KLÖVERN
YEAR-END REPORT

2011

Klövern January–December 2011

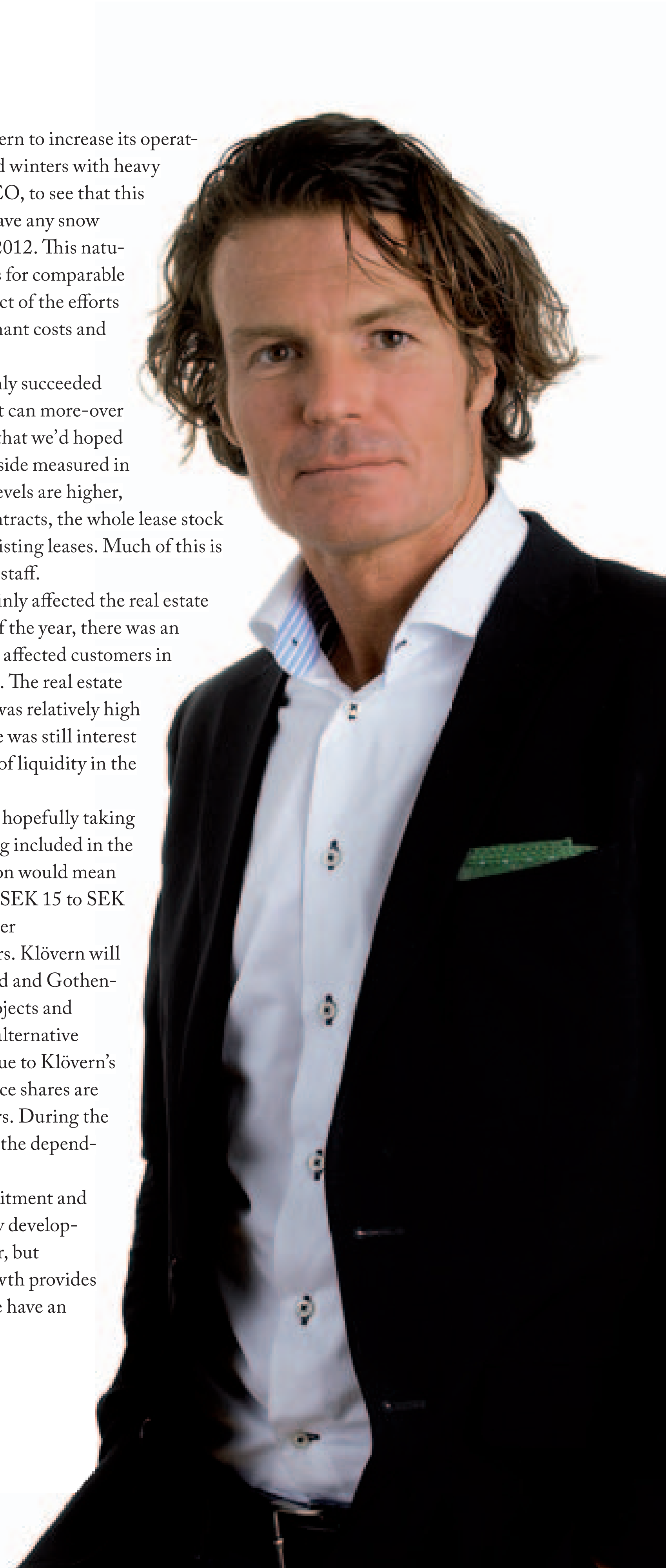
- Income for the past quarter increased by 5 per cent to SEK 352 million (336), while income for the year increased to SEK 1,364 million (1,243)
- The operating surplus for the last quarter increased by 11 per cent to SEK 215 million (193), while the operating surplus for the year increased to SEK 857 million (745)
- Profit from property management for the past quarter totalled SEK 93 million (102), corresponding to SEK 0.58 per share (0.63) and SEK 428 million (439) for the year, corresponding to SEK 2.66 per share (2.73)
- Changes in value of properties amounted to SEK 142 million (76) for the past quarter and changes in value of derivatives to SEK –49 million (143). Changes in value of properties for the year amounted to SEK 435 million (298) and derivatives to SEK –225 million (23)
- Net profit for the quarter amounted to SEK 136 million (261), corresponding to SEK 0.85 per share (1.62). Net profit for the year was SEK 465 million (605), corresponding to SEK 2.89 per share (3.76)
- Klövern has made an offer for the property company Dagon (publ). The period of acceptance expires 28 February 2012
- Rutger Arnhult became Klövern's new CEO on 1 January 2012
- The Board is proposing to the Annual General Meeting a dividend of SEK 1.25 per common share (1.50) and a dividend of SEK 10 per preference share (–), to be paid by SEK 2.50 each quarter. It is thereby estimated that the total dividend based on Klövern's outstanding shares as per 15 February 2012, will be unchanged, SEK 241 million (241).

Net profit

SEK million	2011 Oct–Dec	2010 Oct–Dec	2011 Jan–Dec	2010 Jan–Dec
Income	352	336	1,364	1,243
Costs	–164	–159	–578	–562
Net financial income	–95	–75	–358	–242
Profit from property management	**93**	**102**	**428**	**439**
Change in value of properties	142	76	435	298
Change in value of derivatives	–49	143	–225	23
Deferred and current tax	–50	–60	–173	–155
Net profit for the period	**136**	**261**	**465**	**605**

Cover: **Norrköping Kopparhammaren 7.** During the year, the property Kopparhammaren 7 in Norrköping's industrial landscape has been refurbished for the municipality's cinema Cnema and the IT company Gaia System, among other tenants.

Statement by the CEO



Healthy profit in property management

Higher income and lower property costs enabled Klövern to increase its operating surplus by a full 15 per cent in 2011. After two cold winters with heavy snow, it is gratifying, as Klövern's newly appointed CEO, to see that this year won't be the third time running. Sweden didn't have any snow before the year-end nor did it come until late January 2012. This naturally contributed to a sharp reduction in property costs for comparable portfolio during 2011. However, we also saw the impact of the efforts we've made with energy savings, direct charging of tenant costs and more efficient property caretaking.

It is even more satisfying to note that we have not only succeeded in retaining our customers in these turbulent times but can more-over report a positive net moving-in. Not quite at the level that we'd hoped for, but none the less a number of millions on the plus side measured in terms of annual rent. Over and above this, our rental levels are higher, regardless of whether we look at renegotiated lease contracts, the whole lease stock or newly-signed lease contracts in comparison with existing leases. Much of this is due to committed and well-focused work by Klövern's staff.

The turbulence in our business environment has mainly affected the real estate business via the bank sector. During the last months of the year, there was an evident lack of liquidity in the financial system, which affected customers in the form of higher margins and slightly lower leverage. The real estate market continued to develop positively, and turnover was relatively high all the time up to the very last month of the year. There was still interest in purchasing and selling properties, but the shortage of liquidity in the financial system had an impact and turnover fell.

During 2012, Klövern – with the bid for Dagon – is hopefully taking an important step on the road towards the goal of being included in the Stock Exchange's Large Cap-list. Acquisition of Dagon would mean that Klövern's property portfolio would increase from SEK 15 to SEK 20 billion. Being larger is not an end in itself but a larger company does have a broader base of potential investors. Klövern will gain access to new interesting markets such as Öresund and Gothenburg as well as further potential in the form of new projects and building rights. In early 2012, Klövern has expanded alternative financing by a preference share, initially by a bonus issue to Klövern's common shareholders although newly-issued preference shares are also envisaged as part payment to Dagon's shareholders. During the year, it is intended to issue at least one bond, to reduce the dependence on financing via the bank sector.

A merger of two companies will require both commitment and hard work by both old and new staff. Perhaps not every development in our business environment will be in our favour, but Klövern has its own firm foundation to stand on. Growth provides energy internally and generates interest externally. We have an exciting year ahead of us!

Rutger Arnhult
CEO

Income statement items refer to the period January–December and are compared with the corresponding period last year. Balance sheet items refer to the position at the end of the year and the comparative figures the most recent year-end. The quarter refers to October–December and the year January–December.

Profit

Profit from property management, i.e. profit excluding changes in value and tax, amounted to SEK 428 million (439) during the year. Profit fell due to higher financial costs. Net profit for the year decreased to SEK 465 million (605) as a result of a deterioration in net financial income and negative changes in value of derivatives.

Net profit for the year includes positive changes in value of properties at SEK 435 million (298) and negative changes in value of derivatives at SEK –225 million (23). Equity increased to SEK 4,740 million (4,516) and the equity ratio at year-end was 31 per cent (32).

Income for a comparable portfolio rose by 2 per cent (1), property costs declined by 5 per cent (6) and the operating surplus increased by a full 7 per cent (–5) to SEK 761 million (709). The increase in fair value is a consequence of investments which have led to increased rental income and lower operating costs.

PROFIT FOR A COMPARABLE PORTFOLIO

	31.12.2011	31.12.2010
Area, 000 sq.m.	1,361	1,360
Fair value, SEKm	13,451	12,425
Required yield, %	7,1	7,2
Economic occupancy rate, %	89	90
Area-based occupancy rate, %	80	80

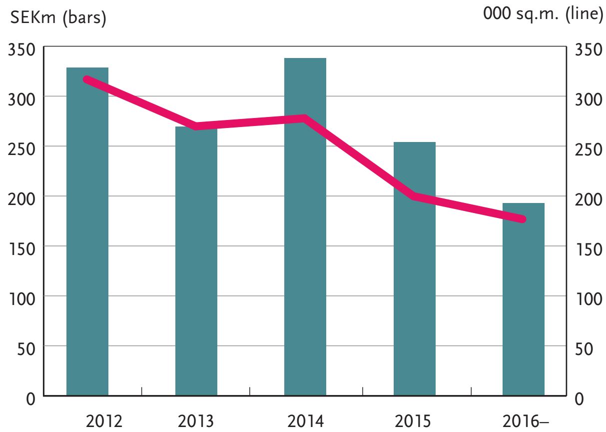
SEKm	2011 Jan–Dec	2010 Jan–Dec
Rental income	1,216	1,190
Other income	4	5
Property costs	–459	–485
Operating surplus	**761**	**710**

Reefers to properties owned for the whole of 2010 and 2011.

Income and occupancy rate

Income during the year increased to SEK 1,364 million (1,243), of which rental income was SEK 1,343 million (1,233). Rental income has been positively affected by a large property portfolio, but also by rising rental levels and positive net moving-in. Other income, SEK 21 million (10), consisted of rental guarantees and early redemption of lease contracts. The increase mainly relates to rental guarantees included in the acquisition in Linköping and other cities at the end of 2010.

Lease structure

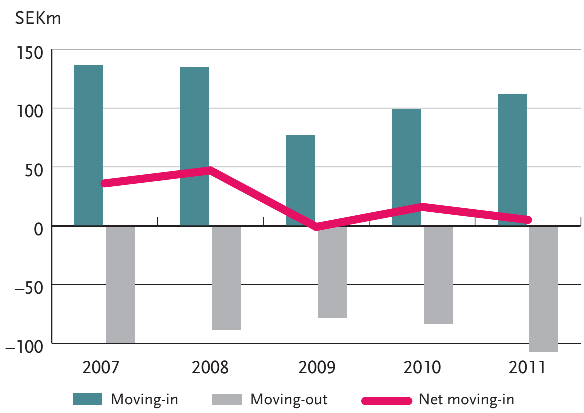


The average remaining lease term was 2.8 years (2.8) and the economic occupancy rate was 89 per cent (89) at year-end. The occupancy rate measured as area increased by one percentage point to 80 per cent (79).

Net moving-in for the quarter was reported to SEK –10 million (12). The largest vacation is Sony Ericsson in Kista and Vattenfall in Nyköping. Major new tenants include Friskis & Svettis and Sodexo, which rent premises in Norrköping, and IF Metall in Linköping.

Net moving-in during the year totalled SEK 5 million (16).

Net moving-in



Costs and operating margin

Property costs only increased to SEK –507 million (–498) during the year, despite a considerably larger property portfolio. Property costs include rent losses of SEK –3 million (–3). The operating surplus was SEK 857 million (745), which entailed an operating margin of 63 per cent (60). The central administration costs amounted to SEK –71 million (–64), the decrease mainly being attributable to higher consultant costs for tax lawyers and acquisition costs in connection with the offer for Dagon.

Cash flow

The cash flow from current operations was SEK 341 million (507). Income tax paid amounted to SEK –1 million (–3). Investment operations have affected the cash flow by SEK –953 million (1,165) net, mainly due to investments in existing properties and acquisitions. The cash flow from financing activities has been affected by SEK 587 million (670). Altogether, the cash flow for the year totals SEK –25 million (12).

Financing

At year-end, interest-bearing liabilities amounted to SEK 9,345 million (8,517). The increase is mainly due to investments and property acquisitions. The average financial interest rate for the whole of the financial portfolio amounted to 4.2 per cent (3.6). Excluding derivatives and the cost of unused credit facilities and the overdraft facility, the interest rate amounted to 3.9 per cent (2.8) at year-end. The average fixed-interest term was 2.7 years (2.4). Credit volumes with swap agreements are treated as having fixed interest. The average period of tied-up capital was 1.9 years (2.0). At the beginning of 2012, SEK 2.2 billion of credit facilities with tied-up capital until 2012 has been refinanced until 2014 and 2015 respectively. Unutilized credit volumes, including not utilized overdraft facilities of SEK 250 million (170), totalled SEK 1,078 million (1,424).

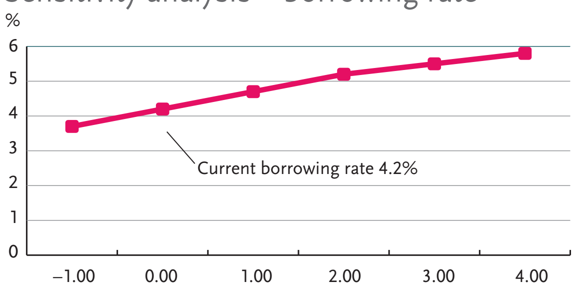
At year-end, Klövern had interest rate caps of SEK 1,500 million (2,500), of which SEK 500 million per year matures each year until 2014. The interest rate caps have redemption rates of 4.25–4.50 per cent.

During the year, Klövern has acquired interest rate swaps of SEK 1 billion in order to reduce interest rate risk. Swap agreements totalled SEK 4,800 million (3,800) at year-end, with an average remaining term of 5.1 years.

Klövern's interest swaps and interest caps effectively limit the interest rate risk. An increase in the short market rates of one percentage point would increase Klövern's average borrowing rate by 0.5 percentage points and Klövern's borrowing cost by SEK 46 million. Falling long market rates have led to decreasing values of derivatives. The change in value of derivatives amounted to SEK –225 million (23) during the year and the value was SEK –242 million (–13) on 31 December. The change in value does not affect the cash flow. On maturity, the value of the derivative is always zero.

Kista Isafjord 1. Ongoing construction of offices/customer centre of 27,000 sq.m for Ericsson.

Sensitivity analysis – borrowing rate



Change in the borrowing rate by X percentage points.

FIXED INTEREST AND TIED-UP CAPITAL

	Fixed interest		Tied-up capital		
Maturity year	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Unutilized, SEKm
Floating	4,545	4.0	—	—	—
2012	—	—	4,640	3,798	843
2013	—	—	3,279	3,279	—
2014	—	—	2,335	2,099	235
2015	1,400	4.2	—	—	—
2016	1,400	5.0	—	—	—
2017	1,000	4.5	—	—	—
2018	500	4.1	—	—	—
Later	500	3.9	169	169	—
Total	**9,345**	**4.2**	**10,423**	**9,345**	**1,078**

Property transactions

During the year, eight properties (38) have been acquired for a price totalling SEK 315 million (1,067) and a lettable area of 37,000 sq.m. (161,000).

During the year, Klövern has sold five properties (9) with a total area of 5,000 sq.m. (27.000). The value of the sales totalled SEK 48 million (368). During the quarter, two newly created properties have been sold, comprising of almost 3,000 sq.m site leaseholds.

Investments and building rights

Investments in existing properties often take place in connection with new letting with the aim of customizing and modernising the premises and thus increasing the rental value.

During the year, a large number of projects, in terms of new construction and refurbishment, were carried out at existing properties. In all SEK 685 million (464) was invested during 2011.

In addition to the projects completed during 2011, a large number of bigger and smaller projects are in process. In all, 214 projects (149) are in process with an estimated expenditure totalling SEK 1,287 million (1,456). In all, SEK 588 million (819) remains to be invested in these projects.

At year-end, assessed building rights and building rights with local plans totalled 936,000 sq.m. (611.000), of which 172,000 (200.000) were in Kista. The increase in building rights is mainly in Karlstad and Linköping. 355,000 sq.m. (229,000) of the building rights are included in local plans. The majority of the building rights consist of offices. The value of the building rights totalled SEK 497 million (425), which corresponds to SEK 531 per sq.m (696).

Properties and changes in value

As at 31 December 2011, Klövern's portfolio consisted of 255 properties (250). The rental value totalled SEK 1,554 million (1,486) and the fair value of the properties was SEK 14,880 million (13,493). The total lettable area amounted to 1,561,000 sq.m. (1,528,000).

During the year, the changes in value of the properties totalled SEK 435 million (298). The changes in value include realized changes in value of SEK 5 million (26) and unrealized changes in value of SEK 430 million (272). The unrealized changes in value do not affect the cash flow.

On average, Klövern's property portfolio has been valued, as at 31 December, with a required yield of 7.1 per cent (7.2). The unrealized changes in value have arisen to a great extent through positive net moving-in with increased rental levels and thus a higher market rent, lower operating costs mainly thanks to energy optimizations at the properties and to a smaller extent to lower required yield.

Klövern values 100 per cent of its property holdings each quarter of which 20–30 per cent externally. Savills has valued one property during the year. Other external valuations have been carried out by DTZ Sweden. Every property in the portfolio is externally valued during a rolling 12-month period. DTZ has also served as advisor when the required yields have been determined in the internal valuations. See Klövern's annual report for 2010 for a more detailed description of valuation principles.

Norrköping Reläet 9. Friskis & Svettis started moving in to almost 3,000 sq.m. of modern training premises in December.

KLOVERN'S FIVE LARGEST PROJECTS IN PROCESS

	Property	Project type	Lettable area property, sq.m.	Project area, sq.m.	Econ. occupancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Rental value after project, SEKm	Estimated completion, year
Kista	Isafjord 1	Offices/customer centre	57,512	36,000[1]	100	662	275	42[2]	133	2012
Kista	Lidarände 1	Offices	19,979	3,700	100	43	3	6	27	2012
Nyköping	Mjölkflaskan 8[3]	Health care	8,035	3,683	93	38	38	3	9	2013
Norrköping	Kopparhammaren 2[3]	Education	36,020	3,585	100	28	15	3	10	2012
Norrköping	Reläet 9	Fitness	32,154	2,900	75	24	4	2	17	2012
Total			**153,700**	**49,868**		**795**	**335**	**56**	**196**	

1. Of which 27,000 sq.m. is for a new building and 9,000 sq.m. is for refurbishment of an existing building.
2. Of which SEKm 6 from the third quarter of 2011.
3. Projects which have started or expanded during the quarter.

Profit and key ratios

The tables below show income statement items and key ratios broken down for Klövern's prioritized cities. The profit table shows current operations, which include properties sold and investments made during the year. The key ratio table refers to the situation at the respective year-end, however, and the figures in the two tables are accordingly not wholly comparable.

FAIR VALUE, SEKM	2011	2010
Fair value as at 1 January	13,493	12,032
Acquisitions	315	1,067
Investments	685	464
Sales	–48	–368
Changes in value	435	298
Fair value as at 31 December	**14,880**	**13,493**

PROFIT PER BUSINESS UNIT AND MARKET AREA

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2011 Jan–Dec	2010 Jan–Dec	2011 Jan–Dec	2010 Jan–Dec	2011 Jan–Dec	2010 Jan–Dec	2011 Jan–Dec	2010 Jan–Dec	2011 Jan–Dec	2010 Jan–Dec
Borås	53	45	–20	–20	33	25	62	56	5	6
Linköping	218	155	–74	–55	144	100	66	65	19	33
Norrköping	122	97	–55	–50	67	47	55	48	117	71
Nyköping	100	103	–36	–42	64	61	64	59	32	28
South	**493**	**400**	**–185**	**–167**	**308**	**233**	**62**	**58**	**173**	**138**
Karlstad	181	182	–64	–67	117	115	65	63	26	42
Västerås	139	129	–68	–66	71	63	51	49	54	36
Örebro	49	50	–16	–20	33	30	67	60	3	14
West	**369**	**361**	**–148**	**–153**	**221**	**208**	**60**	**58**	**83**	**92**
Kista	325	336	–107	–109	218	227	67	68	396	180
Täby	71	63	–25	–26	46	37	65	59	11	7
Uppsala	85	73	–40	–43	45	30	53	41	22	47
East	**481**	**472**	**–172**	**–178**	**309**	**294**	**64**	**62**	**429**	**234**
Other*	21	10	–2	0	19	10	—	—	—	—
Total	**1,364**	**1,243**	**–507**	**–498**	**857**	**745**	**63**	**60**	**685**	**464**

*Income consists of rental guarantees and lease redemption payments. Costs consist of items that are not directly attributable to normal real estate operations.

KEY RATIOS PER BUSINESS UNIT AND MARKET AREA

	Fair value, SEKm		Required yield*, %		Area, 000 sq.m.		Rental value, SEKm		Econ. occupancy rate, %	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Borås	436	398	7.6	7.8	84	80	56	51	95	97
Linköping	2,183	2,129	7.2	7.4	282	287	254	258	86	87
Norrköping	1,271	1,143	7.3	7.2	169	162	149	132	89	87
Nyköping	928	891	7.6	7.8	133	135	112	109	89	90
South	**4,818**	**4,561**	**7.4**	**7.5**	**668**	**664**	**571**	**550**	**88**	**88**
Karlstad	1,727	1,577	7.1	7.3	202	201	196	190	92	94
Västerås	1,320	1,234	7.4	7.4	217	218	166	161	86	83
Örebro	457	428	7.2	7.3	58	58	52	51	94	95
West	**3,504**	**3,239**	**7.2**	**7.4**	**477**	**477**	**414**	**402**	**90**	**90**
Kista	4,945	4,414	6.4	6.5	254	253	369	367	90	92
Täby	658	560	7.3	7.4	77	67	81	70	95	96
Uppsala	955	719	8.4	8.5	85	67	119	97	81	78
East	**6,558**	**5,693**	**6.8**	**6.9**	**416**	**387**	**569**	**534**	**89**	**90**
Total	**14,880**	**13,493**	**7.1**	**7.2**	**1,561**	**1,528**	**1,554**	**1,486**	**89**	**89**

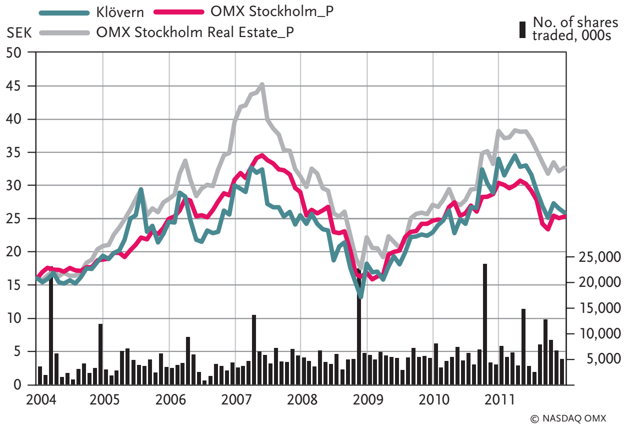
* Required yield is calculated excluding building rights.

The share and shareholders

The Klövern share is listed on NASDAQ OMX Stockholm Mid Cap. On 31 December, the share price was SEK 25.90 per share (34.00), corresponding to a total capitalization of SEK 4,165 million (5,467) based on the number of outstanding shares. During the period 84.2 million shares were traded (81.6), corresponding to 333,000 shares (323,000) per day for a total of SEK 2,464 million (2,256). At year-end, the number of shareholders was 27,213 (27,754) and 84 per cent (83) of the shares were Swedish-owned.

Klövern's holding of repurchased shares amounts to 5,741,463, corresponding to 3.4 per cent of the total number of registered shares. The shares are acquired at an average price of SEK 22.15 per share. No new repurchases have taken place during the year.

Share price development



SHAREHOLDERS

31.12.2011	No. of shares, thousands	Share of votes and equity, %	Change 2011, %-points
Corem Property Group	32,200	20.0	1.3
Arvid Svensson Invest	24,159	15.0	0.0
Rutger Arnhult via companies*	10,502	6.5	5.9
Brinova Inter	9,861	6.1	1.9
Länsförsäkringar funds*	5,570	3.5	–0.1
Swedbank Robur funds*	4,576	2.8	–0.4
Länsförsäkringar Södermanland	4,545	2.8	0.1
JP Morgan Chase NA	3,496	2.2	0.7
BNP Paribas Securities	3,357	2.1	1.2
Handelsbanken funds*	3,259	2.0	1.0
Total largest shareholders	**101,525**	**63.0**	**11.6**
Other shareholders	59,278	37.0	–11.6
Total outstanding shares	**160,803**	**100.0**	**0.0**
Repurchased own shares	5,741		
Total registered shares	**166,544**		

* Owner group.

Tax situation

Outcome of tax cases

In June, the Supreme Administrative Court (SAC) decided in favour of the Tax Agency on the issue of whether it is possible to impose a tax surcharge without considering the substance of the matter. However, the SAC also referred the issue of whether Klövern provided incorrect information in its request for a deduction for an additional tax loss carry-forward, leading to a tax surcharge of SEK 493 million, back to the Administrative Court. The Administrative Court is expected to consider the case during 2012.

The Tax Agency has decided to increase Klövern's tax assessment for the 2008 assessment year by approximately SEK 77 million, which can lead to a tax cost of approximately SEK 21 million. Klövern has appealed to the Administrative Court.

In August, the SAC decided to refuse Klövern leave to appeal regarding a request for additional tax loss carry-forwards of almost SEK 5 billion. SAC's decision did not have any impact on Klövern's income statement or balance sheet.

Tax for the year

Deferred tax of SEK –8 million (–41) has been charged to profit of current real estate operations. Furthermore, among other things, the change in the difference between fair value and residual value of properties and derivatives for tax purposes has entailed deferred tax of SEK –165 million (–138). In total, a cost for deferred tax at SEK –173 million (–151) and current tax of SEK 0 million (–4) is included. The comparative figure for deferred tax in 2010 includes a deferred tax asset of SEK 28 million due to increased loss carry-forwards.

Organization and responsible entrepreneurship

Klövern's business model entails closeness to the customer by having own staff at all business units. At year-end, the number of employees in Klövern was 132 (126). The average age was 45 years (44) and the proportion of women was 44 per cent (43).

An environmental management system was introduced in 2011 with the aim of improving the efficiency of environmental work and making it more systematic, as well as ensuring compliance with environmental legislation and the requirement of different stakeholders.

Significant risks and uncertainty factors

A property company is exposed to various risks and possibilities in its business activities. Internal regulations and policies limit exposure to different risks. Klövern's significant risks and exposure and their management are described on pages 60–63 of the 2010 Annual Report. No significant changes have taken place since then.

Accounting policies

This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and, in the case of the parent company, the Annual Accounts Act. The accounting policies applied in this interim report are those described in note 1 of Klövern's Annual report for 2010, apart from group contribution from subsidiaries, which is reported in the parent company's income statement.

Offer for Dagon

In December 2011, Klövern made a public offer for all shares in the listed real estate company Dagon AB (publ). The offer was valued at approximately SEK 1,474 million or SEK 62.50 per share in Dagon. The offer is being financed by 30 per cent in cash and 70 per cent by newly issued preference shares. The period of acceptance for Dagon's shareholders expires on 28 February 2012. Please see klovern.se for more information.

Events after the end of the year

Gustav Hermelin left his post as CEO on 31 December 2011. Rutger Arnhult has been appointed as new CEO by the Board and took up his appointment on 1 January 2012.

At the start of 2012, SEK 2.2 billion of credit facilities with tied-up capital until 2012 have been refinanced to the end of 2014 and 2015 respectively.

Due to the public offer to the shareholders of Dagon AB (publ) which was published on 6 December 2011, an Extraordinary Shareholders Meeting of Klövern AB (publ) was held on 12 January 2012.

The shareholders' meeting decided upon a cash issue and amendment of the articles of association. In addition, the shareholders' meeting decided on a bonus issue of preference shares to Klövern's shareholders, with a first dividend of SEK 2.50 during the first quarter of 2012. The record date is the last weekday of March 2012 and payment is expected to be made on 4 April 2012. The shareholders' meeting also decided on a new issue of preference shares to Dagon's shareholders. Furthermore, the shareholders' meeting decided to authorize the Board during the period until the next annual general meeting of shareholders to acquire and transfer Klövern's own shares on one or more occasions. Please refer to klovern.se for complete information about the decisions made at, and protocol (in Swedish) from, the Extraordinary Shareholders Meeting.

Klövern has from 1 May 2012 let a whole floor consisting of 550 sq.m., with a total annual rent of SEK 1.6 million, in Victoria Tower in Kista.

Dividend

The Board is proposing to the Annual General Meeting, for the 2011 financial year, a dividend of SEK 1.25 per common share (1.50) and a dividend of SEK 10 per preference share (–), to be paid by SEK 2.50 each quarter, with a start during the second calendar quarter 2012. The total dividend, on Klövern's outstanding shares as per 15 February 2012, thereby is estimated to be unchanged, SEK 241 million (241). Record date for dividend to common shareholders is proposed to be 20 April and the estimated payment date 25 April 2012. The record date for the preference shareholders is the last weekday of the respective calendar quarter and the payment date around three banking days later, see Calendar.

Annual General Meeting and Annual Report

The 2012 Annual General Meeting will take place at Kistamässan in Kista, Stockholm at 4pm on 17 April 2012.

Notice of the Annual General Meeting and prerequisites for notifying attendance will be advertised in the Swedish Official Gazette, Post & Inrikes Tidningar, and be published on Klövern's website, klovern.se. Information of the notification is given in an advertisement in Svenska Dagbladet. Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail to styrelsenominering@klovern.se.

The Annual Report for 2011, in Swedish, will be available on Klövern's website from week 11, 2012.

Nyköping, 15 February 2012

Board of Directors, Klövern AB (publ)

Consolidated Statement of Income

SEKm	2011 3 months Oct–Dec	2010 3 months Oct–Dec	2011 12 months Jan–Dec	2010 12 months Jan–Dec
Rental income	348	331	1,343	1,233
Other income [1]	4	5	21	10
Total income	**352**	**336**	**1,364**	**1,243**
Property costs	–137	–143	–507	–498
Operating surplus	**215**	**193**	**857**	**745**
Central administration	–27	–16	–71	–64
Net financial items	–95	–75	–358	–242
Profit from property management	**93**	**102**	**428**	**439**
Changes in value, properties	142	76	435	298
Changes in value, derivatives	–49	143	–225	23
Profit before tax	**186**	**321**	**638**	**760**
Current tax	0	–1	0	–4
Deferred tax	–50	–59	–173	–151
Net profit for the period	**136**	**261**	**465**	**605**
Other comprehensive income	—	—	—	—
Comprehensive income for the period	**136**	**261**	**465**	**605**
Earnings per share, SEK	0.85	1.62	2.89	3.76
No. of shares outstanding at the end of the period, million	161	161	161	161
Average no. of outstanding shares, million	161	161	161	161

[1] Income from rental guarantees and payments from redemption tenants.
There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

SEKm	31.12.2011	31.12.2010
Assets		
Investment properties	14,880	13,493
Machinery and equipment	8	9
Deferred tax assets	397	405
Accounts receivables	94	129
Liquid funds	11	36
Total assets	**15,390**	**14,072**
Shareholder's equity and liabilities		
Shareholder's equity	4,740	4,516
Deferred tax liability	673	508
Interest-bearing liabilities	9,345	8,517
Derivatives	242	13
Accounts payable	49	157
Other liabilities	34	53
Accrued expenses and prepaid income	307	308
Total shareholder's equity and liabilities	**15,390**	**14,072**

Change in Consolidated Shareholders' Equity

SEKm	
Shareholders' equity 01.01.2010	**4,112**
Dividend	–201
Net profit for the year	605
Shareholders' equity 31.12.2010	**4,516**
Dividend	–241
Net profit for the year	465
Shareholders' equity 31.12.2011	**4,740**

Consolidated Statement of Cash Flow

SEKm	2011 3 months Oct–Dec	2010 3 months Oct–Dec	2011 12 months Jan–Dec	2010 12 mån Jan–Dec
Current operations				
Profit from property management	93	102	428	439
Adjustment for items not included in the cash flow	1	2	6	8
Income tax paid	–1	0	–1	–3
Cash flow from current operations before change in working capital	93	104	433	444
Changes in working capital				
Change in operating receivables	–2	–35	35	–46
Change in operating liabilities	–72	139	–127	109
Total change in working capital	–74	104	–92	63
Cash flow from current operations	**19**	**208**	**341**	**507**
Investment operations				
Divestment of properties	9	32	48	368
Acquisition of and investment in properties	–188	–1,297	–1,000	–1,531
Acquisition of machinery and equipment	0	–1	–1	–2
Cash flow from investment operations	**–179**	**–1,266**	**–953**	**–1,165**
Financing operations				
Change in interest-bearing liabilities	161	980	828	871
Dividend	0	0	–241	–201
Cash flow from financing operations	**161**	**980**	**587**	**670**
Cash flow for the period	**1**	**–78**	**–25**	**12**
Liquid funds at the beginning of the period	10	114	36	24
Liquid funds at the end of the period	**11**	**36**	**11**	**36**

Parent Company Statement of Income

SEKm	2011 3 months Oct–Dec	2010 3 months Oct–Dec	2011 12 months Jan–Dec	2010 12 months Jan–Dec
Net sales	29	29	108	103
Cost of services sold	–22	–24	–81	–79
Gross profit	**7**	**5**	**27**	**24**
Central administration	–26	–15	–69	–64
Operating profit	**–19**	**–10**	**–42**	**–40**
Interest income	466	247	466	273
Interest costs	0	0	–2	–1
Profit after financial items	**447**	**237**	**422**	**232**
Current tax	—	—	—	—
Tax attributable to group contributions	17	41	17	41
Deferred tax	24	7	–8	–13
Net profit for the period	**488**	**285**	**431**	**260**

Parent Company Balance Sheet

SEKm	31.12.2011	31.12.2010
Assets		
Machinery and equipment	2	2
Participation in group companies	320	320
Receivables from group companies	3,609	3,417
Deferred tax assets	397	405
Accounts receivables	10	6
Liquid funds	8	54
Total assets	**4,346**	**4,204**
Shareholders' equity and liabilities		
Shareholders' equity	3,086	2,914
Liabilities to group companies	1,218	1,259
Accounts payable	8	6
Other liabilities	9	8
Accrued expenses and prepaid income	25	17
Total shareholders' equity and liabilities	**4,346**	**4,204**

Key ratios

	31.12.2011 3 months Oct–Dec	31.12.2010 3 months Oct–Dec	2011	2010	2009	2008	2007	2006
Property								
Number of properties	255	250	255	250	217	217	220	205
Lettable area, 000 sq.m.	1,561	1,528	1,561	1,528	1,392	1,382	1,394	1,436
Rental value, SEKm	1,554	1,486	1,554	1,486	1,385	1,360	1,309	1,276
Fair value properties, SEKm	14,880	13,493	14,880	13,493	12,032	11,895	12,154	10,701
Direct yield requirement valuation, %	7.1	7.2	7.1	7.2	7.2	7.1	6.6	6.9
Operating margin, %	61	57	63	60	62	62	63	60
Occupancy rate, economic, %	89	89	89	89	89	90	88	84
Occupancy rate, area-based, %	80	79	80	79	80	82	80	78
Average lease term, years	2.8	2.8	2.8	2.8	3.0	3.1	2.9	2.6
Financial								
Return on equity, %	2.9	5.9	10.1	14.0	5.8	–10.7	28.1	20.6
Equity ratio, %	30.8	32.1	30.8	32.1	32.7	32.3	37.4	33.7
Leverage, %	63	63	63	63	64	64	58	64
Interest coverage ratio, multiples	2.0	2.4	2.2	2.8	3.2	2.0	2.2	2.6
Average interest, %	4.2	3.6	4.2	3.6	2.7	4.2	4.6	4.1
Average fixed-interest period, years	2.7	2.4	2.7	2.4	3.2	1.1	1.4	1.8
Average period of tied-up capital, years	1.9	2.0	1.9	2.0	1.8	2.6	3.7	4.3
Interest-bearing liabilities, SEKm	9,345	8,517	9,345	8,517	7,646	7,645	7,007	6,878
Share								
Profit from property management per share, SEK	0.58	0.63	2.66	2.73	3.07	2.17	2.32	2.25
Equity per share, SEK	29.5	28.1	29.5	28.1	25.6	25.1	29.4	23.2
Cash flow operating activities per share, SEK	0.12	1.29	2.12	3.15	3.05	1.47	3.91	2.71
Share price at end of period, SEK	25.9	34.0	25.9	34.0	22.9	18.2	25.5	30.0
Market capitalization, outstanding shares, SEKm	4,165	5,467	4,165	5,467	3,682	2,929	4,227	4,996
Total no. of registered shares at end of period, million	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5
No, of outstanding shares at end of period, million	160.8	160.8	160.8	160.8	160.8	160.8	165.8	166.5
Dividend per common share, SEK	—	—	1.25*	1.50	1.25	1.00	1.50	1.25
Dividend per preference share, SEK	—	—	10.00*	—	—	—	—	—
Dividend in relation to profit from property management, %	—	—	56*	55	41	46	64	56

* Proposed dividend.

Definitions

Property

Change in value, realized
Property sales during the period after deduction of the properties' most recent reported fair value and selling expenses.

Change in value, unrealized
Change in fair value of the property portfolio after deduction of investments made.

Direct yield requirement, valuation
The required yield of property valuations on the residual value.

Lease value
Rent for premises, index and rent supplement according to lease.

Net moving-in
Lease value of tenants moving in less lease value of moving-out. tenants.

Occupancy rate, area-based
Let area in relation to total lettable area.

Occupancy rate, economic
Lease value in relation to rental value at the end of the period.

Operating margin
Operating surplus in per cent of total income.

Operating surplus
Total income less rent losses, operating and maintenance costs, property administration, site leasehold charges and property tax.

Other income
Income from rental guarantees and redemption of leases.

Profit from property management
Profit before changes in value and tax.

Rental value
Lease value plus assessed market value for space not rented at end of period.

Finance

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

Interest coverage ratio
Profit from property management plus financial costs in relation to financial costs.

Leverage
Interest-bearing liabilities relating to properties in relation to the value of the properties at the end of the period.

Return on equity
Profit for the period in relation to average equity.

Share

Cash flow, operating activities per share
Cash flow operating activities in relation to the average number of outstanding shares.

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

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

Profit from property management per share
Profit from property management in relation to the average number of outstanding shares.

This information in the interim report is such that Klövern AB (publ) is obliged to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was made available for publication on 15 February 2012.

Klövern is a real estate company committed to working closely with customers to meet their needs of premises and services in Swedish growth regions. Klövern is one of the larger real estate companies in Sweden specializing in commercial premises.

Klövern has business units in ten cities: Borås, Karlstad, Kista, Linköping, Norrköping, Nyköping, Täby, Uppsala, Västerås and Örebro. As at 31 December 2011, the properties were valued at SEK 14.9 billion and the rental value was SEK 1.6 billion. The Klövern share is listed on Nasdaq OMX Stockholm Mid Cap.

The company is organized with a service office and headquarters in Nyköping and business units in all ten prioritized cities. The ten business units are organized in three market areas, where each area shares certain specialist functions.

The service office is responsible for management, economy, financing, transactions, rental administration, information and in-vestor relations as well as business support to the business units. The business units focus on contact with the customer. Having our own staff where the tenants are located ensures fast service and good knowledge of the market.

Vision

Klövern is creating the communities of tomorrow.

We aim to be an active player in the creation of city districts, areas and business clusters.

Klövern's primary task is to provide premises but, if we are also able to contribute to strengthening the cities where we operate, this will also benefit Klövern and Klövern's shareholders.

Business concept

Klövern shall with availability and commitment meet the customer's need of premises and services in Swedish growth regions.

Klövern's base product is, of course, our premises. Klövern focuses on commercial premises in the framework of

Business and Science Parks, small enterprise parks and city properties.

Our way of providing premises, i.e. with availability and commitment, together with the fact that we want to meet the customer's needs and not just sell a finished product says a lot about Klövern's method of work.

Motto

Making the customer's day easier every day.

If our tenants feel that we make their life easier, this will be a weighty argument when lease contracts expire and it is time for renegotiation. Klövern shall make their life easier today and tomorrow. This means quite simply being a step ahead and anticipating tomorrow's needs. Satisfied tenants are a prerequisite for achieving the goal of positive net moving-in and a low tenant turnover rate

Calendar

Last day for trading including right to dividend to the preference shareholders (decided)	27 Mar 2012
Record date for dividend to the preference shareholders	30 Mar 2012
Expected day of payment of dividend to the preference shareholders from Euroclear	4 Apr 2012
Interim report Jan–Mar 2012	17 Apr 2012
Annual General Meeting 2012	17 Apr 2012
Last day for trading including right to dividend to the common shareholders (proposed)	17 Apr 2012
Record date for dividend to the common shareholders	20 Apr 2012
Expected payment day to the common shareholders from Euroclear	25 Apr 2012
Last day for trading including right to dividend to the preference shareholders (proposed)	26 Jun 2012
Record date for dividend to the preference shareholders	29 Jun 2012
Expected day of payment of dividend to the preference shareholders from Euroclear	4 Jul 2012
Interim report Jan–Jun 2012	10 Jul 2012
Last day for trading including right to dividend to the preference shareholders (proposed)	25 Sep 2012
Record date for dividend to the preference shareholders	28 Sep 2012
Expected day of payment of dividend to the preference shareholders from Euroclear	3 Oct 2012
Interim report Jan–Sep 2012	23 Oct 2012
Last day for trading including right to dividend to the preference shareholders (proposed)	21 Dec 2012
Record date for dividend to the preference shareholders	28 Dec 2012
Expected day of payment of dividend to the preference shareholders from Euroclear	4 Jan 2013
Year-end report 2012	13 Feb 2013

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