEKm	Shareholder's equity
Shareholder's equity 31.12.2005	2,264.4
Dividend	-120.4
Net profit for the period	314.8
Shareholder's equity 30.06.2006	2,458.8

Consolidated Statements of Cash Flow

SEKm	2006 3 months Apr-Jun	2005 3 months Apr-Jun	2006 6 months Jan-Jun	2005 6 months Jan-Jun	2005 12 months Jan-Dec	Rolling 12 months Jul-Jun
Current operations						
Profit after financial items excluding depreciation and changes in value	66.8	53.6	120.2	92.1	177.7	205.8
Realised changes in value, properties	9.7	5.5	23.1	9.9	25.2	38.4
Income tax paid	0.0	0.0	0.0	0.0	-0.2	-0.2
Cash flow from current operations before change in working capital	76.5	59.1	143.3	102.0	202.7	244.0
Change in working capital						
Change in operating receivables	-0.2	34.5	-33.9	6.8	-34.2	-74.9
Change in operating liabilities	-15.6	13.0	15.5	83.3	59.9	-7.9
Total change in working capital	-15.8	47.5	-18.4	90.1	25.7	-82.8
Cash flow from current operations	60.7	106.6	124.9	192.1	228.4	161.2
Investment operations						
Sale of properties	120.4	115.8	223.8	271.9	532.1	484.0
Acquisition of properties ¹⁾	-553.8	-467.8	-656.1	-1,158.6	-1,905.4	-1,402.9
Acquisition of tangible fixed assets	-8.8	-0.3	-9.1	-2.3	-3.6	-10.4
Change in amounts in blocked accounts	0.0	93.2	12.5	-5.8	-15.3	3.0
Cash flow from investment operations	-442.2	-259.1	-428.9	-894.8	-1,392.2	-926.3
Financing operations						
Change in long-term liabilities	453.5	191.8	359.7	840.9	1,279.4	798.2
Dividend	-120.4	-84.3	-120.4	-84.3	-84.3	-120.4
Cash flow from financing operations	333.1	107.5	239.3	756.6	1,195.1	677.8
Cash flow for the period	-48.4	-45.0	-64.7	53.9	31.3	-87.3
Liquid funds at the beginning of the period	125.0	208.9	141.3	110.0	110.0	163.9
Liquid funds at the end of the period	76.6	163.9	76.6	163.9	141.3	76.6

¹⁾ The property acquisitions have been partly financed by issues in kind, totalling SEK 269 million during the first six months, 2005.

Key financial indicators

	2006 3 months Apr-Jun	2005 3 months Apr-Jun	2006 6 months Jan-Jun	2005 6 months Jan-Jun	2005 12 months Jan-Dec	Rolling 12 months Jul-Jun
Return on equity, %	5.4	6.2	13.3	8.7	19.1	23.5
Equity ratio, %	34.7	34.8	34.7	34.8	34.8	34.7
Interest coverage ratio, times	4.3	3.9	5.1	3.1	2.8	3.7
Shareholder's equity, SEK	20.4	17.0	20.4	17.0	18.8	20.4
Debt-equity ratio, times	1.8	1.7	1.8	1.7	1.8	1.8
Economic occupancy rate, %	84	86	84	86	87	84
Operating margin, %	61	63	59	61	61	60

Definitions

Key ratios based on the average number of shares have been calculated on the basis of weighted averages.

Debt-equity ratio

Interest-bearing liabilities in relation to equity at the end of the period.

Earnings per share

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

Equity per share

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

Equity ratio

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

Interest coverage ratio

Profit after net financial items plus financial expense in relation to financial expense.

Leverage, real estate

Interest-bearing liabilities in relation to the reported value of the properties.

Occupancy rate - area

Let area in relation to total area at the end of the period.

Occupancy rate - economic

Rental income in relation to rental value at the end of the period.

Operating margin

Operating surplus as a percentage of rental income.

Operating surplus

Rental income plus assessed market rent for unlet areas, rent discounts and rent losses, operating and maintenance expenses, site leasehold charges and property tax.

P/E ratio

The share price at the end of the period in relation to net profit per share for the past twelve-month period.

Realised change in value, properties

Property sales during the period after deduction for the fair value of the properties.

Rental value

Rental income plus assessed market value for unlet areas.

Return on equity

Net profit in relation to average equity.

Unrealised change in value, properties

Change in fair value for the property holding at the end of each quarter.

For further information, please contact

Gustaf Hermelin, CEO

tel +46-(0)155-44 33 10, +46-(0)70-560 00 00
gustaf.hermelin@klovern.se

Anders Lundquist, CFO

tel +46-(0)155-44 33 20, +46-(0)70-528 43 33
anders.lundquist@klovern.se

Britt-Marie Einar, Corporate
Communications Officer

tel +46-(0)155-44 33 12, +46-(0)70-224 29 35
britt-marie.einar@klovern.se

KLÖVERN

Klövern AB (publ), Box 1024, SE-611 29 Nyköping • Tel +46-(0)155-44 33 00 • Fax +46-(0)155-44 33 22
Company registration no: 556482-5833 • Registered office: Nyköping • Website: www.klovern.se