

KLÖVERN

February 12, 2004

Year end report 2003

- **Rental revenues amounted to SEKm 322 (96)**
- **Net profit for the year excl. items affecting comparability and tax amounted to SEKm 87 (23)**
- **Profit after taxes amounted to SEKm 87 (210)**
- **Earnings per share excl. items affecting comparability and tax amounted to SEK 1.65 (1.61)**
- **Earnings per share amounted to SEK 1.65 (13.98)**
- **The Board of Directors proposes a dividend of SEK 0.50 per share (0).**

Profits

For the period January – December, profit after taxes amounted to SEKm 87 (210). The result for the corresponding year-ago period, excl. positive items affecting comparability due to the restructuring of Adcore in an amount of SEKm 143 and a positive outcome of tax issues in an amount of 44 SEKm, was SEKm 23. Gains on sales of properties were SEKm 19 (0) of the profit. The operating surplus was SEKm 189 (61). Net financial items were SEKm - 103 (-34).

Cash flow and financial position

The cash flow amounted to SEKm 148 (-15). The equity ratio at the end of the period stood at 26.9 percent (23.4), equivalent to 28.4 (25.6) after full conversion. Shareholders' equity was SEKm 908 (522) liquid funds were SEKm 211 (63) and interest-bearing liabilities were SEKm 2,316 (1,552).

Revenue and property costs

Rental revenues amounted to SEKm 322 (96) for the period January – December 2003 and property costs amounted to SEKm 133 (35), making the operating surplus SEKm 189 (61).

Property sales

A total of fifteen properties were sold for a total of SEKm 204 (0), resulting in capital gains of SEKm 19 (0).

October – December 2003

For the period October – December, profit after taxes amounted to SEKm 24 (53). The result for the corresponding year-ago period was affected by a positive outcome of tax issues in an amount of 44 SEKm. Gains on sales of properties account for SEKm 3 (0) of the profit. The operating surplus was SEKm 60 (30). Net financial items were SEKm - 32 (-18).

Operations

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

Market and property holdings

Some weakness in demand was noted during the second and third quarters in Klövern's markets, especially with respect to industrial and warehouse premises. Rent levels on new rentals were affected only marginally, however. During the fourth quarter Klövern experienced an increase in the number of inquiries for new rental. The net effect of new and vacating tenants was mildly positive during the fourth quarter as well as during 2003 as a whole. The occupancy rate in the portfolio of properties was 88 percent of the rental value as of December 31, which is a drop of one percentage points compared to the situation at the beginning of the year. The decrease is attributable to the fact that the properties acquired have had a lower occupancy rate compared to the existing portfolio at the same point in time.

Property holdings as of December 31, 2003

Type of property	Number of properties	Floor-space, sq.m.	Rental value, SEKm	Economic occupancy rate, %
Offices	53	255,643	234	85
Industry/warehouse	35	271,425	149	90
Retail	11	43,662	35	94
Education	3	11,123	9	86
Residential	1	6,252	7	100
Total	103	588,105	434	88

Contract structure as of December 31, 2003

Commercial premises Year of minority ¹⁾	Number of contracts	Area, square meters	Contract value, SEKm	Proportion of contract value, %
2004	584	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
Sum	1,012	487,676	370	100
Residential	160	9,911	8	
Sum not incl. garage/parking	1,172	497,587	378	
Garage/parking	222	0	4	
Total	1,394	497,587	382	

1) The average leaseperiod was 2.7 years as of December 31, 2003.

Valuation of Klöver's portfolio of properties

Klöver performed an internal appraisal of all of the Group's properties as of December 31, 2003. A selection of ten typical properties were appraised externally by DTZ. The aggregate value determined on an earnings basis of Klöver's properties according to appraisals performed amounted to SEKm 2,940 as of December 31, 2003. The total book value of Klöver's properties amounted to SEKm 2,890 at the same point in time. The internal appraisals were performed in accordance with a cash-flow model on a cost accounting basis over five years and with individual assessments for each property. Reference values for appraisal model parameters were culled from the current or previously performed external appraisals of each respective property. Rental revenue consists of the contract base at the time of the appraisal. In cases where notice of contract termination has been given, or where contracts have been concluded with new tenants, this has been taken into account in the vacancy rate for the property in question. A yield has been assigned to each individual property based on an assessment of the local market and the location of the property. The cost of capital is computed based on the yield requirement plus two percentage points. Rental income and expenses are adjusted upwards by two percent annually pursuant to the inflation goal of Sveriges Riksbank (Sweden's central bank). No other index adjustments of any kind have been made in the appraisal process.

Financing

As of December 31, 2003, interest-bearing liabilities stood at SEKm 2,316 (1,552) with an average annual borrowing rate of 5.6 percent (5.8) and an average period of fixed interest of 2.4 years (2.5), with capital tied-up for an average of 4.5 years (3.9). As of December 31, 2003, loans maturing during 2003 had an average period fixed interest of 76 days (66).

Loan structure as of December 31, 2003			
Maturity	SEKm	Average interest rate, %	Percentage of total
2004	759	4.6	33
2005	446	5.9	19
2006	269	5.7	11
2007	388	6.3	17
2008	155	6.2	7
2011	250	6.5	11
Subord. Loan	49	6.3	2
Total	2,316	5.6	100

Capital expenditures

During the period properties have been acquired in Kalmar, Karlstad, Linköping, Norrköping and Örebro/Kumla for a combined sum of SEKm 1,109. A total of SEKm 90 was invested during the period in renovations of properties, primarily in Karlstad, Norrköping, Nyköping, and Uppsala. A total sum of SEKm 2 was invested in equipment. The amounts have been capitalized in their entirety.

Proposed dividend

The Board of Directors proposes a dividend for the 2003 financial year of SEK 0.50 per share, with a maximum of SEKm 44 after full conversion equivalent to approximately 50 per cent of profit after tax for the year 2003. The proposed dividend is based on the number of shares outstanding, 84.3 million, following a resolution at an extra general meeting of shareholders held January 27, 2004, with the number of shares added (4.4 million) that may result from conversion of outstanding convertible debentures.

Tax situation

Klövern has filed for a declared tax loss carryforward of SEKm 1,080 for the 2002 tax year. In its tax assessment for 2002, The Swedish National Tax Board has for taxation 2003 decided to assess the Company in accordance with its filed tax return. The deficit is attributable principally to sales of Swedish and foreign subsidiaries in the former IT-consulting operations.

Current taxes in an amount of SEKm 0.2 have been charged to earnings in connection with acquisition of shares in subsidiaries during 2003. The Company reports a deferred tax claim of SEKm 200 in its financial statements for 2003. This deferred tax claim is attributable to a deficit for tax purposes in accordance with its tax return, pursuant to which taxes have been assessed by The Swedish National Tax Board. The aggregate tax effect of the recorded deferred tax claim and the result for tax purposes for 2003 is that Klöver for accounting purposes has utilized about SEKm 953 of the deficit for tax purposes of SEKm 1,080. The deferred tax claim will be re-assessed at each accounting year-end.

After the end of the 2003 tax assessment period, Klöver has claimed deductions for capital losses on sales of subsidiaries for an additional amount of SEKm 5,000. This claim will therefore formally be treated as a request for reconsideration of the tax assessment for 2003. In Klöver's judgment, The Swedish National Tax Board will decide on the claim for deduction during 2004. In addition to the foregoing, the Company is of the opinion that there are additional deductions in an amount of about SEKm 1,300 to claim in conjunction with future tax assessments.

Organization and personnel

The organization was expanded during 2003 as the portfolio of properties grew. Klöver had 17 employees at the beginning of the year and by year's end the number of employees had grown to 37, organized in ten units based on the location of its properties and customers.

Delisting of Klöver's class A share

Pursuant to a resolution passed at the regularly scheduled Annual General Meeting of Klöver held April 23, 2003, all class A shares in Klöver would be converted to class B shares effective as of January 2, 2004. Accordingly, a request was filed with Stockholmsbörsen (the Stockholm Stock Exchange) to remove Klöver'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 Klöver's class A shares was December 30, 2003. All class A shares outstanding were converted to class B shares in January 2004.

Reporting and accounting principles

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

Parent company

The role of the Parent Company is to handle overall Group functions and to act as owner of the Group's subsidiaries. Profit after tax for 2003 amounted to SEKm –13. Additionally, the parent company has received SEKm 97 in group contributions from subsidiaries. As of 31 December, parent company liquid assets were SEKm 6. Net investments in shares and equipment amounted to SEKm 3.

Klövern's shareholders

The number of shares outstanding in Klöver at the end of the year was 67,408,322, divided among about 34,900 owners. The distribution as of December 31, 2003, with data on the ten largest owners is shown below.

Shareholder 31 December 2003	No. of shares	Holding (%)
Lantbrukarnas Riksförbund	13,200,000	19.6
Länsförsäkringar Södermanland	3,665,174	5.4
Catella Fonder	3,583,100	5.3
Nect Holding B.V.	2,947,955	4.4
SEB Fonder	2,596,592	3.9
Gustaf Hermelin	2,595,077	3.8
Akelius Insurance	1,868,842	2.8
Erik Paulsson	1,770,802	2.6
Länsförsäkringar Fonder	1,748,293	2.6
Investment AB Öresund	1,722,307	2.6
Sum 10 largest shareholders	35,698,142	53.0
Other shareholders	31,710,180	47.0
Total all shareholders	67,408,322	100

Events after the end of the reporting period

Acquisition of properties in Borås

February 1, 2004 Klöver took possession of nine properties with rentable space of about 63,800 square meters in Borås. The acquisition price for the properties was SEKm 209 and part of the purchase price was paid in the form of 4.2 million newly issued shares in Klöver.

Klövern's extra general meeting of shareholders held January 27, 2004

At an extra general meeting of shareholders held January 27, 2004, it was decided to amend the limits for the Company's share capital to be not less than SEKm 300 and not more than SEKm 1,200, and that the Company henceforth will issue shares of a single class with one vote per share. It was also decided to increase Klöver's share capital by up to SEKm 65, through issuance of up to 13 million shares. In a departure from the preferential rights of shareholders, only Wihlborgs Fastigheter AB has a right to subscribe for the new shares which will be used to convert a loan from Wihlborgs to Klöver. The Board of Directors was authorized – with the authorization remaining valid until the next-following regularly scheduled Annual General Meeting – to decide on new issuance of up to 20 million shares, on one or more occasions, with or without departure from the preferential rights of shareholders, each share to be in a nominal amount of SEK 5.

Acquisition of properties in Norrköping, Örebro and Örnsköldsvik

Four properties are being acquired in Norrköping, Örebro and Örnsköldsvik for a total of SEKm 120. Possession will be taken April 1, 2004. Wihlborgs Fastigheter is the seller and the total rentable space acquired is about 17,600 square meters, yielding annual rental revenue of about SEKm 16 at the time of acquisition.

Britt-Marie Einar employed as information manager

Klövern has employed Britt-Marie Einar as information manager with responsibility for internal and external information and personnel matters. She is part of Klöverns executive management group and took up her post on 8 January 2004. Investor relations will be dealt with as before by the chief financial officer, Anders Lundquist. Britt-Marie Einar has previously been employed as information and IR manager at Fastighets AB Tornet.

Annual Report and Annual General Meeting

The Annual Report for 2003 will be available at the Company's head office in Nyköping and at Klöverns Website, www.klovern.se, from the end of March. The regularly scheduled Annual General Meeting of Klövern AB will be held at 4:00 p.m., Wednesday, April 21, 2004 at Restaurangskolan, Gästabudsvägen 4, Nyköpings Strand in Nyköping.

Nomination of directors

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

Calender 2004

Annual Report 2003	March
Annual General Meeting 2004 in Nyköping	Wednesday April 21
Interim Report January – March 2004	Wednesday May 5
Interim Report January – June 2004	Friday August 20
Interim Report January – September 2004	Wednesday November 3

Reports are available at Klöverns Website, www.klovern.se, where visitors may also subscribe to interim reports and press releases.

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

Nyköping, February 12, 2004

Klövern AB (publ)

Board of Directors

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Klövern is a listed real estate company active in the Swedish real estate market by acquiring, developing and disposing of properties with a focus on high return on equity. After acquisitions completed as of February 1, 2004 the book value of the properties amounts to about 3.1 billion Swedish kronor and rental revenues on an annual basis is about SEKm 410.

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Consolidated Statements of Income SEKm	2003 3 months ¹⁾ Oct.-Dec.	2002 3 months ¹⁾ Oct.-Dec.	2003 12 months ¹⁾ Jan.-Dec.	2002 12 months ²⁾³⁾ Jan.-Dec.
Net revenues	109.1	51.1	322.5	96.5
Property costs	-49.2	-21.0	-133.2	-35.5
Operating surplus	59.9	30.1	189.3	61.0
Result from property sales	2.6	0.0	19.2	0.0
Depreciation of equipment	-0.3	-0.5	-1.4	-0.5
Gross result	62.2	29.6	207.1	60.5
Central administration	-6.2	-2.5	-16.9	-4.1
Items affecting comparability	0.0	0.1	0.0	143.4
Operating result	56.0	27.2	190.2	199.8
Interest incomes	2.4	1.1	3.8	2.6
Interest expenses	-34.6	-19.0	-107.2	-36.3
Profit after financial items	23.8	9.3	86.8	166.1
Current taxes ^{4,5)}	-0.2	4.3	-0.2	4.3
Deferred taxes ⁶⁾	0.0	39.2	0.0	39.2
Net profit for the period	23.6	52.8	86.6	209.6
Earnings per share excl. items affecting comparability and taxes before dilution and conversion, SEK	0.36	0.30	1.74	1.71
Earnings per share excl. items affecting comparability and taxes after dilution and conversion, SEK	0.35	0.28	1.65	1.61
Earnings per share before dilution and conversion, SEK	0.36	1.71	1.73	15.76
Earnings per share after dilution and conversion, SEK	0.35	1.51	1.65	13.98
Number of shares outstanding at end of period before dilution and conversion, million	67.4	41.3	67.4	41.3
Number of shares outstanding at end of period after dilution and conversion, million	71.9	45.9	71.9	45.9
Average number of shares outstanding before dilution and conversion, million	66.2	30.8	50.0	13.3
Average number of shares outstanding after dilution and conversion, million	70.6	35.4	54.5	15.1

1) Values in columns for Q4 2002 and 2003 and 12 months 2003 contain real estate operations in Klövern.

2) Values in column for 12 months 2002 contain the parent company in Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klövern for Q3-Q4.

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

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

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

6) Since Klövern's profit for 2003 (excl. p.5 above) is expected to be offset by tax loss carryforwards, current as well as deferred taxes are calculated to be 0.

Consolidated Balance Sheets		
SEKm	Dec. 31, 2003	Dec. 31, 2002
Fixed assets		
Deferred tax claim	200.0	200.0
Equipment	6.2	5.4
Intangible fixed assets	0.0	0.0
Total fixed assets	206.2	205.4
Current assets		
Properties	2,889.6	1,875.9
Short-term receivables	58.3	89.2
Liquid funds ¹⁾	210.8	62.9
Total current assets	3,158.7	2,028.0
TOTAL ASSETS	3,364.9	2,233.4
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and restricted reserves	636.3	336.5
Unrestricted reserves	272.0	185.7
Total shareholders' equity	908.3	522.2
Provisions	12.2	18.7
Subordinated convertible debenture loan	49.0	50.0
Interest-bearing liabilities	2,266.9	1,502.0
Accrued expenses and prepaid income	88.6	84.9
Accounts payable	35.1	36.2
Other liabilities	4.8	19.4
Total liabilities	2,456.6	1,711.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,364.9	2,233.4

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

Changes in shareholders' equity	Dec. 31, 2003				Dec. 31, 2002
	Share capital	Restricted reserves	Unrestricted reserves	Total share-holders' equity	Total share-holders' equity
Opening balance January 1	206.6	129.9	185.7	522.2	124.9
New issue	130.4	169.4	0.0	299.8	421.3
Other. net	0.0	0.0	-0.3	-0.3	-233.6
Net result for the period	0.0	0.0	86.6	86.6	209.6
Closing balance at period end	337.0	299.3	272.0	908.3	522.2

Consolidated Statements of Cash Flow SEKm	2003 3 months ¹⁾ Oct.-Dec.	2002 3 months ¹⁾ Oct.-Dec.	2003 12 months ¹⁾ Jan.-Dec.	2002 12 months ²⁾ Jan.-Dec.
Current operations				
Profit after financial items	23.6	9.2	86.6	166.1
Adjustment for items not included in cash flow, etc.	0.3	-19.7	1.4	-169.8
Paid income taxes	-0.2	0.0	-0.2	0.0
Cash flow from current operations before change in working capital	23.7	-10.5	87.8	-3.7
Change in working capital				
Change in operating receivables	1.3	-62.6	30.9	42.2
Change in operating liabilities	-0.8	147.3	-12.0	-86.3
Total change in working capital	0.5	84.7	18.9	-44.1
Cash flow from current operations	24.2	74.2	106.7	-47.8
Investment operations				
New issue relating to acquisitions of properties	84.3	0.0	299.3	0.0
Acquisition of subsidiaries and businesses	0.0	1.1	0.0	1.1
Acquisition of properties	-291.5	105.6	-1,198.6	-1,145.0
Acquisition of intangible fixed assets	0.0	1.9	0.0	0.0
Acquisition of tangible fixed assets	-0.4	-5.9	-2.0	-5.9
Sale of properties	42.9	0.0	185.1	0.0
Investment in financial assets	0.0	-2.2	0.0	-2.2
Cash flow from investment operations	-164.7	100.5	-716.2	-1,152.0
Financing operations				
New issue	0.0	0.0	0.0	253.3
Change in interest-bearing liabilities	123.7	-271.1	763.9	952.6
Expenses for new issues	0.0	0.0	0.0	-21.3
Change in provisions	-1.9	0.0	-6.5	0.0
Cash flow from financing operations	121.8	-271.1	757.4	1,184.6
Cash flow for the period	-18.7	-96.4	147.9	-15.2
Liquid funds at beginning of period	229.5	159.3	62.9	78.1
Liquid funds at end of period	210.8	62.9	210.8	62.9

1) Values in columns for Q4 2002 and 2003 and 12 months 2003 contain real estate operations in Klövern.

2) Values in column for 12 months 2002 contain the parent company in Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klövern for Q3-Q4.

Key financial indicators	2003 3 months Oct.-Dec.	2002 3 months ¹⁾ Oct.-Dec.	2003 12 months ²⁾ Jan.-Dec.	2002 12 months ²⁾ Jan.-Dec.
Return on equity before items affecting comparability and taxes before conversion, %	2.8	2.2	12.1	7.0
Return on equity before items affecting comparability and taxes after conversion, %	2.7	2.2	11.8	7.0
Return on equity before conversion, %	2.8	12.8	12.1	64.8
Return on equity after conversion, %	2.7	11.6	11.7	60.6
Equity ratio at end of period before conversion, %	26.9	23.4	26.9	23.4
Equity ratio at end of period after conversion, %	28.4	25.6	28.4	25.6
Visible equity per share at end period before dilution and conversion, SEK	13.48	12.64	13.48	12.64
Visible equity per share at end period after dilution and conversion, SEK	13.31	12.47	13.31	12.47
Interest coverage ratio	1.7	1.5	1.8	5.6

1) Values in columns for Q4 2002 and 2003 and 12 months 2003 contain real estate operations in Klöver.

2) Values in column for 12 months 2002 contain the parent company in Adcore Group's IT consulting operations in Q1-Q2 and real estate operations in Klöver for Q3-Q4.

Definitions

Calculation of ratios

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

In reported ratios after dilution, due consideration was given to the effect of issued warrants.

In reported ratios after conversion, due consideration was given to effect of shareholders equity as well as financial costs concerning issued subordinated convertible debenture with an amount of SEKm 50.

Return on equity

Profit after taxes in relation to average shareholders' equity.

Equity ratio

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

Earnings per share

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

Visible equity per share

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

Interest coverage ratio

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

Visible equity per share

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