KLÖVERN

ANNUAL REPORT 13

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VISION

Klövern creates environments for future enterprise.

BUSINESS CONCEPT

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

MOTTO

Making the customer's day easier every day.

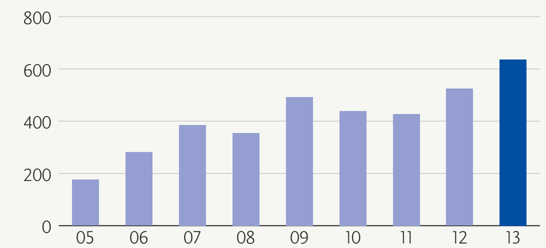
THIS IS KLÖVERN

KLÖVERN IS A REAL ESTATE COMPANY committed, with closeness and commitment, to offering customers efficient premises in selected growth regions.

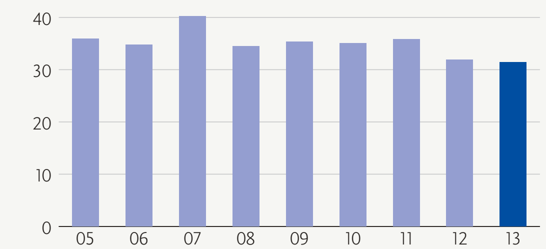
Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

Klövern is one of the larger real estate companies in Sweden specializing in commercial premises.

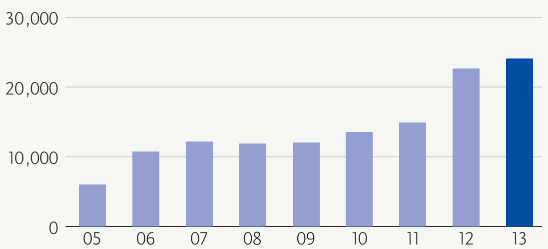
PROFIT FROM PROPERTY MANAGEMENT, SEKm



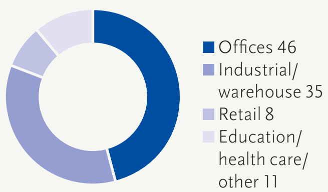
EQUITY RATIO, adjusted, %



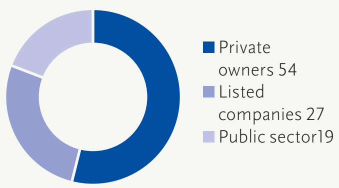
PROPERTY VALUE, SEKm



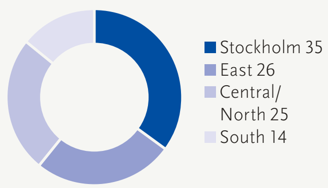
PORTFOLIO, SQ.M PER TYPE OF PREMISES, %

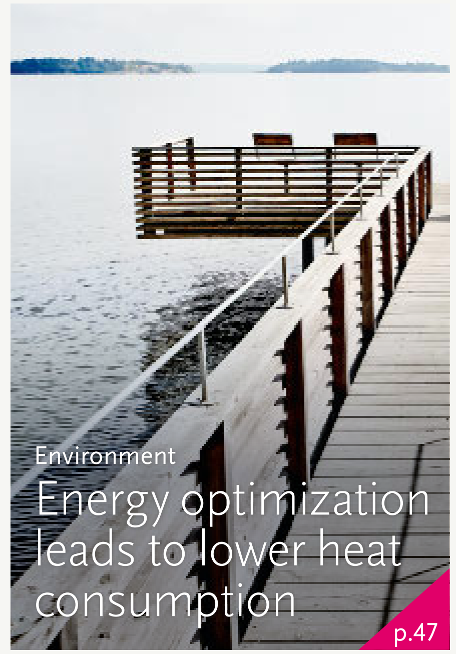


LEASE CONTRACT VALUE BY CUSTOMER CATEGORY, %



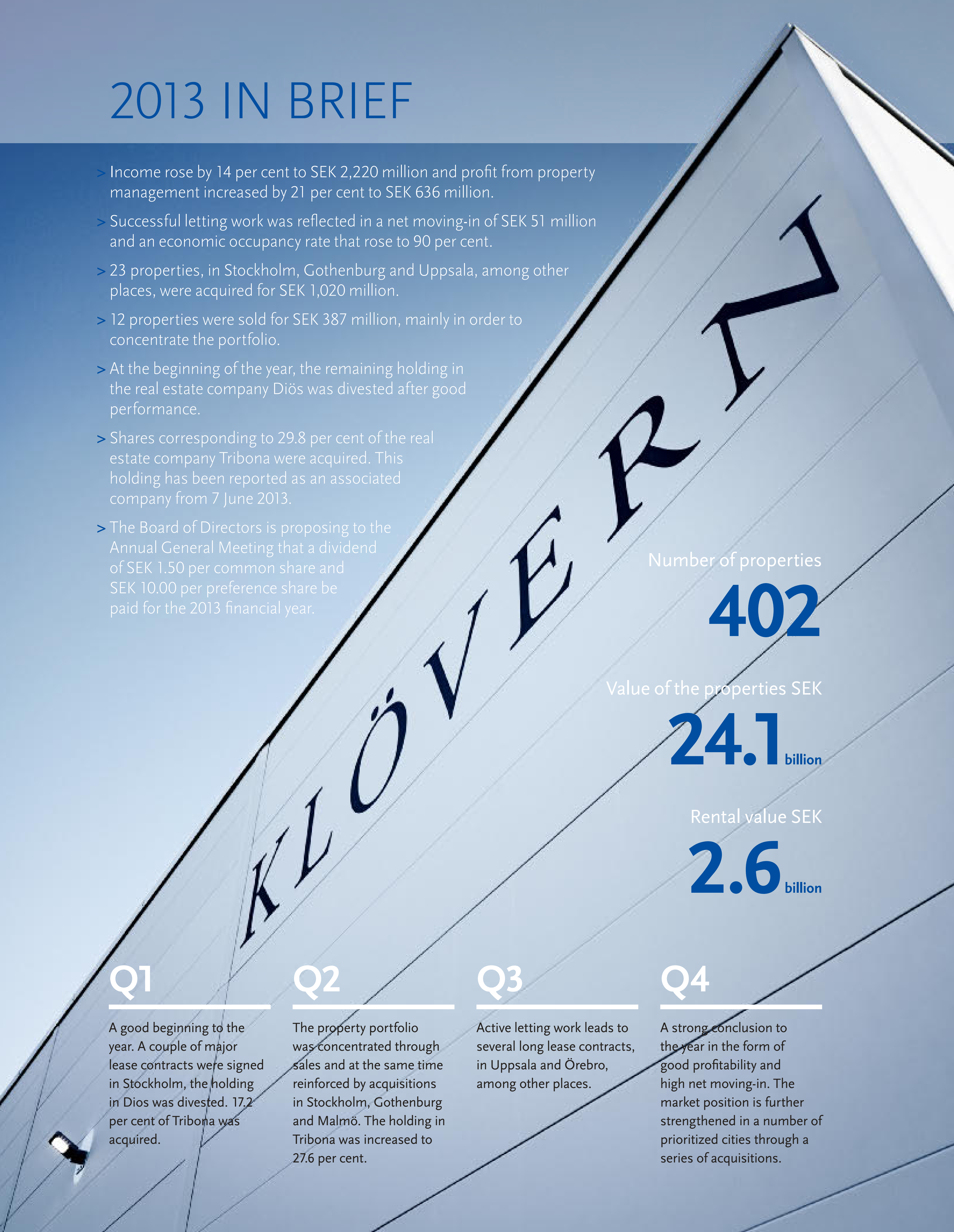
RENTAL VALUE PER REGION, %





KEY RATIOS	2013.12.31 Q4	2013.09.30 Q3	2013.06.30 Q2	2013.03.31 Q1	2012.12.31 Q4	2012.09.30 Q3	2012.06.30 Q2	2012.03.31 Q1
Operating margin, %	61	66	65	59	53	69	67	61
Return on equity, %	2.5	2.7	6.4	2.8	–0.6	1.2	2.3	3.5
Equity ratio, %	28.5	28.8	28.5	29.8	28.1	25.9	25.6	27.1
Adjusted equity ratio, %	31.4	31.5	31.4	33.2	31.9	30.6	30.3	31.3
Leverage, %	65	65	65	64	64	66	67	65
Leverage properties, %	57	57	57	57	59	62	60	61
Interest coverage ratio, multiples	1.9	2.0	2.0	1.9	1.5	2.0	1.9	1.8
Average interest, %	4.3	4.3	4.4	4.3	4.3	4.4	4.5	4.6
Fixed-interest period, years	2.7	3.0	3.2	3.4	3.0	2.4	2.8	3.0
Period of tied-up capital, years	2.0	1.9	2.2	2.0	2.2	1.8	2.0	2.2
Occupancy rate economic, %	90	89	88	88	88	88	88	88
Occupancy rate area, %	82	81	80	80	81	80	80	80

stronger position



2013 IN BRIEF

- Income rose by 14 per cent to SEK 2,220 million and profit from property management increased by 21 per cent to SEK 636 million.
- Successful letting work was reflected in a net moving-in of SEK 51 million and an economic occupancy rate that rose to 90 per cent.
- 23 properties, in Stockholm, Gothenburg and Uppsala, among other places, were acquired for SEK 1,020 million.
- 12 properties were sold for SEK 387 million, mainly in order to concentrate the portfolio.
- At the beginning of the year, the remaining holding in the real estate company Diös was divested after good performance.
- Shares corresponding to 29.8 per cent of the real estate company Tribona were acquired. This holding has been reported as an associated company from 7 June 2013.
- The Board of Directors is proposing to the Annual General Meeting that a dividend of SEK 1.50 per common share and SEK 10.00 per preference share be paid for the 2013 financial year.

Number of properties

402

Value of the properties SEK

24.1 **billion**

Rental value SEK

2.6 **billion**

Q1

A good beginning to the year. A couple of major lease contracts were signed in Stockholm, the holding in Dios was divested. 17.2 per cent of Tribona was acquired.

Q2

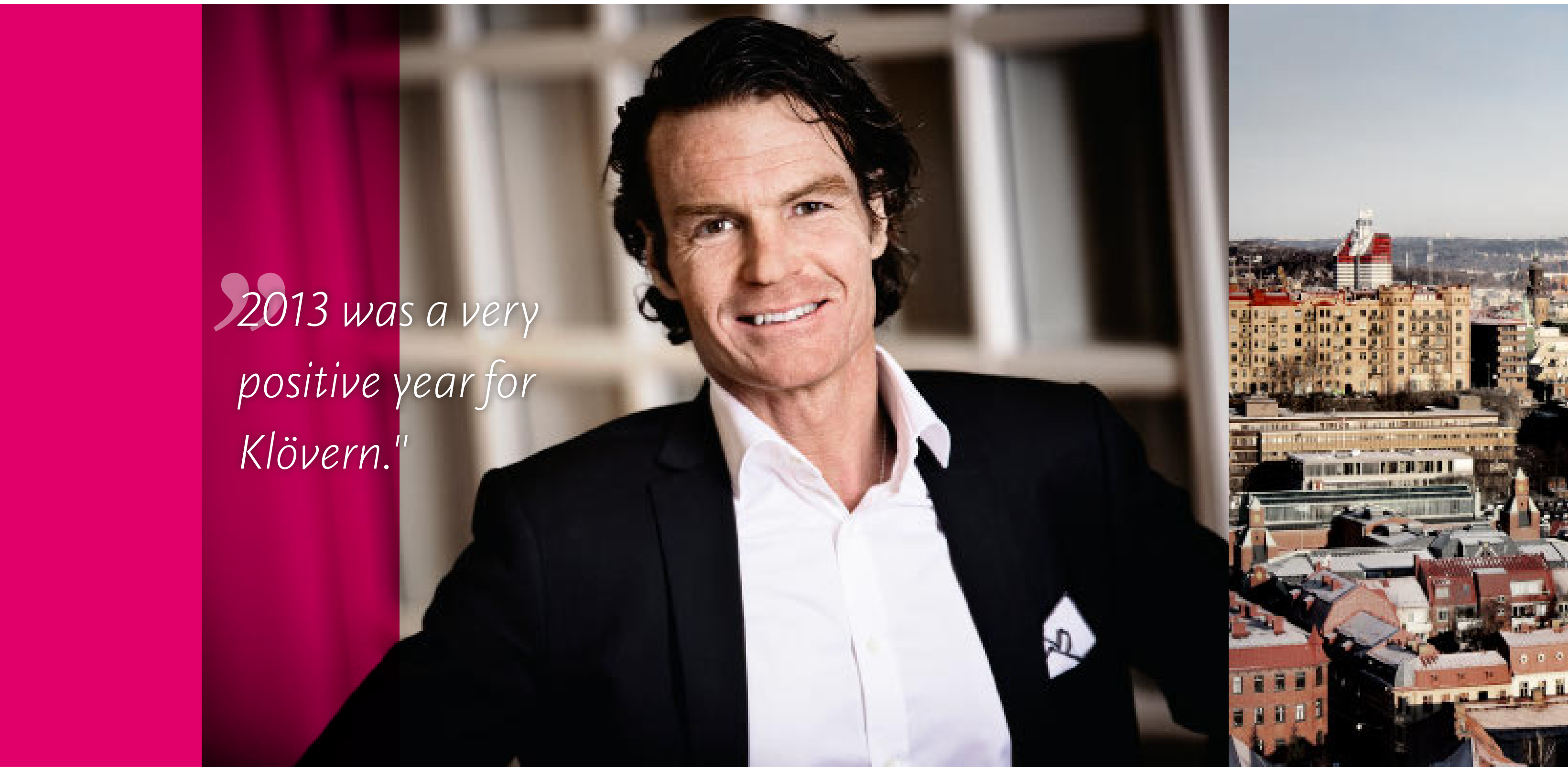
The property portfolio was concentrated through sales and at the same time reinforced by acquisitions in Stockholm, Gothenburg and Malmö. The holding in Tribona was increased to 27.6 per cent.

Q3

Active letting work leads to several long lease contracts, in Uppsala and Örebro, among other places.

Q4

A strong conclusion to the year in the form of good profitability and high net moving-in. The market position is further strengthened in a number of prioritized cities through a series of acquisitions.



A SUCCESSFUL YEAR WITH THE FOCUS ON OUR CORE BUSINESS

STRONG NET MOVING-IN

Looking back on 2013, I can note that it was a very positive year for Klövern. It was mainly a year of consolidation and hard work in our administration. A major focus on letting led to a net moving-in of as much as SEK 51 million and an increase in the economic occupancy rate to 90 per cent. The net moving-in consists of a mixture of some large contracts and a large number of smaller contracts.

At the beginning of the year, a 10-year lease contract was signed with CGI, who moved into modern office premises in Stockholm, Kista in December. Another example of a company which has chosen to locate its head office in Kista during the year is OHB Sweden, with which Klövern has signed a 20-year lease contract.

There is great interest in establishing business operations in Kista and I believe that the trend towards moving head offices out of Stockholm city centre will continue. Rents for good locations in Stockholm's inner city are often around SEK 3,000–5,000 per sq.m and year, while the rental level for modern offices in Kista is around SEK 2,000 per sq.m and year. Kista has good transport links by bus, metro and local train. It only takes 13 minutes to travel from Stockholm Central station to Kista by local train. The city line, Citybanan, will be completed in 2017, which will create increased capacity for rail traffic and further shorten travelling time for many people living in Stockholm's inner city. A further improvement in transport links is planned with a northern extension of the light rail network, Tvärbanan, which will link Kista to the existing network and Bromma. Services are planned to start in 2021.

Demand for premises has also been buoyant at our other locations. Further examples of major lettings are a seven-year

lease with the Municipality of Uppsala in the Boländerna area with a total lease contract amount of SEK 70 million. Another public sector tenant was the Swedish Transport Agency which signed a six-year lease with a total contract amount of SEK 150 million in Örebro.

STABLE RENTAL INCOME

Every fifth krona of our income now comes from central government, the county councils or the municipalities. These lease contracts are usually for long lease terms with customers with secure payment ability. In addition to this, 27 per cent of our income is from listed companies which, with their access to the capital markets, have a good ability to survive tougher periods. It is very uncommon for a listed company to suspend payments. Klövern knows its tenants well and had rent losses of only SEK 4 million in 2013, or 0.2 per cent of income.

During the year, Klövern has continued to acquire properties and to concentrate its portfolio through divestments. In all, 23 properties were acquired, while 12 properties were sold. These acquisitions aim to strengthen our position at our locations at the same time as our sales often entail our divesting odd or completely developed properties.

In May, we reinforced our portfolio in Gothenburg by acquiring Lindex's central warehouse and sales office in Partille for SEK 126 million. This is a 14,700 sq.m. modern logistics facility. At the end of the year, we also acquired a couple of office properties in Partille and Mölndal with a lettable area of around 9,800 sq.m.

In June, we acquired three properties located in Jordbro Business Park in Haninge, which are fully let to Systembolaget and Lagena Distribution. The major part of the products on Systembolaget's shelves throughout Sweden passes through these properties. The total space is around 28,000 sq.m., the purchase price being SEK 215 million.

FOCUS ON STOCKHOLM AND REGIONAL CITIES

Klövern is now a strong company at our chosen growth locations. The Stockholm Region, which also includes Uppsala, now accounts for 40 per cent of Klövern's property value. The major part of the Stockholm portfolio is in Kista, Solna and Täby. The units in Gothenburg and Malmö account for a further 12 per cent of the property value, evenly distributed between these cities. In terms of the number of square metres of commercial space, we are also the largest or second largest property owner in places such as Karlstad, Västerås, Linköping, Norrköping, Nyköping, Kalmar and Karlskrona. These locations account together for 38 per cent of the property value. In general, it can be said that we will focus in the future on expanding in the metropolitan city areas of Stockholm, Gothenburg and Malmö. At the same time, we want, through selective acquisitions, to strengthen our presence at our other locations.

A key component of Klövern's business concept is "closeness and commitment". This phrase does not just mean knowing our locations street by street but also knowing everything and everyone. At the same time, it is important for us to be a large property owner. This enables us to offer premises in accordance with our tenants' wishes in our own portfolio instead of risking losing a tenant if their needs change. Our size enables us to carry out refurbishment projects and offer our tenants customized premises of almost any extent. We invest around SEK 800 million annually in our own properties.

> *"We will focus on expanding in the metropolitan city areas of Stockholm, Gothenburg and Malmö."*

LOWER INTEREST RATE MARGINS

As far as financing is concerned, there has been a gradual change during the year. At the beginning of the year, the banks were generally more restrictive with lending. However, after the summer, the climate improved significantly and interest rate margins have decreased considerably. The same development has taken place on the bond market. This was illustrated by the unsecured bond loan of SEK 650 million with a duration of four years and three months that Klövern issued in October 2012. The underlying rate was then set at three month Stibor + 4.00 per cent. Sixteen months later, in February 2014, Klövern issued an unsecured bond loan of SEK 1,100 million with a duration of four years with an underlying rate of three month Stibor + 2.25 per cent.

TRIBONA

At the beginning of the year, the remaining shareholding in Diös was divested at a good profit and Klövern then successively acquired shares in Tribona, which owns and manages modern and strategically located logistic properties. Klövern owns shares corresponding to 29.8 per cent of the votes in the company.

ACQUISITION OF GLOBEN CITY

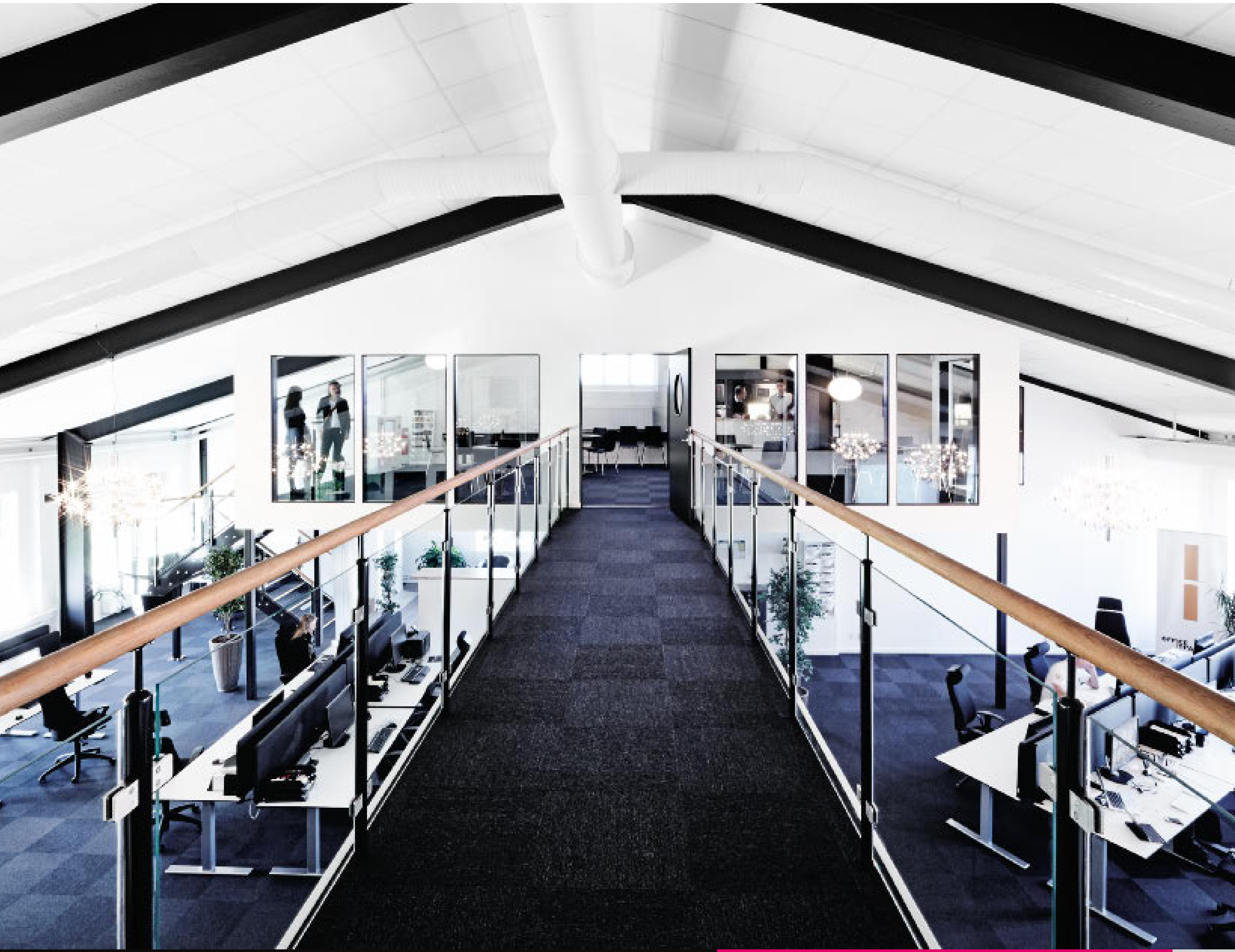
At the time of writing, we have just signed a contract to aquire Globen City, with transfer of possession preliminarily set at 1 April. It is very uncommon for such a concentrated and fine portfolio to come on to the market and we are very pleased that we have the opportunity to acquire it. With this transaction, Klövern will take a great step forwards to having a property portfolio of SEK 30 billion. After the acquisition, the Stockholm Region will have a property value of over SEK 13 billion or almost half of Klövern's total property value.

Globen City's excellent communications with three metro stations, two stations on the Tvärbanan light rail network, some forty bus lines combined with its closeness to both the major roads Nynäshamnvägen and Södra Länken make this a highly attractive area. And I believe that this area will be even more attractive in the future, bearing in mind the plans for construction of Tekniska Nämndhuset and housing in the Slakthus area. Klövern wants to contribute to the development of what is known as the "Southern City", Söderstaden.

It is usually said that time flies when you are enjoying yourself and I think this is certainly true for Klövern in 2013. We also succeeded in achieving the company's highest profit ever, which led to a full contribution to the profit-sharing foundation for personnel. It is gratifying when the focused work of all of Klövern's staff produces a reward. I hope and believe that 2014 will be at least as enjoyable.

Stockholm, 10 March 2014

Rutger Arnhult
CEO



The property Glödlampan 17 in Nyköping has been fully renovated and the tenant moved in during 2013. Intelligent and sustainable solutions from an environmental perspective have been the consistent theme throughout the project. The office was during the year nominated as Sweden's best-looking office.

BUSINESS CONCEPT, GOALS AND STRATEGY

Klövern's overall goal is to generate a good return for the shareholders. Strategies and a number of interim goals have been specified for each area to achieve the overall goal. Klövern's business plan includes a forward-looking vision, a business concept and a motto.

Vision

KLÖVERN CREATES ENVIRONMENTS FOR FUTURE ENTERPRISE

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

Business concept

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

Klövern's product is, of course, our premises. Premises shall be adapted to customer wishes and needs regardless of what these are and regardless of the type of premises required.

Premises shall be provided, and customers treated, with closeness and commitment. Only through close contact with the customer can we anticipate tomorrow's needs. The closeness and commitment that Klövern seeks to provide can only be achieved with our own staff.

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

Motto

MAKING THE CUSTOMER'S DAY EASIER EVERY DAY.

If Klövern's tenants feel that we make their life easier, this will be a weighty argument when leases expire and it is time to renegotiate. Klövern shall make its customers' day easier every day. To put it simply, this means being a step ahead and anticipating future needs. Satisfied tenants are an important prerequisite to achieve the goal for net moving-in.

A summary of the strategies and goals in finance, management, acquistions/sales/projects and personnel for 2014 is shown on page 7.

Interior view of the property Skeppsbron 1 in Karlskrona.

Strategy and goals 2014

	Strategy	Goals
FINANCE	> Equity shall consist of both common and preference shares. > The interest rate risk shall be limited by hedging a certain share of the credit portfolio. > The refinancing risk should be limited by a spread of credit maturities and creditors. > Bank borrowing should be complemented by alternative forms of finance.	> Return on equity shall amount to the risk-free rate plus at least 9 percentage points in the long term. > The dividend to the shareholders should exceed 50 per cent of the profit on property management in the long term. > The equity ratio should be at least 30 per cent. > The interest coverage ratio shall be at least 1.5 multiples. > The period of tied-up capital shall be at least 1.5 years.
ADMINISTRATION	> Management shall be done by Klövern's own personnel and with local commitment > Customer surveys shall be made and serve as the basis for improved customer care. > Sales shall be made more efficient through productization. > Energy consumption per sq.m. shall decrease in the long term. > Administrative efficiency shall be enhanced by focusing on improving the operating margin.	> Net moving-in should amount to at least 1 per cent of the rental value per year. > The operating margin should amount to at least 65 per cent in the long term. > Heat consumption shall decrease by at least 12 per cent from 2013 to 2015. > The property value should increase to at least SEK 30 billion.
ACQUISITIONS, SALES AND PROJECTS	> Acquisitions and sales shall be focused on geographic concentration with a view to creating effective management at prioritized locations. > Prioritization of projects with a high yield. > Create values by making use of building rights or new production projects for own management or for divestment.	> Acquired investment properties shall have a long-term yield of around 7 per cent per year. > Project investments shall produce a yield of at least 15 per cent.
PERSONNEL	> Annual development interviews with individual development plans. > Health check-ups with support for individuals to improve health. > Close collaboration with prioritized schools.	> Personnel turnover should in the long term amount to around 10 per cent per year. > Sickness absence should be less than 3 per cent per year.

See page 142 for definitions of key ratios.

Goals and outcomes 2013

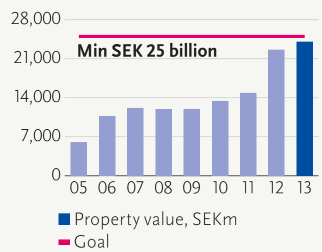
ADMINISTRATIVE GOALS

Goal | Outcome 2013 | Objective

PROPERTY VALUE

Goal: The property value should increase to at least SEK 25 billion.

Outcome 2013: The property value increased by SEK 1,435 million to SEK 24,059 million. The increase was a result of net acquisitions of SEK 633 million, investments of SEK 830 million and a change in value of SEK –28 million. The average growth over the past five years amounts to SEK 2,433 million.

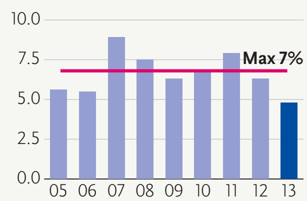


Objective: A larger company, listed on NASDAQ OMX Large Cap, can attract a greater number of possible major institutional, in particular foreign, investors. Some of these have investment regulations that restrict investments in companies with a market value below EUR 1 billion. Klövern's market value was around SEK 7.5 billion at year-end 2013. Growth can take place both through value-creating investments, new construction and refurbishment in our own portfolio as well as by acquisition of properties.

TURNOVER RATE

Goal: The tenant turnover rate shall be at most 7 per cent per year.

Outcome 2013: During 2013, tenant turnover amounted to 4.8 per cent.



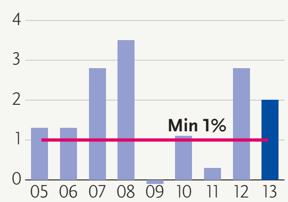
Objective: Limiting the tenant turnover rate has a positive effect on the result through reduced costs for tenant customizations and lower income loss due to fewer periods of vacancy.

Turnover rate, %
Goal

NET MOVING-IN

Goal: Net moving-in shall amount to at least one per cent of the rental value per year.

Outcome 2013: Net moving-in was positive during 2013. The target of 1 per cent of the rental value was achieved. The outcome of SEK 51 million corresponds to a net moving-in of 2.0 per cent of the rental value.



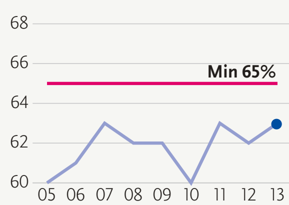
Objective: Net moving-in shows the net of rental value on an annual basis for the tenants who actually move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klövern's occupancy rate.

Net moving-in, %
Goal

OPERATING MARGIN

Goal: The operating margin should amount to at least 65 per cent in the long term .

Outcome 2013: The operating margin amounted to 63 per cent during the year. The goal was accordingly not achieved. The operating margin will increase gradually as positive net moving-in rises.



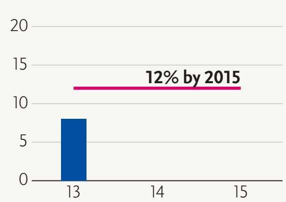
Objective: The operating margin, the operating surplus as a percentage of income, is an important key ratio in Klövern's internal evaluation of the real estate operations and is continuously measured for every property.

Operating margin, %
Goal

HEAT CONSUMPTION

Goal: Heat consumption shall be reduced by at least 12 per cent for the period 2013–2015.

Outcome 2013: Heat consumption decreased by 8 per cent in 2013.



Objective: Klövern works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.

Accumulated reduction of heat consumption per sq.m.,%
Goal

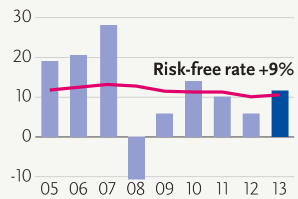
FINANCIAL GOALS

Goal | **Outcome 2013** | **Objective**

RETURN ON EQUITY

Goal: Return on equity shall in the long term amount to the risk-free rate plus at least 9 percentage points.

Outcome 2013: Return on equity amounted to 11.6 per cent in 2013. The goal for the period was 10.6 per cent. During the past nine years, the average return has been 11.6 per cent, which is virtually in line with the average long-term goal of 11.7 per cent.



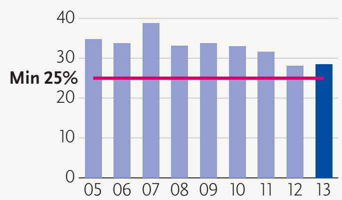
Objective: Return on equity must be reasonable in proportion to the risk level and the yield on other types of investments. The risk-free rate is measured as a five-year government bond rate. The goal should be regarded as an average over a number of years, since the return is partly affected by factors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

Return on equity, % — Goal

EQUITY RATIO

Goal: The equity ratio shall be at least 25 per cent.

Outcome 2013: The equity ratio has been above the threshold every year. The equity ratio was 28.5 per cent at year-end 2013 and the adjusted equity ratio was 31.4 per cent.



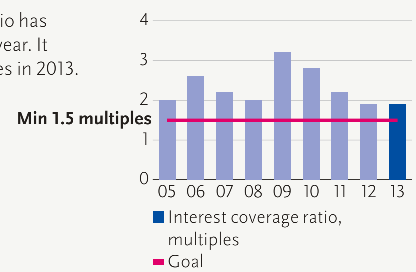
Objective: At the same time as making optimal use of equity, it is important to secure long-term survival and make sure that attractive investments can be made in the future.

Equity ratio, % — Goal

INTEREST COVERAGE RATIO

Goal: The interest coverage ratio shall be at least 1.5 multiples.

Outcome 2013: The interest coverage ratio has exceeded the goal every year. It amounted to 1.9 multiples in 2013.

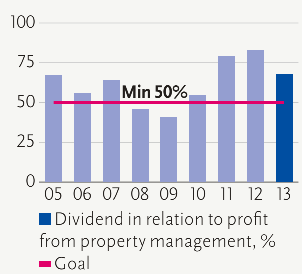


Objective: Interest expense is the single largest cost item for Klövern, and it is therefore important that earning capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 1.5 multiples means that profit after financial items exceeds interest expense by 50 per cent. Klövern has adopted a relatively cautious interest rate strategy with protection against interest rate increases in the form of interest caps and interest swaps. This has initially raised the interest expense but has also ensured an even level of expense over time.

DIVIDEND

Goal: The dividend shall be at least 50 per cent of the profit from property management in the long term.

Outcome 2013: A divided of SEK 1.50 per common share is being proposed to the 2014 Annual General Meeting. A dividend of SEK 10.00 split into four quarters of SEK 2.50 is being proposed for the preference share. Together, this corresponds to 68 per cent of the profit from property management for 2013. During the past nine years, Klövern has distributed an average of 62 per cent of the profit from property management.



Objective: The profit from property management shows the progression of the real estate operations, including financing costs and central administration. When assessing the size of dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

CUSTOMERS

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

CLOSENESS AND COMMITMENT

Klövern concentrates on commercial premises with a mix of private and public limited companies and public sector companies as tenants. The company is represented by its own staff at 17 business units around Sweden. Having our own staff, who are physically present where the tenant is located, guarantees swift service and good knowledge of the market, as well as being an essential foundation of the business concept as a whole. The primary task is to provide premises, but also to contribute to strengthening the cities where Klövern operates.

The motto – making the customer's day easier every day – is firmly anchored in the company. Making easier means, of course, doing one's best to solve the problems that crop up, but also being proactive, being a step ahead.

This approach to providing premises, with closeness and commitment, as well as an endeavour to meet the needs of the customer and not only sell a finished product, provides a good description of how Klövern works. The focus is on the customer.

NET MOVING-IN

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

Letting work has been successful during the year. The contract value of tenants moving-in amounted to SEK 157 million (190) and vacating tenants amounted to SEK 106 million (121). Klövern's net moving-in, i.e. tenants moving in less vacating tenants during the year, was positive and totalled SEK 51 million (69). The goal of an increase of at least one per cent of the rental value was achieved as the outcome amounted to 2.0 per cent (2.8).

Tenants in the property Ringborren 15 in Västerås.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %	Average remaining contract period, years	Number of contracts	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	267	12	3.9	32	146
KappAhl Sverige	38	2	13.8	2	48
Posten Meddelande	32	1	2.2	43	28
TeliaSonera Sverige	31	1	1.5	47	23
Dalarna County Council	27	1	6.2	46	24
Municipality of Karlskrona	26	1	6.2	52	25
Eniro Sverige	23	1	3.6	6	9
CGI Sverige	23	1	8.1	10	13
Östergötland County Council	22	1	10.0	11	17
Arbetsförmedlingen	21	1	1.7	19	14
TOTAL	**510**	**22**	**5.0**	**268**	**347**

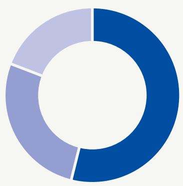
FUTURE MOVING-IN

The contract value for tenants moving in during 2013 and leases signed during 2013, where the tenant has not yet moved in, totalled SEK 229 million (248).

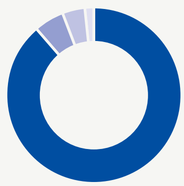
In the Fyrislund area in Uppsala, Klövern signed a seven-year contract with ICA Fastigheter Sverige. In conjunction with this, Klövern will construct a transshipment terminal that has been specially designed for ICA. The transshipment terminal is a modern logistics building of 2,700 sq.m. Moving-in is expected to take place in October 2014.

Klövern has also signed a six-year lease contract with the Country Administrative Board of Uppsala. The property, the old Post building, is located in the centre of Uppsala.

CONTRACT VALUE BY CUSTOMER CATEGORY
%



LEASE CONTRACTS BY VALUE
Number



Contract value, SEKm	No. of contracts
0–0.5	7,189
0.5–1	460
1–3	330
3–	130
TOTAL	8,109

Besides modern offices and efficient meeting rooms, the property also has archives and special facilities. After refurbishments, the property area will be doubled from 9,000 sq.m. to 18,000 sq.m. The County Administrative Board is expected to move in during the spring of 2015.

In Örebro, Klövern signed a new contract with the Swedish Transport Agency. The agency has been a tenant in Klövern's properties for some time. After adaptation of the premises, the number of workplaces will increase from around 450 to 700 and cover around 17,000 sq.m. Great focus is placed on creating modern, space-efficient and flexible working areas. The old lease contract has been extended by two years and the new lease will then take effect from February 2016 with a contract period of six years.

Klövern has signed a 20-year contract with OHB Sweden, who is moving into Klövern's premises in Kista. OHB develops, constructs, tests and operates satellites for different types of space missions relating to space communication, observation and exploration. The lease covers 2,855 sq.m. at the property Gullfoss 5, of which 2,150 sq.m. are offices and 705 sq.m. are warehouses. Moving-in started in January 2014.

CUSTOMER STRUCTURE AND CONTRACT VALUE

Klövern's business orientation means that 99 per cent of the contract value consists of commercial leases. At year-end, private companies accounted for 54 per cent (57), listed companies for 27 per cent (24) and public sector activities for 19 per cent (19) of the contract value. In all, Klövern had 8,100 leases (7,600) with 4,900 (4,800) tenants at year-end. The average lease term was 3.5 years (3.4).

The share of the 10 largest customers amounted to 22 per cent (24) at year-end and the average lease term for these tenants was 5.0 years (4.8).

Klövern's total contract value amounted to SEK 2,318 million (2,173) at year-end.

RENT LOSSES

Klövern's rent losses continue to be very low. The close collaboration with the customers, together with good knowledge of the local market, is the most important explanation for rent losses continuing to be negligible. In 2013, losses amounted to SEK 4.2 million (4.8) or 0.2 per cent (0.2) of total income.

TURNOVER RATE

Limiting the tenant turnover rate has a positive effect on the result as loss of income due to periods of vacancy is reduced and costs for tenant customizations are limited. Structured meetings with the tenants enable us to anticipate needs and increase customer loyalty.

During 2013, tenant turnover rate amounted to 4.8 per cent (6.3). The average for the past nine years is 6.5 per cent.

NKI – SATISFIED CUSTOMER INDEX

A Satisfied Customer survey was carried out during the latter part of 2013 among Klövern's tenants. A web-based questionnaire was sent to 2,553 tenants and answered by 1,118 persons, or 44 per cent, which is a high response rate for this type of survey.

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

The three areas that were rated were the premises, Klövern's personnel and Klövern as a whole. There was also space for the tenants to write their own comments.

After compiling the results, the report was sent to each business unit for analysis. The tenants received feedback in December and action plans are to be drawn up for every unit and region during the spring. Klövern is constantly working to increase customer satisfaction and to make the customer's day easier every day.

Aerial view of the property Hilton 3, consisting of three office blocks positioned next to the E4 highway in the Frösunda/Solna area.

THE SWEDISH ECONOMY AND REAL ESTATE MARKET

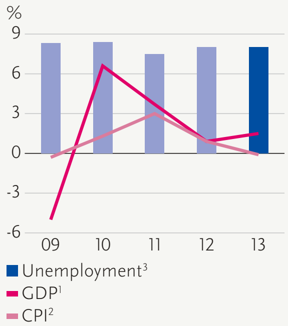
The economy is improving gradually. The optimism and confidence in the Swedish economy have been strengthened among business and households. The unemployment rate is decreasing slightly and employment is rising, not least in the service sector. Meanwhile, the low level of inflation may postpone an increase of the repo rate further.

THE ECONOMY

Following a weak year in 2012, Swedish GDP growth accelerated somewhat in 2013. According to the GDP forecast made by the Riksbank, the Swedish economy should be able to grow faster in 2014 while employment improves further. This scenario is partly based on a continued good level of growth in the United States combined with a slow recovery in the Euro area.

The Riksbank cut the repo rate by 0.25 percentage points to 0.75 per cent in December 2013. Very low inflation in Sweden in combination with low repo rates in the surrounding world put pressure on the Riksbank to cut the rate in Sweden as well. However, expectations on improved economic growth, a strengthened labour market and increased consumption for the coming year all indicate that there will be no further decreases of the repo rate in 2014. The Riksbank also expects inflation to remain low, which may indicate that there will not be an increase of the repo rate until the beginning of 2015.

THE SWEDISH ECONOMY



1) Statistics Sweden, Riksbank
2) Statistics Sweden, annual average
3) Statistics Sweden, (Labour Force Survey, percentage of labour force)

GDP – ANNUAL PERCENTAGE CHANGE

	Sweden[1]	Euro area[2]	USA[2]
2011	3.7	1.5	1.8
2012	0.9	–0.6	2.8
2013	1.5	0.4	1.8
2014F	2.5	1.1	3.0
2015F	3.7	1.9	3.5
2016F	2.8	2.1	3.4

1) Statistics Sweden, Riksbank
2) IMF
F = Forecast

THE REAL ESTATE MARKET

The Swedish real estate market resisted well in 2013 despite the relatively weak economic development in Sweden and, not least, the grave economic problems in the surrounding world. Rental levels and property prices were both unchanged or even increased to some extent. Demand has been stable for premises and housing. In a general assessment, the number of vacant premises has not increased either. These positive developments are mainly visible in the larger cities and other growth regions. However, a certain improvement can be detected in most of the submarkets throughout the country. Even markets that were previously very slow have now started to move forward.

One of the main reasons for the increasing activity in the property markets is that access to credit has improved and borrowing costs decreased. At the same time, alternative types of financing have also gained ground.

Interest in the submarkets outside of the metropolitan cities and growth regions has grown although there is significant variation between different markets. Demand is greatest for residential rental properties and community properties although offices and logistics properties in attractive locations are not far behind. It can be difficult to create interest for retail properties located outside of the most attractive locations. Interest in and knowledge about so-called “green properties” has also started to grow.

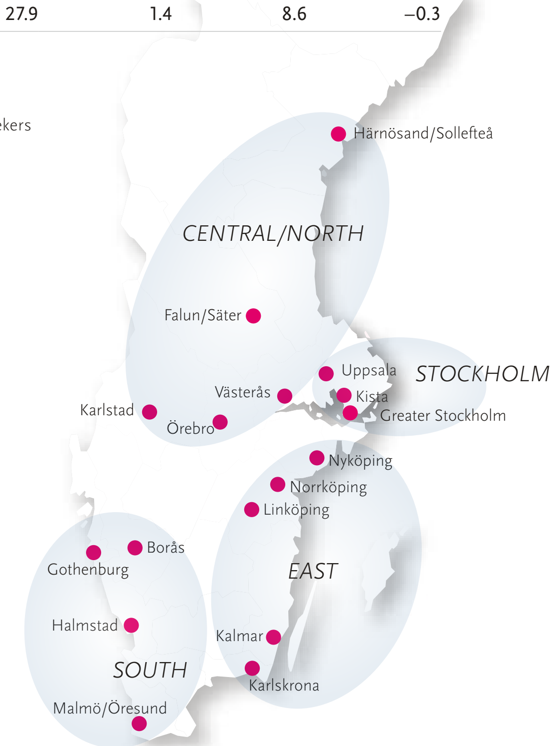
The activity on the transaction market continued to be relatively strong in 2013. The total volume of transactions in Swedish kronor was just over SEK 100 billion. This is a small deceleration as compared to 2012 but in line with figures for 2011. Swedish institutions were clearly the dominating group of net purchasers.

Foreign investors are now also showing an increased interest in the Swedish market although they still do not make any great impression as regards significant acquisition volumes.

LEVEL OF ECONOMIC ACTIVITY AT KLÖVERN'S MAIN LOCATIONS

	Population 2013[1], no.	Population change, 1 year, %	Population change, 10 years, %	Employment[2], no.	Of which, public sector[2], %	Change in employment, 1 year, %	Unemployment[3], %	Change in unemployment, 1 year, %
Borås	105,783	1.1	6.9	54,744	31.1	1.2	8.7	–0.3
Falun	56,772	0.7	3.1	27,579	40.9	0.7	7.5	–0.1
Gothenburg	532,857	1.4	10.3	315,894	23.8	2.3	9.4	–0.1
Halmstad	94,006	0.9	7.1	45,923	34.1	1.2	9.5	0.2
Kalmar	64,017	0.7	5.6	33,054	35.7	1.5	8.7	–0.4
Karlskrona	64,001	0.3	4.8	30,549	43.2	–0.6	11.1	0.2
Karlstad	87,667	0.8	7.2	49,172	34.0	0.9	9.4	0.1
Linköping	150,088	1.2	9.3	75,732	30.5	1.9	7.9	–0.9
Malmö[5]	312,089	1.6	14.5	161,172	26.4	1.8	15.6	1.1
Norrköping	133,696	1.3	7.3	60,557	29.9	0.9	13.3	0.2
Nyköping	52,928	1.2	6.6	23,637	31.8	0.8	8.5	–0.3
Stockholm[4]	896,439	1.9	15.0	622,447	15.9	2.7	7.0	0.0
Uppsala	205,015	1.4	11.9	96,523	38.2	3.0	6.0	–0.2
Västerås	141,892	1.1	8.5	69,006	24.6	1.8	10.2	0.0
Örebro	140,451	1.2	10.1	71,447	35.0	1.4	9.8	–0.4
All sweden	**9,633,589**	**0.9**	**6.9**	**4,567,500**	**27.9**	**1.4**	**8.6**	**–0.3**

Source: Statistics Sweden and the Swedish Employment Service
1) Refers to November 2013.
2) According to RAMS 2012.
3) Refers to December 2013. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 18–64).
4) The information refers to the City of Stockholm.
5) The information refers to the City of Malmö, which is part of Malmö/Öresund.



MAJOR TRANSACTIONS AND EVENTS

Several important business transactions were concluded in the Swedish market during the year.

- Kungleden acquired GE Capital Real Estate's Swedish properties for around SEK 5.5 billion.
- American Starwood Capital purchased a number of shopping centres, among others Bromma Blocks and Tuna Park, for a total of SEK 3.9 billion from the Swedish Cooperative Society.
- AMF acquired the Jericho block in Stockholm from Allianz for SEK 1.6 billion.
- Catena purchased Brinova's logistics properties for around SEK 3.8 billion.
- Balder acquired Bovista Invest's real estate portfolio including 4,300 apartments for around SEK 2 billion.
- It is furthermore worth noting that the real estate companies Platzer, Tribona and Victoria Park have been listed on the Nasdaq OMX.

Below is a summary of some of the major transactions and events in 2013 for each of Klövern's four regions: South, East, Stockholm and Central/North.

SOUTH REGION

Borås, Gothenburg, Halmstad and Öresund

- In June, Stena Fastigheter purchased Skanska's office property "Gröna Skrapan" for SEK 617 million. The property is located in Gårda, Gothenburg.
- In July, Corpus Sireo, a company based in Luxemburg, acquired Niam's office properties Kronan 10 & 11 for a purchase price of SEK 480 million. The properties are located in Malmö.
- Ellos sold the logistics property Vindtyget 1 in Borås to the Norwegian fund NRP Eiendom 2012 in a sale-leaseback transaction. The sales price was around SEK 550-600 million.
- In July, Kungsleden acquired a retail property of around 4,000 sq.m. in the Flygstaden area of Halmstad. The price was SEK 42 million.
- Klövern acquired the logistics property Lexby 11:236 in Partille for around SEK 126 million. The property houses Lindex' sales office and central warehouse.

The property Klas 8 in Västerås was refurbished recently and now has a modern design that was developed in collaboration with the tenant.

EAST REGION

Kalmar, Karlskrona, Linköping, Norrköping and Nyköping

- In September, Klövern sold the office property Epåletten 14, covering around 1,600 sq.m. in central Linköping. The price was SEK 27 million.
- In December, Tribona purchased the 28,000 sq.m. logistics property Adaptern 1 in Norrköping for SEK 173 million from Axfast.
- In May, Akademiska Hus sold the 12,700 sq.m. property Eldaren 1 in Kalmar to Sveafastigheter and R&E Fastighetspartner. The property is largely let to the Linnaeus University.
- In May, Victoria Park acquired Obliga (formerly Acta), an acquisition of 2,178 apartments with an underlying property value of SEK 910 million. Around 80 per cent of the holdings are located in Linköping.

STOCKHOLM REGION

Greater Stockholm, Uppsala and Kista

- In October, Host Hotels & Resorts acquired the Sheraton building in Stockholm for approximately SEK 850 million. The vendor was Blackstone.
- In March, Profi acquired Intra City in Upplands Väsby from Orion European 2 Investment Sarl for a purchase price corresponding to around SEK 1.7 billion.
- In March, Rikshem divested its 49 per cent share in Studentstaden in Uppsala to the other owner, Uppsalahem, for around SEK 1.4 billion.
- In February, AMF Fastigheter acquired two larger office properties in Marievik, Stockholm for around SEK 1.3 billion. The vendor was Aberdeen's Pan-Nordic fund.

CENTRAL/NORTH REGION

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

- Klövern acquired the retail and restaurant property Vindrutan 1 in Örebro as part of a package deal with Aspholmen. The property has a lettable area of 1,300 sq.m.
- In December, Aroseken sold the property Kol 15 to VS-Hus AB. The property is centrally located in Västerås and the 10,000 sq.m. area includes a cinema complex.
- Fastighets AB L E Lundberg is constructing a new 5,700 sq.m. office building in central Karlstad where the Municipality of Karlstad will be the future tenant.
- In September, Peritas Invest sold five centrally located properties in Härnösand covering 8,000 sq.m. to a local entrepreneur. The price was around SEK 30 million.

REGION

SOUTH

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

The property portfolio in the South Region and in all of its business units consists mainly of warehouse and logistics properties. This property type accounts for 60 per cent of the total owned area in the region.

The South Region is one of Sweden's most densely populated areas and it has a strong population growth. The population of the Gothenburg area, for example, is expected to increase by almost 100,000 by 2020. Skåne is expected to reach more than 1.3 million inhabitants by 2016. Several of the country's most important industries are located in the region. Västra Götaland is Sweden's main industrial region and stands for 25 per cent of the nation's total exports. In the Öresund region, economic growth has surpassed the national average for several years. The region also holds a number of major, established educational institutions. The area has well-developed infrastructure with good roads, airports, ports and railway network. New and extensive infrastructure investments are also planned for the region, among other things through the so-called West Sweden package (Västsvenska paketet). In Skåne, investigation is in process for an extension of the Southern main rail line.

With its large population and strong business sector, this region represents much of what property investors are looking for. The rental and property markets are active and there is also some new production of premises. Klövern is, for example, constructing 1,500 sq.m. of offices in Malmö and Platzer Fastigheter are projecting for around 10,000 sq.m. of offices in Gårda Norra, Gothenburg.

The transaction market in the South Region is usually dynamic and 2013 was no exception to this rule.

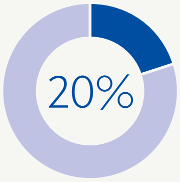
KLÖVERN'S LARGEST TENANTS IN THE SOUTH REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
KappAhl Sverige	38	11.7	48
RUAG Space	16	4.8	16
Lindex	10	3.0	15
HMS Industrial Networks	7	2.3	6
Saab	6	1.8	6
TOTAL	77	23.6	91

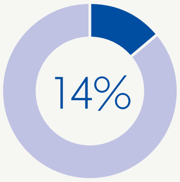
Interior view of a newly renovated gym at the property Ölslanda 1:255 in Lerum.

PROPORTION OF KLÖVERN

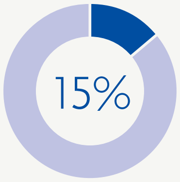
LETTABLE AREA



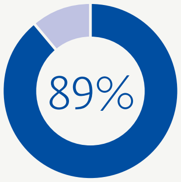
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



AREA PER UNIT AS AT 31 DECEMBER 2013

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
BORÅS				
Management	81	52	411	86
Development	–	–	–	–
TOTAL	81	52	411	86
GOTHENBURG				
Management	162	139	1,418	96
Development	–	–	30	–
TOTAL	162	139	1,448	96
HALMSTAD				
Management	56	36	287	85
Development	6	3	37	49
TOTAL	62	39	324	82

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
ÖRESUND				
Management	85	73	618	95
Development	136	64	876	75
TOTAL	221	137	1,494	86
SOUTH REGION				
Management	384	300	2,734	93
Development	142	67	943	74
TOTAL	526	367	3,677	89
KLÖVERN				
Management	2,276	2,360	21,777	92
Development	348	210	2,282	66
TOTAL	2,624	2,570	24,059	90

REGION

EAST

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

The majority of the properties' area in the East Region consists of offices. This is the case for all business units in the region except for Kalmar, where the area for industrial and logistics properties is somewhat larger.

The East Region consists of two separate geographical areas, north and south. All municipalities in the property holding are regional centres with stable economies and good population growth. The northern area has a population of 500,000 and is one of the most densely populated regions in Sweden. Linköping and its neighbouring city Norrköping alone account for around 285,000 inhabitants. The southern part of the East Region has a population of almost 400,000 persons if both counties are included.

Especially the northern part of the East Region has a good infrastructure of roads, railways, airports and ports. Several of the most important national road and rail systems pass through the area, such as the E4 and E22 highways as well as the southern main rail line. The country's third largest airport, Skavsta, is located in Nyköping and both Linköping and Norrköping's airports have regular international flight routes.

The northern part of the East Region has the benefit of being at a 1-2 hour commute from the Stockholm area. Both Kalmar and Karlskrona have developed into independent regional centres. In Kalmar, the Linnaeus University holds an increasingly important role in the development of the region's business sector – not least thanks to the Kamprad family foundation and their donations.

The property market is active and typically transaction-intensive although 2013 was a somewhat calmer year.

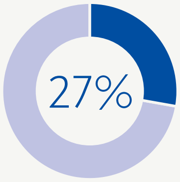
KLÖVERN'S LARGEST TENANTS IN THE EAST REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Municipality of Karlskrona	26	4.3	25
Östergötland County Council	22	3.8	17
TeliaSonera Sverige	16	2.7	10
Municipality of Linköping	14	2.4	11
Telefonaktiebolaget L M Ericsson	14	2.3	14
TOTAL	92	15.5	77

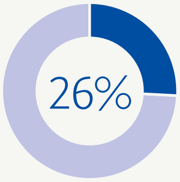
On the left side, Klövern's employee Christopher Horn in a meeting with tenants of the property Fors 11 in Nyköping.

PROPORTION OF KLÖVERN

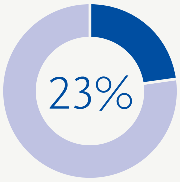
LETTABLE AREA



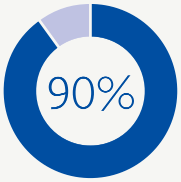
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



AREA PER UNIT AS AT 31 DECEMBER 2013

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
KALMAR				
Management	71	60	487	94
Development	–	–	–	–
TOTAL	71	60	487	94
KARLSKRONA				
Management	78	74	650	97
Development	–	–	31	–
TOTAL	78	74	681	97
LINKÖPING				
Management	242	235	2,011	90
Development	39	18	108	73
TOTAL	281	253	2,119	89
NORRKÖPING				
Management	140	147	1,369	93
Development	39	20	95	62
TOTAL	179	167	1,464	89

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
NYKÖPING				
Management	107	101	856	90
Development	6	2	16	50
TOTAL	113	103	872	89
REGION ÖST				
Management	638	617	5,373	92
Development	84	40	250	67
TOTAL	722	657	5,623	90
KLÖVERN				
Management	2,276	2,360	21,777	92
Development	348	210	2,282	66
TOTAL	2,624	2,570	24,059	90

REGION

STOCKHOLM

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

Stockholm is Klövern's largest region viewed by rental value. The area primarily consists of office properties.

CGI was Klövern's largest tenant moving in during the year as they moved in to the property Helgafjäll 1 in Kista at the end of 2013.

The Stockholm Region is the most expansive part of Sweden. The population in the County of Stockholm increases by about 35,000 per year and Uppsala is one of the fastest growing municipalities in Sweden. Plans have been laid out for large infrastructure investments, strong expansion of residential housing as well as considerable new production of offices, warehouses, hotels and retail premises. The region is thereby the most expansive area for building projects in Sweden. The universities and institutions of higher education are of very high international standard. Stockholm is considered to be an important knowledge and research region. The business sector is very diversified and internationalized. Many of the technically specialized companies are located in Uppsala or in Kista. The public sector is also very extensive - it is proportionally especially large in Uppsala. The Swedish financial centre is in Stockholm.

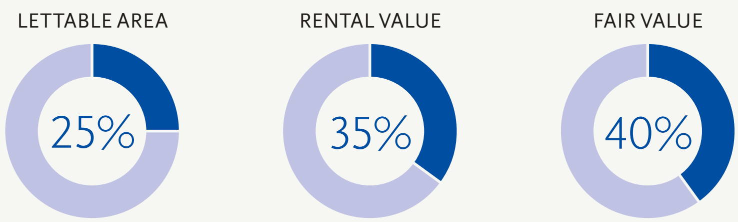
The Stockholm area accounts for around 40 per cent of the total transaction volume in Sweden. The region has the highest rent levels and property value per square meter. When changes occur in the rental and property markets, they often take place in the Stockholm area first. International investors typically prioritize the Stockholm market before other regional markets in Sweden.

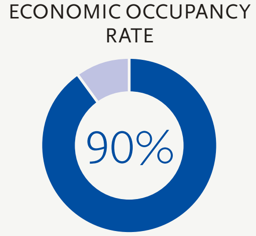
KLÖVERN'S LARGEST TENANTS IN THE STOCKHOLM REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	254	31.3	132
Eniro Sverige	22	2.8	8
CGI Sverige	20	2.5	11
Orexo	20	2.4	7
Kistamässan	20	2.4	16
TOTAL	**336**	**41.4**	**174**

The property Fyrislund 6:6, building 14, in Uppsala.

PROPORTION OF KLÖVERN





AREA PER UNIT AS AT 31 DECEMBER 2013

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
KISTA				
Management	285	492	5,741	97
Development	35	31	530	61
TOTAL	**320**	**523**	**6,271**	**94**
GREATER STOCKHOLM				
Management	185	187	1,718	91
Development	45	39	233	54
TOTAL	**230**	**226**	**1,951**	**85**
UPPSALA				
Management	90	139	1,148	87
Development	9	10	151	50
TOTAL	**99**	**149**	**1,299**	**85**

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
STOCKHOLM REGION				
Management	560	818	8,607	94
Development	89	80	914	56
TOTAL	**649**	**898**	**9,521**	**90**
KLÖVERN				
Management	2,276	2,360	21,777	92
Development	348	210	2,282	66
TOTAL	**2,624**	**2,570**	**24,059**	**90**

REGION

CENTRAL/NORTH

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

Cental/North is Klövern's largest region measured in terms of area. The majority of the area consists of office properties. This is the case for all business units in the region except Västerås, where the holding mainly consists of warehouse and logistics properties.

There are a number of important regional cities in the Central/North Region such as Örebro, Västerås, Falun and Karlstad. All of these have a positive population growth of around 300-1,500 persons per year. However, the population development in the region varies greatly. Härnösand has, for example, experienced a negative population development for many years, a trend that was reversed in 2013 with a slight positive development.

Each regional city represents a relatively large geographical area, making them important to neighbouring municipalities. Most of the cities therefore have well-developed social services in the form of hospitals, schools, higher education and important authorities. They are also essential centres for the regional business sectors, which means that there is a congruent need and demand for premises. Several of the locations are also strategically placed from a transportation perspective. The access to trains, airports and road systems is good. Karlstad has good communications with Oslo and Örebro has developed into an important logistics hub. Retail has also become a distinctive feature for the region and it has several of Sweden's largest shopping centres.

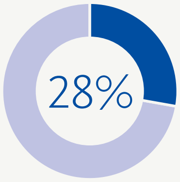
Local actors dominate the property markets but national property companies and institutions also have considerable interests in the region. Projects for new production of residential buildings and premises are in process or have been planned in the major cities.

KLÖVERN'S LARGEST TENANTS IN THE CENTRAL/NORTH REGION Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Dalarna County Council	27	4.7	24
Municipality of Karlstad	17	2.9	12
Swedish Transport Agency	15	2.5	16
Swedish Fortifications Agency	14	2.4	16
Mid Sweden University	13	2.2	14
TOTAL	86	14.7	82

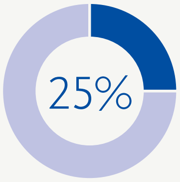
The property Ringborren 15 is newly renovated and adapted to the tenant's specifications.

PROPORTION OF KLÖVERN

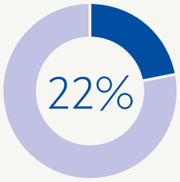
LETTABLE AREA



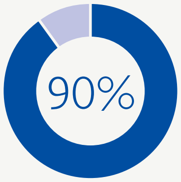
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



AREA PER UNIT AS AT 31 DECEMBER 2013	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
FALUN/SÄTER				
Management	98	81	508	87
Development	–	–	7	–
TOTAL	98	81	515	87
HÄRNÖSAND/SOLLEFTEÅ				
Management	94	75	452	89
Development	–	–	–	–
TOTAL	94	75	452	89
KARLSTAD				
Management	196	200	1,776	92
Development	6	7	47	88
TOTAL	202	207	1,823	92
VÄSTERÅS				
Management	231	202	1,673	90
Development	27	16	121	66
TOTAL	258	218	1,794	88

	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
ÖREBRO				
Management	75	67	654	97
Development	–	–	–	–
TOTAL	75	67	654	97
CENTRAL/NORTH REGION				
Management	694	625	5,063	91
Development	33	23	175	72
TOTAL	727	648	5,238	90
KLÖVERN				
Management	2,276	2,360	21,777	92
Development	348	210	2,282	66
TOTAL	2,624	2,570	24,059	90

The property Fyrislund 6:6, building 16, in Uppsala.

PROPERTY PORTFOLIO

The value of the properties increased by 6 per cent (52). Net moving-in amounted to SEK 51 million (69) and the rental value increased by SEK 102 million (914). The economic occupancy rate grew by 2 percentage points to 90 per cent and the area-based occupancy rate increased by one percentage point to 82 per cent.

PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2013, Klövern had a total of 402 properties (387) located in 43 municipalities (44).

The total property value was SEK 24,059 million (22,624), the lettable area was 2,624,000 sq.m. (2,529,000) and the rental value amounted to SEK 2,570 million (2,468) at year-end. The increase in the value of properties resulted from acquisitions of SEK 1,020 million (7,459), sales of SEK 387 million (543), investments of SEK 830 million (861) and changes in value of SEK -28 million (-33). The increase in rental value is, among other things, attributable to acquisitions during the year and investments at existing properties.

INCOME AND AVERAGE RENT

Income amounted to SEK 2,220 million (1,948) in 2013. The increase in income is attributable to net acquisitions, indexation of rents and positive net moving-in.

Income increased by 5 per cent for a comparable portfolio, mainly due to strong net moving-in.

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,066 per sq.m as at 31 December 2013. The average rent varies between different regions depending on the type of property, the location of the properties and the local rental market.

The development of CPI for October 2013 was virtually unchanged as compared to the previous year and will therefore affect the contract value by SEK 0 million (6) from 2014.

PROPERTY COSTS

Property costs increased and totalled SEK 828 million (733) in 2013 primarily due to the considerably larger portfolio for the full year 2013. Property costs increased by 7 per cent (1) to SEK 341 per sq.m. (320) for a comparable portfolio. The increase is, inter alia, attributable to increased property taxes. Operating costs were elevated at the start of the year because of the cold and snowy first quarter. However, this was to some extent offset by milder temperatures during the fourth quarter. Heat consumption amounted to 98 per cent (98) of a heat consumption adjusted for a normal year due to a higher average temperature.

Rent losses continue to be very low, totalling SEK 4.2 million (4.8), or 0.2 per cent (0.2) of the total income.

PROPERTY COSTS FOR A COMPARABLE PORTFOLIO[1], SEK/SQ.M.

	2013	2012
Operating costs	195	190
Site leasehold fee	15	14
Maintenance	26	22
Property tax	47	41
Property administration	58	53
TOTAL	341	320

1) Relates to properties owned for the whole of 2013 and 2012.

OPERATING SURPLUS

The operating surplus amounted to SEK 1,392 million (1,215). This increase is mainly due to the larger portfolio for the full year but also to positive net moving-in and positive index development for 2013. The operating surplus increased by 4 per cent to SEK 908 million (875) for a comparable portfolio.

OPERATING MARGIN

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

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

COMPARABLE PORTFOLIO

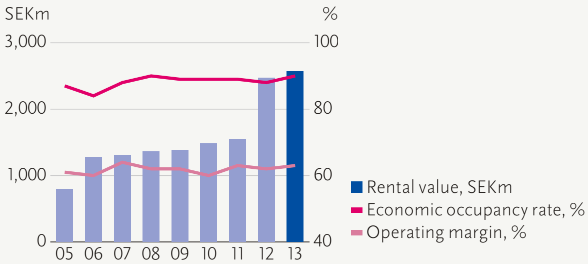
	31.12.2013	31.12.2012	Change, %
Area, 000 sq.m.	1,532	1,529	0
Fair value, SEKm	15,659	14,992	4
Yield requirement, %	7.1	7.1	0
Economic occupancy rate, %	90	89	1
Area-based occupancy rate, %	81	80	1

SEKm	2013 Jan–Dec	2012 Jan–Dec	Change, %
Income	1,431	1,365	5
Property costs	–523	–490	7
OPERATING SURPLUS	908	875	4

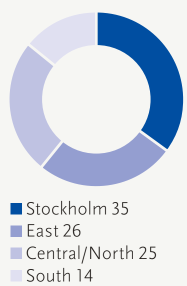
Refers to properties owned during the whole of 2012 and 2013.

The property Ringborren 15 in Västerås.

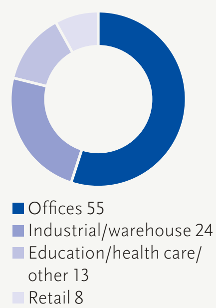
DEVELOPMENT OF THE PROPERTY PORTFOLIO



RENTAL VALUE PER REGION %



RENTAL VALUE PER TYPE OF PREMISES %

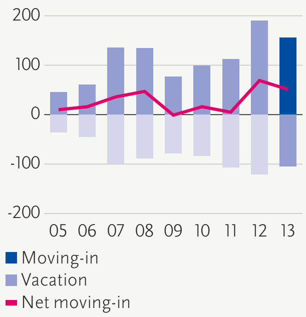


INVESTMENT PROPERTY: AREA AND AVERAGE RENT PER TYPE OF PREMISES

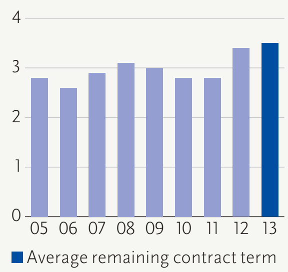
	Offices		Industrial/warehouse		Retail		Other[1]		Total	
	Total area, 000 sq.m.	Average rent[2], SEK/sq.m.	Total area, 000 sq.m.	Average rent[2], SEK/sq.m.	Total area, 000 sq.m.	Average rent[2], SEK/sq.m.	Total area, 000 sq.m.	Average rent[2], SEK/sq.m.	Total area, 000 sq.m.	Average rent[2], SEK/sq.m.
South	135	955	203	697	21	860	25	999	384	821
East	302	1,215	177	568	62	1,066	97	1,078	638	1,008
Stockholm	325	1,678	172	1,006	19	1,272	44	1,682	560	1,448
Central/North	279	1,085	208	593	72	1,105	135	1,067	694	938
TOTAL	1,041	1,294	760	716	174	1,082	301	1,146	2,276	1,066

1) Consists of Education, Health care, Residential, Laboratories, Data centre and Recreation.
2) Calculated on the basis of total contract value for the types of premises Offices, Industrial/warehouse, Retail and Other, and the let area.

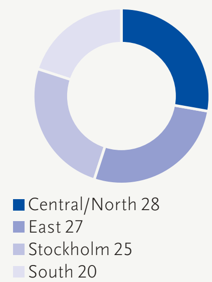
NET MOVING-IN
SEKm



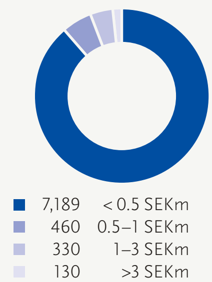
CONTRACT TERM
Years



AREA PER REGION
%



LEASE CONTRACTS BY VALUE
No.



OCCUPANCY RATE

The economic occupancy rate, lease contract value in relation to rental value, increased by two percentage points and amounted to 90 per cent (88) at year-end 2013. The change is largely attributable to positive net moving-in during 2013. The occupancy rate for investment properties totalled 92 per cent while it was 66 per cent for development properties. The occupancy rate measured as area amounted to 82 per cent (81). For investment properties the occupancy rate totalled 87 per cent and for development properties it was 48 per cent.

NET MOVING-IN

Net moving-in was positive during the year. The single largest tenant moving in was CGI at the 11,000 sq.m. property Helgafjäll 1 in Kista. All four quarters show a positive net moving-in. Klövern's net moving-in amounted to SEK 51 million (69) on an annual basis, based on tenants moving in at SEK 157 million (190) and vacating tenants at SEK 106 million (121).

Lettings affect the rental value and rental income from the date that tenants move in.

In addition to the tenants moving in, Klövern has signed additional lease contracts during 2013 for SEK 72 million (58) with moving-in in 2014 or subsequently. The contract value for tenants moving in together with contracts signed, where the tenant has not yet moved in, amounted to SEK 229 million (248).

LEASE CONTRACT STRUCTURE

In all, Klövern has 8,100 leases (7,600). Of the leases, measured as a proportion of contract value, 24 per cent (20) expire within a year. The average lease term has increased to 3.5 years (3.4) due to completed projections and acquisitions. Of the total contract value, excluding supplements, 81 per cent (80) was indexed in relation to the consumer price index (CPI).

PROFIT AND KEY RATIOS

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

The key ratios show the situation at the respective year-end and the figures in the two tables are therefore not wholly comparable. The comparability between the years is limited due to net acquisitions in 2012 and 2013.

PROFIT PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec
Investment	260	195	–88	–81	172	114	66	58	80	66
Development	47	42	–28	–22	19	20	40	48	65	–7
SOUTH	**307**	**237**	**–116**	**–103**	**191**	**134**	**62**	**57**	**145**	**59**
Investment	579	531	–213	–187	366	344	63	65	295	197
Development	28	27	–18	–20	10	7	36	26	22	25
EAST	**607**	**558**	**–231**	**–207**	**376**	**351**	**62**	**63**	**317**	**222**
Investment	704	596	–230	–188	474	408	67	68	203	366
Development	48	48	–31	–34	17	14	35	29	17	25
STOCKHOLM	**752**	**644**	**–261**	**–222**	**491**	**422**	**65**	**66**	**220**	**391**
Investment	538	495	–212	–193	326	302	61	61	131	162
Development	16	14	–8	–8	8	6	50	43	17	27
CENTRAL/NORTH	**554**	**509**	**–220**	**–201**	**334**	**308**	**60**	**61**	**148**	**189**
Investment	2,081	1,817	–743	–649	1,338	1,168	64	64	709	791
Development	139	131	–85	–84	54	47	39	36	121	70
TOTAL	**2,220**	**1,948**	**–828**	**–733**	**1,392**	**1,215**	**63**	**62**	**830**	**861**

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirement[1], %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec
Investment	2,734	2,418	7.6	7.6	384	345	300	270	93	94
Development	943	836	7.4	7.9	142	151	67	79	74	61
SOUTH	**3,677**	**3,263**	**7.5**	**7.7**	**526**	**496**	**367**	**349**	**89**	**86**
Investment	5,373	5,126	7.3	7.3	638	636	617	600	92	91
Development	250	315	9.4	9.2	84	96	40	47	67	61
EAST	**5,623**	**5,441**	**7.4**	**7.4**	**722**	**732**	**657**	**647**	**90**	**89**
Investment	8,607	7,897	6.8	6.9	560	510	818	759	94	93
Development	914	1,100	7.1	7.1	89	106	80	101	56	50
STOCKHOLM	**9,521**	**8,997**	**6.8**	**6.9**	**649**	**616**	**898**	**860**	**90**	**88**
Investment	5,063	4,796	7.4	7.5	694	652	625	589	91	90
Development	175	154	8.2	8.0	33	33	23	23	72	70
CENTRAL/NORTH	**5,238**	**4,950**	**7.5**	**7.5**	**727**	**685**	**648**	**612**	**90**	**89**
Investment	21,777	20,237	7.2	7.2	2,276	2,143	2,360	2,218	92	92
Development	2,282	2,387	7.5	7.7	348	386	210	250	66	57
TOTAL	**24,059**	**22,624**	**7.2**	**7.2**	**2,624**	**2,529**	**2,570**	**2,468**	**90**	**88**

1) Calculated excluding building rights.
The ratios for 2012 have been recalculated according to the new regional divisions, in which Kalmar and Karlskrona now belong to East Region instead of South Region.

The property Lexby 11:236 in Partille.

The properties Jordbromalm 6:3, 6:20 and 6:76 in Jordbro business park, Haninge.

TRANSACTIONS

During the year, Klövern has complemented the existing portfolio in several of the prioritized locations. Acquisitions have been made in all four regions.

ACQUISITIONS

A logistics unit in Haninge south of Stockholm was acquired from Systembolaget for SEK 215 million. The properties are located in Jordbro Business Park, one of Stockholm's leading logistics centres. The lettable area amounts to around 28,000 sq.m. and mainly houses Systembolaget's central warehouse. The average contract term is around 9 years.

The property Traversföraren 3 was acquired in Västerås. The property consists of retail space covering around 2,600 sq.m. and is located at the entrance of Erikslund, Västerås' largest and fastest growing retail estate. The portfolio of properties in Malmö was also expanded with an office property in the expansive district Hyllie. The property has a lettable area of about 5,100 sq.m. that is largely rented by Teracom. The two properties were acquired for around SEK 80 million.

Three properties were acquired in the Gothenburg area in 2013. During the spring, Klövern acquired a logistics facility in Partille that serves as Lindex' sales office and central warehouse. The entire property, totalling around 14,700 sq.m., is rented on a long lease with a remaining contract term of around 9 years. In December, two office properties were acquired from NREF Sverige AB and tenants moved in. The properties Stockrosen 7 in Mölndal and Mellby 5:120 in Partille together cover 9,800 sq.m. The total purchase price for these three properties was around SEK 205 million.

During the autumn, four logistics properties located in Halmstad, Örebro, Västerås and Kalmar were acquired from NRP through a package deal. The properties have a total lettable area of around 60,100 sq.m. and are well located for logistics purposes. In Örebro and Västerås the largest tenants are Axfood and Martin & Servera. The main tenants of the property in Kalmar are Axfood, NetOnNet and DSV. In Halmstad, the entire property of 12,000 sq.m. is rented by GN Transport. The acquisition formed a good addition to each business unit but in particular to Halmstad, Kalmar and Örebro. In terms of area, the holdings in Halmstad expanded by 24 per cent and in Örebro by 34 per cent. The total purchase price for the four properties amounted to around SEK 265 million.

Two properties were acquired in Uppsala and one in Örebro from Aspholmen for a total of SEK 180 million. The property in Uppsala is located in Kungsängen, a district just south of the town's centre and Klövern's ongoing project at Kungsängen 10:1. The lettable area amounts to around 12,100 sq.m. and mainly consists of retail spaces. Willys is the largest tenant. The surrounding area consists of retail properties and newly constructed residential buildings. For the property Kungsängen 24:3, there are sketches of a potential residential

The property Kungsängen 24:3 in Uppsala.

development covering around 400 apartments and about 1,500 sq.m. retail space for a grocery store. This gives the property a great future potential for value creation if planning changes are made. The property in Örebro houses one of Sweden's most successful McDonalds restaurants and is located next to the property Vindhjulet 3 in Västhaga district.

During the year, five minor land acquisitions have also been made to complement and improve existing properties. Three properties were acquired in Ystad, Urmakaren 2, 6 and 13, as well as the property Ugglum 9:243 in Partille and the property Karlskrona 4:10 in Karlskrona.

COMPLETED SALES

Klövern has during the year continued to concentrate its holdings and to improve efficiency in the administration by selling 12 properties with a total lettable area of 40,000 sq.m. The total sales price was SEK 387 million and the sales have led to positive changes in value of SEK 22 million.

Three properties were sold in the Stockholm Region. Brandstegen 9 in Huddinge, acquired via Dagon, was sold to Ikano. Ikano intends to pursue the residential project that was started by Dagon in 2011. The industrial property Söderbymalm 6:4 in Haninge as well as the property Slaggteglet 2 in Ulvsunda were sold. Total sale price for the three properties was around SEK 132 million. Besides these sales, part of the property Svänghjulet 2 in Täby was sold to JM that intends to build a retirement home on the plot.

In Nyköping, the properties Hotellet 26 and Hermelinen 7 were sold to local property owners. Furthermore, a part of the property Ana 11 was sold to the Sörmland County Council. In Norrköping, the property Skeppet 13 was sold together with existing building rights. In Linköping and Landskrona, the properties Epåletten 14 and Timglaset 1 were sold to local property owners and in Kinna, the property Kyrkängen 9 was sold. The total sales price for these properties amounted to around SEK 235 million.

ACQUISITION OF SHARES IN TRIBONA

During the year, Klövern has through a number of transactions acquired 11,614,399 shares, representing 29.8 per cent of Tribona. The total acquisition value of the shares is SEK 435 million. Starting from 7 June 2013, Tribona is reported as an associate company. Unrealized changes in value up until the classification as associate company amounted to SEK 49 million. Klövern's share of profits amounted to SEK 5 million for the period 7 June to 31 December 2013, while Klövern's share in Tribona's other comprehensive income for the same period was SEK -2 million. The book value of the holding for the group amounted to SEK 488 million at year-end, which can be compared with Klövern's total assets of SEK 25,230 million.

Tribona specializes in modern and strategically located logistics properties. The property holding as at 31 December 2013 consisted of 21 properties in Sweden and one in Denmark. Lettable area amounted to 711,000 sq.m. and the property value was SEK 5,574 million. More information about Tribona, a company listed on the NASDAQ OMX Stockholm Mid Cap, can be found on www.tribona.se.

PROJECTS

In the framework of Klövern's project activities, existing properties are developed and improved for the letting of vacant spaces, energy-saving measures and new production on building rights. The investments are made in order to increase the value of the properties through improved cash flow.

Most projects are of relatively limited size. Of the 281 projects in process at year-end, 28 projects have an estimated investment exceeding SEK 10 million. However, the smaller projects also require substantial organizational efforts. Klövern has therefore continuously strengthened the project organization of the regions over the past years.

During 2013, Klövern has continued to focus closely on energy-saving measures, which has an impact on both the environment and operating costs in the property portfolio. 23 energy optimization projects were in progress at year-end.

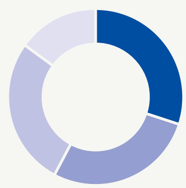
The conditions for carrying out new construction in the market remain favorable. This accords well with increased demand on the part of tenants for flexibility and quality. A number of smaller refurbishment projects in the portfolio concern the preparation and launch of business centres.

PROJECTS IN 2013

Investments totaled SEK 830 million (861) in 2013. The investments in projects that were completed during the year, and in some cases started in previous years, amounted to SEK 1,287 million (454).

At year-end 2013, a total of 281 projects (328) were in process with estimated expenditure totaling SEK 1,517 million (1,736). In all, SEK 632 million (446) remains to be invested in these projects.

PROJECT VOLUME PER REGION
%



KLÖVERN'S LARGEST PROJECTS IN PROGRESS AS AT 31 DECEMBER 2013

City	Property	Type of project	Lettable area, sq.m.	Project area, sq.m.	Vacancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value after project, SEKm	Total rental value after project, SEKm	Expected completion date, year
Örebro	Vindhjulet 3	Offices	19,343	19,343	0	155	151	11	28	2016
Kista	Helgafjäll 1	Offices	11,735	10,673	1	75	14	9	20	2014
Norrköping	Kopparhammaren 2	Education	36,613	5,130	0	88	43	8	46	2014
Malmö	Dragör 1	Offices	2,322	2,322	0	61	27	5	5	2014
Linköping	Brevduvan 17	Offices	7,603	4,998	10	49	30	3	11	2014
Linköping	Idéläran 1	Offices	15,658	4,780	10	43	2	4	7	2014
Eskilstuna	Vampyren 9	Retail	16,524	2,412	4	39	0	1	25	2014
Linköping	Amor 1	Offices	3,292	3,292	0	31	7	2	7	2014
Halmstad	Halmstad 2:49	Offices	3,330	3,330	0	30	30	4	6	2015
Kista	Gullfoss 5	Offices/warehouse	3,477	2,886	7	23	7	3	5	2014
TOTAL			119,897	59,166		594	311	50	160	
OTHER PROJECTS IN PROGRESS										
TOTAL						923	321	–	–	2014–
TOTAL PROJECTS IN PROGRESS						1,517	632			

MALMÖ DRAGÖR 1
In the old ferry port of Limhamn, a number of attractive office premises are being created right next to the sea. The building will contain offices, restaurant and retail space totaling around 2,300 sq.m. spread over six floors. The project suits companies that are looking for a representative location.

ÖREBRO VINDHJULET 3
Extensive refurbishment project in which about 19,000 sq.m. of office premises are modernized for, in the first place, the Swedish Transport Agency, a tenant of the property for many years. The property has a comprehensive solar energy system and the building is classified as a Green Building.

NORRKÖPING KOPPARHAMMAREN 2
Klövern is developing the property Kopparhammaren 2 for Linköping University. The property is located next to Motala River in the industrial landscape of Norrköping. The investment involves both refurbishment and new construction totaling around 5,200 sq.m. The estimated energy consumption and indoor environment allows the property to be classified as a Miljöbyggnad. The premises will be ready for moving in at the start of the autumn term in 2014.

UPPSALA KUNGSÄNGEN 10:1, 10:2
A property located at the travel interchange in Uppsala. The existing building is being modernized for, among others, the County Administrative Board of Uppsala. Some new construction is also planned at the property. When the block is finished it will contain offices, hotels, various service activities and restaurants spread over a total surface of around 18,000 sq.m. The project will start in 2014.

BUILDING RIGHTS

Klövern is working actively to make use of existing building rights and create new ones. The work of creating new building rights has continued during 2013.

Klövern currently has building rights according to the local plan and assessed building rights at the majority of the prioritized locations. Besides building rights for offices and residential buildings, planning work is under way for the travel interchanges that are planned or under construction at many of the locations where Klövern operates.

The building rights consist of building rights according to the local plan and assessed building rights. Assessed building rights means Klövern's assessment based on the local and overview plans for the area. In all, building rights totaled 1,397,000 sq.m. (1,342,000) at year-end. Of these, 587,000 sq.m. (562,000) were included in local plans. Over half of these building rights consist of offices and the remainder, almost a third, of housing. The value of the building rights as at 31 December 2013 was SEK 972 million (896), which corresponds to SEK 695 per sq.m. (654).

BUILDING RIGHTS 2013	Total building rights, 000 sq.m. GA[1]	Building rights included in local plans, 000 sq.m. GA[1]	Assessed building rights, 000 sq.m. GA[1]
Borås	2	1	1
Gothenburg	22	15	7
Halmstad	11	7	4
Öresund	212	105	107
SOUTH REGION	**247**	**128**	**119**
Kalmar	–	–	–
Karlskrona	45	40	5
Linköping	234	108	126
Norrköping	27	27	–
Nyköping	59	18	41
EAST REGION	**365**	**193**	**172**
Kista	177	142	35
Storstockholm	15	15	–
Uppsala	106	6	100
STOCKHOLM REGION	**298**	**163**	**135**
Falun/Säter	45	22	23
Härnösand/Sollefteå	25	25	–
Karlstad	266	15	251
Västerås	126	41	85
Örebro	25	–	25
CENTRAL/NORTH REGION	**487**	**103**	**384**
TOTAL KLÖVERN	**1,397**	**587**	**810**

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

Building rights

KISTA ISAFJORD 1
The project Isafjord 1, located at the intersection of Torshamnsgatan and Kistavägen, involves new construction of offices covering around 150,000 sq.m.

KARLSTAD PINASSEN 2
Klövern has through a competitive tender gained the opportunity to develop and construct on the property Pinassen 2, located at a prime location in Inre hamn, next to the new City Hall. Restaurants and offices are planned on three floors encompassing 14,000 sq.m.

MALMÖ GJUTERIET 21
The neighbourhood Gjuteriet is located south of Malmö and lies along the road to Limhamn. The district is facing a shift from being an industrial estate into becoming an urban area. The local plan has gained legal force and allows for residential construction of 20,000 sq.m.

Completed projects

LINKÖPING GLASBITEN 7
Klövern has invested SEK 47 million in the property Glasbiten 7 in Linköping for the Östergötland County Council. The property's 60,000 shelf metres accommodate their collected archives. The County Council rents 6,000 sq.m. of the property, more than half of the total lettable area.

NYKÖPING MJÖLKFLASKAN 8
During the year, refurbishment of a health centre in central Nyköping has been completed at a cost of SEK 49 million. The premises, covering 3,600 sq.m., are modern and adapted to the tenant's needs.

GOTHENBURG UGGLUM 9:242
Klövern has during the year enlarged the logistics property Ugglum 9:242 in Gothenburg by around 1,700 sq.m. The premises have been adapted to the tenant and are now used as a post sorting office.

THE VALUE OF THE PROPERTIES

The fair value of the properties was SEK 24,059 million (22,624) at the year-end. The changes in value amounted to SEK –28 million (–33), of which realized changes in value amounted to SEK 22 million (46) and unrealized changes in value SEK –50 million (–79).

The property market has been stable during the year and the volume of transactions was at almost the same level as the previous year. Swedish institutions and real estate companies have continued to show a strong interest in property investments and foreign investors have also returned to the Swedish property market. The property values have above all been affected by management measures. Investments entailing higher rents and operating savings have led to positive changes in value. The yield requirements have during the latter part of the year shown a tendency to decrease, which has a positive effect on the value of properties.

CHANGES IN VALUE OF PROPERTIES

The changes in value of properties amounted to SEK -28 million (-33). The changes in value include realized changes in value of SEK 22 million (46) and unrealized changes in value of SEK -50 million (-79). Unrealized changes in value represent a -0.2 per cent decrease (-0.3). At year-end 2013, the average yield requirement for Klövern's properties was 7.2 per cent (7.2), excluding land and building rights.

Unrealized changes in value of properties show a slightly negative development. The main reason for this is that the weak inflation in Sweden does not allow for an increase of the CPI and it therefore follows that there has been no index adjustment of the leases either. The value of investment properties has been positively affected by a strong net moving-in that has led to increased rental levels and market rents in the valuations as well as a small reduction of the yield requirement.

Klövern's average yield requirement remains unchanged compared to the previous year.

VALUATION MODEL

Klövern reports investment properties at their fair value. Every quarter, 100 per cent of the properties are valued, of which 20-30 per cent are valued externally and the rest internally. This means that every property in the portfolio is externally valued at least once during a rolling 12-month period and three times internally.

The yield-based valuations are carried out using the cash flow method, i.e. based on forecasts of future cash flows. The yield requirements of the properties have been assessed on the basis of the unique risks of each property as well as transactions made at the respective location according to the location price method.

All external valuations have been carried out in accordance with the international valuation standard. External valuations have been carried out by:

> DTZ Sweden
> Savills

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

+	Rent payments
–	Operating payments
=	**Operating surplus**
–	Deduction for investments
=	**Property cash flow**

> The property's cash flow is discounted to present-day value each year using the cost of capital/discount rate.
> The residual value of the properties is assessed by perpetual capitalization whereupon the yield requirement is used. The residual value is then discounted by the cost of capital.
> The value of any building rights and undeveloped land is added to the present value.
> The normal period of calculation is five or ten years.
> The development of inflation has been assessed at two per cent (The Riksbank's inflation target).

BASIS FOR VALUATION

Every assumption about a property has been assessed individually based on the available material about the property and the market information and experience-based assessments of the external valuers.

RENT PAYMENTS

The current lease contracts, as well as known lettings and vacations, provide the basis for an assessment of the property's rent payments. The external valuers have, in collaboration with Klövern's managers, made an individual assessment of the market rent for both vacant and let areas at the end of the term of the contract. The external valuers also assess the long-term vacancy of the respective property.

OPERATING PAYMENTS

Operating payments consist of payments for the normal operation of the properties, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating payments is based on the property budgets and outcome during the years that Klövern has owned the properties and the valuers' experiences of comparable properties. The maintenance level of the properties is assessed based on its present state, ongoing and budgeted maintenance measures and the assessment of future maintenance requirements by the external valuers.

INVESTMENT REQUIREMENTS

The property's investment requirements are assessed by the external valuers based on the condition of the properties. In the event of large vacancies in the property, the need for investments often increases.

YIELD REQUIREMENT AND COST OF CAPITAL

The yield requirement for each property has been assessed on the basis of the unique risk for each property. This can be divided into two parts, a general market risk and a specific property risk. Market risk is associated with the general state of the economy and is affected, in among other ways, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, the type of property, area efficiency, the standard of the premises, the quality of the installations, site leasehold, type of tenant, and the nature of the lease.

In a theoretical perspective, the cost of capital is set by risk-free real interest rate being added to inflation expectations and a risk factor. The cost of capital is calculated individually for every property.

RESIDUAL VALUE

Residual value consists of the operating surplus during the remaining economic lifetime, which is based on the year after the last calculation year. Residual value is calculated for every property by perpetual capitalization of the estimated market-based operating surplus and the assessed market yield requirement. The yield requirement consists of the risk-free rate together with the unique risk of each property. The properties' unique risk is assessed on the basis of the external valuers' market databases, experiences and transactions made according to the location price method in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to current value.

CALCULATION PERIODS

The calculation periods are mainly five years. The exception is properties with substantial contracts and a remaining contract term exceeding five years. In that case, a calculation period corresponding to the remaining contract term plus at least a year has been selected.

BUILDING RIGHTS AND PLOTS

At the properties where there are unutilized building rights and plots, these are valued on the basis of the location price method or a current value based on the estimated market value for development of building rights and plots. All values of building rights and plots have been assessed by the external valuers.

INSPECTION OF THE PROPERTIES

All properties are inspected within a three-year period by external valuers. Where major refurbishment, new tenants moving in or other circumstances that have a significant effect on the value take place, new inspections are made.

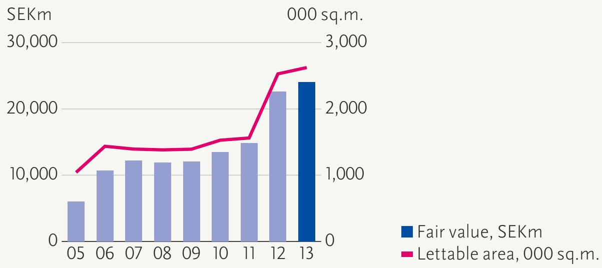
SUMMARY

Value date	31 December 2013
Fair value	SEK 24,059 million
Calculation period	Five and ten years
Yield for assessment of residual value	Between 5.50 and 12.00 per cent
Cost of capital/discount rate	Between 7.00 and 14.24 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (The Riksbank's inflation target)

SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/–	Effect on profit, SEKm
Yield	0.5 percentage point	–1,497/1,725
Rental income	SEK 50/sq.m.	+/–1,822
Operating income	SEK 25/sq.m.	–/+911
Vacancy rate	1.0 percentage point	–/+357

THE PROPERTIES' FAIR VALUE AND AREA



FAIR VALUE, SEKm

	2013	2012
Fair value as at 1 January	22,624	14,880
Acquisitions	1,020	7,459
Investments	830	861
Sales	–387	–543
Changes in value	–28	–33
FAIR VALUE AT THE END OF THE PERIOD	24,059	22,624

PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2013

	Fair value	No. of properties	Rental value[1], SEKm	Occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Investment	2,734	62	300	93	384	8.75–11.18	6.75–9.00	7.6
Development	943	28	67	74	142	8.70–11.40	6.20–9.54	7.4
SOUTH	**3,677**	**90**	**367**	**89**	**526**	**8.70–11.40**	**6.20–9.54**	**7.5**
Investment	5,373	107	617	92	638	7.00–11.10	5.50–9.50	7.3
Development	250	17	40	67	84	10.45–11.95	8.50–10.00	9.4
EAST	**5,623**	**124**	**657**	**90**	**722**	**7.00–11.95**	**5.50–10.00**	**7.4**
Investment	8,607	74	818	94	560	7.70–11.35	5.70–9.50	6.8
Development	914	11	80	56	89	8.60–10.20	6.75–8.00	7.1
STOCKHOLM	**9,521**	**85**	**898**	**90**	**649**	**7.70–11.35**	**5.70–9.50**	**6.8**
Investment	5,063	94	625	91	694	7.50–14.24	5.50–12.00	7.4
Development	175	9	23	72	33	8.10–11.20	6.25–9.00	8.2
CENTRAL/NORTH	**5,238**	**103**	**648**	**90**	**727**	**7.50–14.24**	**5.50–12.00**	**7.5**
Investment	21,777	337	2,360	92	2,276	7.00–14.24	5.50–12.00	7.2
Development	2,282	65	210	66	348	8.10–11.95	6.20–10.00	7.5
TOTAL	**24,059**	**402**	**2,570**	**90**	**2,624**	**7.00–14.24**	**5.50–12.00**	**7.2**

1) The rental value includes the lease contract value for the areas let and assessed market value for vacant space. The market rent for vacant space is assessed on the basis of the existing state of the vacant space, i.e. before any refurbishments and adaptations.

The property Ringborren 15 in Västerås.

STARTING POINTS FOR RESPONSIBLE ENTREPRENEURSHIP

Through its work on sustainable development in 2013, Klövern strengthened its position both as an attractive employer and a successful actor for improving energy efficiency in the properties. The environmental work is well integrated in the everyday work and continuously improved. For the third consecutive year, Klövern received very good reviews as an environmentally certified company.

In order to improve the development of our personnel, Klövern has made further investments in creating individual training plans as well as a common set of values and a code of conduct during 2013. At the same time, Klövern also conducted its first larger employee survey as well as a health survey to ensure that the employees are healthy.

With a view to strengthening its position as an attractive employer and promoting the real estate industry, Klövern participated in several career fairs in schools around the country. The company also received interns and trainees from both upper secondary schools with technical foci as well as institutions of higher education. A new summer trainee programme has been put in place with good results and the recruitment process has been refined to, among other things, improve the process and communication with applicants.

The successful environmental work focusing on energy issues has, among other things, led to a reduction in heat consumption of 8 per cent. As of 2013, Klövern owns a total of 11 (7) formally approved environmentally certified properties.

Klövern will in the future work even more strategically to fulfil the requirements on sustainable reporting according to the guidelines set by the GRI, Global Reporting Initative.

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

Klövern's employee Johanna Åndberg together with tenants of the property Glödlampan 17 in Nyköping.

Klövern's employees Janna Ljungberg, Jesper Nordqvist, Helén Adolfsson and Theresa Schatzl at the property Kopparhammaren 2 in Norrköping.

PERSONNEL

Our responsibility starts within our own organization. Being a responsive employer builds commitment and trust, which in the long term leads to satisfied customers and well-managed properties. Klövern shall be an attractive employer with competent and committed staff.

The key words availability and commitment permeate the organization with short decision-making paths. This is also the foundation of Klövern's process for attracting, developing and retaining competent staff and creating good working environments.

ATTRACTING AND RECRUITING

To strengthen its position as an attractive employer, Klövern has during 2013 participated in career fairs and invested in receiving interns with educational backgrounds ranging from upper secondary school to higher education. Moreover, the foundation has been laid for a new and more extensive summer trainee programme with the objective of providing a solid recruitment pool for property accountants and managers, letting officers and project managers. Continuous investments are also made in internal career development opportunities. Despite the relatively small size of the organization, Klövern can provide good internal career paths. Through responsive, structured and strategic personnel development work, Klövern provided opportunities for 16 employees to take on new roles in the company during the year. In 2013, a total of 21 new employees were hired and 17 employees terminated their employments.

COMPETENCE AND DEVELOPMENT

Klövern uses a competence system with position descriptions of each role and employee to provide clarity on the existing competence in the organization and the training needs as well as the expectations on employees. In combination with annual development interviews, the competence system has helped us establish individual development plans that identify the needs for further training in the organization.

A new structured process has produced a comprehensive training plan where courses adapted to specific needs are held throughout the year in topics such as landlord-tenant law, property management and working environment.

WORKING ENVIRONMENT

Klövern works systematically with working environment issues to prevent occupational injuries and work-related ill-health. During the year, all safety officers have undergone training in working environment adapted with special issues relating to the real estate industry. Klövern carried out a larger employee survey during the past year that demonstrates a high level of general satisfaction among the personnel, good collaboration within the company as well as a good management. Despite keeping a high working pace during the year, total sickness absence decreased. Efforts to prevent stress-related disorders are continuous and systematic.

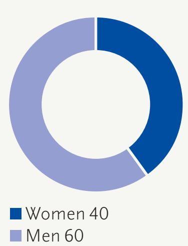
All permanent employees are covered by health insurance with attractive terms, health check-ups every two years, an annual grant for keep-fit activities and are offered a subsidized lunch.

A code of conduct has been established to confirm Klövern's method of working both internally and externally. In 2014, the code of conduct and common set of values will be firmly embedded in the day-to-day activities and permeate the entire organization.

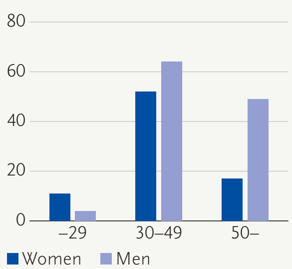
PROFIT-SHARING FOUNDATION

Klövern founded a profit-sharing foundation in 2003 to promote employee participation in the business and the development of Klövern's performance. Allocations to the foundation are based on a combination of Klövern's profit, yield requirements and dividends and can amount up to one price base amount per employee.

NO. OF WOMEN/MEN
%



GENDER AND AGE, TOTAL
No.



NEW EMPLOYEES, AGE AND GENDER
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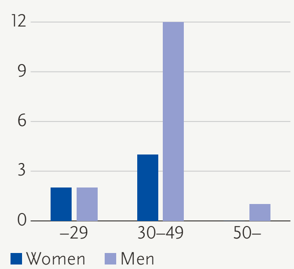

TERMINATED EMPLOYMENTS, AGE AND GENDER
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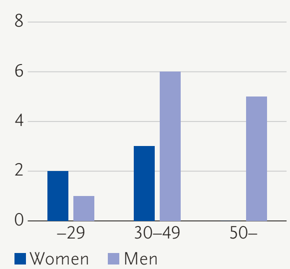


	2013	2012	2011	2010	2009
No. of employees at year-end	189	185	132	126	123
– no. of which women/men	76/113	75/110	58/74	54/72	48/75
– no. of which employed on collective agreement	44	44	32	29	32
Average age, years	46	46	45	45	44
Personnel turnover, %	9	10	8	10	6
Added value per employee, SEKm	7.6	7.3	5.6	6.7	6.6
Competence development cost per employee, SEK thousand	19	16	20	19	18
Sickness absence, %	1.9	2.3	1.9	2.4	3.3

ENVIRONMENT

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

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

In 2013, the environmental work has been focused on the planned operating activities. Since Klövern has been environmentally certified for three years now, a third-party environmental audit was carried out during the autumn. The audit went well and Klövern will continue its efforts to steadily improve the environmental work.

ENVIRONMENTAL CERTIFICATION

Since 2011, Klövern has been environmentally certified according to the Swedish standard requirements for environmental certification Svensk Miljöbas. The certification has improved the structure of the environmental work and makes it possible to gradually introduce an environmental management system in compliance with ISO 14001. During the certification process, the significant environmental impacts of the company's activities were identified.

GREENHOUSE GAS EMISSIONS

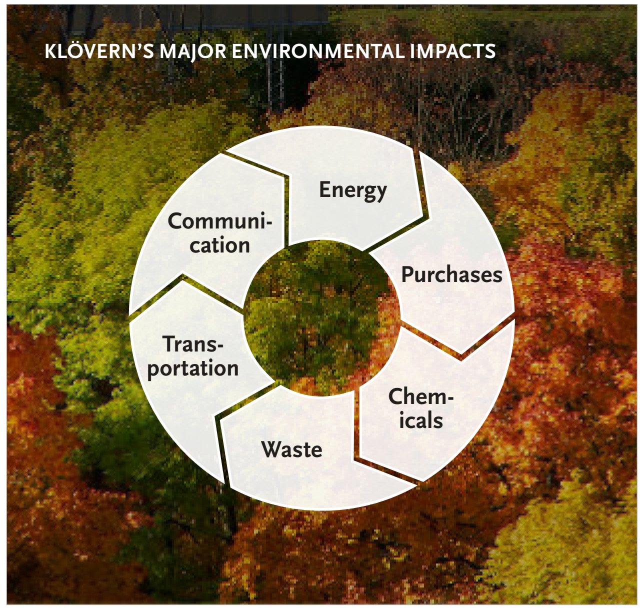
During the past year, Klövern has started to gather climate data from a number of emission sources in our operations. The goal for 2014 is to report emissions in different Scope according to the GHG Protocol [1].

> Scope 1 concentrates on Klövern's own combustion for heating of, for example, gas and oil. Emissions from leased service vehicles and company cars are also included here.

> Scope 2 concentrates on energy supplied as electricity, heating and cooling by another party.

> Scope 3 concentrates on emissions from waste as well as car, train and plane travel for work.

1) The Greenhouse Gas Protocol (GHG Protocol) model was developed by World Resources Institute in collaboration with World Business Council for Sustainable Development. This is the most common standard among businesses for greenhouse gas emissions.



ENVIRONMENTAL IMPACT AND GOALS

Klövern has identified its major environmental impacts in six areas. The environmental goals for 2013 were reached, with the exception of an environment competition that has been postponed. Klövern has set new environmental goals starting from 2014.

ENERGY

Klövern's goal is to reduce heat consumption by 12 per cent from 2013 to 2015.

Energy consumption is the most important aspect of Klövern's environmental work and the work on energy continues to be successful.

The original heat consumption goal for 2008-2012 of reducing consumption by 20 per cent was exceeded as the final reduction totaled 21 per cent. For 2013-2015, the new objective is a 12 per cent reduction in heat consumption but the work in the past year also exceeded expectations with a final reduction of 8 per cent.

What makes Klövern successful is the well-designed energy strategy that consists of several different parameters. The most important part of this work is our personnel. Inter-

ENERGY PROJECTS
– SUCCESSFUL CONCEPT ALSO IN LISTED PROPERTIES
An energy project is underway in the former canteen of the Dala regiment Falun 8:9. The building dates from 1908 and its façade is protected as cultural heritage. The purpose of the project was to reduce heat consumption but also to achieve a more stable indoor climate.

During the past year, heat consumption was reduced by 29 per cent and the electricity savings produced for the tenant were around 3 per cent. An application has been made to certify the building as a Green Building.

nal operational staff are the key to successful energy work. Other important aspects are inspections of the functionality of the installations and detailed follow-ups of the energy consumption.

Heat consumption is decreased mainly through continuous training of property technicians and operational staff. Energy managers at each business unit work on steady improvements of the energy optimization. Heat consumption can be reduced through investments in properties with abnormal heat consumption. Klövern strives to adapt heating and ventilation to customer requirements in order to make sure that no unnecessary energy is wasted. This is achieved through regular controls and follow-ups on flows and temperatures.

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

Green leases
An important internal training campaign was carried out during the autumn focusing on Klövern's leases. An important part of this work was to launch and train employees in using green leases. The purpose of a green lease is to reduce the property's environmental impact through collaboration between the lessor and the tenant. The leases are in accord with the Swedish Property Federation's model for green leases.

Solar panels
The solar panel installation on the property Vindhjulet 3 in Örebro has delivered 115,000 kWh. This is very positive since the expected production was 105,000 kWh. The production corresponds to a year's domestic consumption for 20 regular sized detached houses. The photovoltaic installation, the largest in Örebro and the fourth largest in Sweden, produces 30-40 per cent of the property's electricity requirements. The property consists of 19,000 sq.m. office space.

PURCHASES
Klövern's purchases shall be assessed from an environmental perspective regarding both economy and life-span.
Klövern makes a large amount of purchases in its business operations. In 2013, Klövern employed 3,300 different suppliers. The number of suppliers shall be reduced to increase efficiency and to facilitate the setting of relevant sustainability requirements.

CHEMICALS
Klövern's use of chemicals shall be optimized regarding function, working environment, environmental considerations and economy.
The use of chemicals is limited within Klövern. Through an active inventory work and efforts from health and safety officers, the use of chemicals has decreased by 12 per cent during the year.

WASTE
Klövern's waste shall, to an as large extent as possible, be sorted and recycled.
We work for efficient waste management, are actively searching for environmental options in the choice of construction materials and train and engage personnel to promote systematic environmental work. We perform continuous review of the waste management, especially since the prerequisites for managing sorting vary between municipalities.

TRANSPORTATION

Klövern's transportation, as well as travel to, from and within the company shall be assessed from an environmental, economic and time perspective.

Klövern has service vehicles as well as company cars and bicycles in its business operations. Both freight and passenger transport take place to Klövern's different offices, but also to many construction projects. A new meeting and travel policy was established in 2013 that, among other things, states that the best meeting from an environmental perspective is an online meeting. The travel booking system that Klövern uses allows for simultaneous bookings of train tickets, flights, taxis and hotels. This saves time and money while providing a good statistical record of company travel.

COMMUNICATION

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

Klövern shall provide environmentally adapted premises, developed and managed with the minimum possible use of resources and the least possible environmental impact. Knowledge, in combination with commitment and information, strengthens the relationship with customers and other associates and enables more efficient environmental work.

All employees attend environment training courses that are based on current legislation and environmental requirements as well as on Klövern's own environmental impacts and goals. Each part of the business activities shall strive to act in an environmentally correct way.

EXAMPLES OF ENERGY-SAVING MEASURES

ADJUSTMENT – LOWER ENERGY CONSUMPTION AND FEWER SERVICE REPORTS

In the Karlstad business unit, the personnel have a long tradition of targeted work with energy-saving measures. Besides savings and reduced environmental impact, adjustment work also has other added benefits such as improving the indoor climate for the tenants, which reduces the amount of service reports. This saves time for our technicians who can instead work to expand the preventive maintenance.

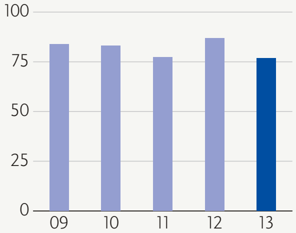
Kanoten 10
At Kanoten 10, the adjustment of heating has led to a decrease of heat consumption of around 30 per cent while reducing the amount of service reports. The tenants also experienced an improved comfort in the premises. An application has been initiated to classify the property as a Green Building.

Kanoten 9
Kanoten 9 was the pioneer property for adjustment of heating. The outcome was very good in this property and heat consumption was reduced by 56 per cent.

Styrmannen 5
At Styrmannen 5, an adjustment of airflows was carried out and two ventilation units were changed. The result was a reduction of heat consumption of 26 per cent while service reports concerning cold draughts ceased entirely.

HEAT CONSUMPTION

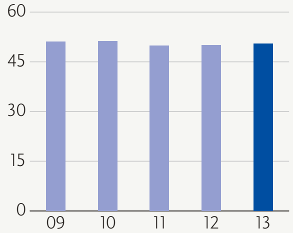
kWh/sq.m.



According to Klövern's environmental goals, consumption of heating is to decrease by 12 per cent in Klövern's properties from 2013 until year-end 2015. The decrease for 2013 was 8 per cent.

ELECTRICITY CONSUMPTION INCLUDING TENANTS

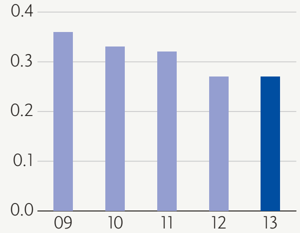
kWh/sq.m.



The total electricity consumption, including parts of the tenants' consumption, was unchanged compared to previous years. The properties average consumption amounted to 50 kWh (50) per sq.m.

WATER CONSUMPTION

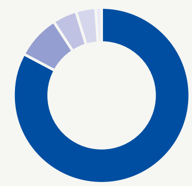
cu.m./sq.m.



Water consumption per sq.m. has decreased over the past years. Water consumption amounted to 0.27 cu.m./sq.m. in 2013, unchanged compared to previous years.

HEATING TYPE

%



- District heating 84
- Heat pumps 8
- Electricity 4
- Geothermal heating 4
- Oil/gas 0

During the year, use of geothermal heating has increased somewhat. Oil is only present in a few properties and this heating type has been/will be exchanged in the cases where oil is the main heating type.

ENVIRONMENTALLY CERTIFIED BUILDINGS

Klövern has decided to implement a number of environmental properties. Klövern mainly works with environmental classification through Green Building. At the end of 2013 Klövern has 10 Green Building certified properties, one property approved for the LEED, and four others are in the approval process for EU standard. Ericsson's newly constructed offices in Kista were approved for the LEED gold level. Construction has started at the property Kopparhammaren 2 in Norrköping, which will be our first environmentally certified building according to the Miljöbyggnad certification. Klövern is a member of the Sweden Green Building Council, which is the body in Sweden that oversees all classification systems.

Green Building is EU's programme to promote more energy efficient offices and industrial building by providing knowledge and best practices. In order to obtain this certification, new buildings must consume 25 per cent less energy than the standards set for new construction by the Swedish National Board of Housing, Building and Planning. In the case of renovation, the consumption should be reduced by at least 25 per cent. There are more than 330 Green Building-certified buildings in Sweden.

Miljöbyggnad is a certification system based on Swedish construction and authority regulations and Swedish construction practices. The system is relatively simple and cost efficient but still effective for creating environmentally sustainable buildings. Within the classification Miljöbyggnad, a building can achieve the grades bronze, silver or gold. There are more than 110 Miljöbyggnad-certified buildings in Sweden.

LEED (Leadership in Energy and Environmental Design) is an international environment certification system developed in the USA by US Green Building Council. The system takes a general perspective on a building's environmental performance and includes more environmental aspects than Swedish systems, such as innovation and design, energy and atmosphere as well as localization and construction workplace. A building that is certified can reach one of four levels: certified, silver, gold or platinum. There are currently more than 120 LEED-certified buildings in Sweden.

KLÖVERN'S ENVIRONMENTALLY CERTIFIED PROPERTIES

		Environmental classification status		
City	Property	Green Building	Miljöbyggnad	LEED
Borås	Grävlingen 5	Approved by the EU in 2012		
Karlstad	Druvan 13	Approved by the EU in 2012		
Kista	Isafjord 1	Approved by the SGBC[1] in 2013 Completion EU sent 19.11.2013.		Guld 2013
Malmö	Flygfyren 3	Approved by the EU in 2012		
Norrköping	Kopparhammaren 2		In progress	
Norrköping	Diket 10	Approved by the EU in 2013		
Partille	Ugglum 9:242	Approved by the EU in 2013		
Solna	Hilton 3	Approved by the EU in 2008		
Täby	Linjalen 60	Approved by the EU in 2013		
Täby	Svänghjulet 1	Approved by the EU in 2012		
Västerås	Allmogekulturen 5	Approved by the EU in 2011		
Örebro	Forskarbyn 2	Approved by the SGBC[1] in 2013		
Örebro	Oxbacken 7	Approved by the SGBC[1] in 2013		
Örebro	Pigan 1	Completion 2 SGBC[1] sent 02.10.2013		
Örebro	Vindhjulet 3	Approved by the EU in 2012		

1) Sweden Green Building Council

The property Halmstad 2:49, also called Tullhuset or the Customs House, in Halmstad is an ongoing refurbishment project to transform the property into modern office premises during 2014.

FINANCING

Klövern's average interest rate was unchanged in 2013. The effect of lower interest rate margins are countered by the issuing of bonds and acquisition of further hedging in the form of interest rate swaps.

THE CREDIT MARKET

The Riksbank lowered its policy rate, the repo rate, on one occasion during the year. At the beginning of the year, the repo rate was 1.00 per cent and at year-end 0.75 per cent. Access to liquidity in the bank market has improved during the year.

2013 was characterized by low short and long-term market rates. The market rates are at historically low levels.

FINANCIAL MANAGEMENT

Financial management shall support the company's core activities by keeping the long-term cost of borrowed capital at a minimum. The tasks of the finance function are to manage the existing debt, take care of new borrowing for investments and acquisitions, to improve the efficiency of cash management and to limit the financial risks. The work of Klövern's finance function is governed and controlled by the financial policy that is adopted by the Board once a year. Financial policy establishes the allocation of responsibility in financial matters and rules relating to reporting, follow-up and control. Financial matters of strategic importance are dealt with by Klövern's Board.

RAISING OF CAPITAL

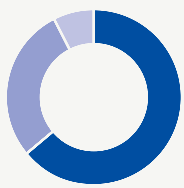
Running a real estate company is capital intensive. The total amount of assets, which is substantially the same as the value of the properties, is financed with equity, loan capital and other capital. The distribution between the three parts depends on various factors such as the cost of the different forms of finance, the direction of the property portfolio and the risk aversion of the shareholders and lenders. For a company like Klövern, equity is normally the most expensive financing form of the three while other capital is the cheapest.

On 31 December 2013, Klövern's assets amounted to SEK 25,230 million (23,795). Equity accounted for SEK 7,198 million (6,696) of the asset value, loan capital for SEK 16,163 million (15,229) and other capital for SEK 1,869 million (1,870).

FIXED INTEREST AND TIED-UP CAPITAL

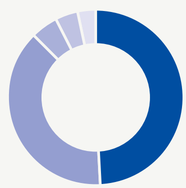
	Fixed interest		Tied-up capital			
Maturity year	Loan volume, SEKm	Interest rate, %	Contract volume, SEKm	Utilized, SEKm	Unutilized, SEKm	Of which available, SEKm
Variable	7,568	3.5	–	–	–	–
2014	331	5.6	6,083	5,364	719	556
2015	1,592	5.1	8,277	7,690	587	205
2016	600	4.8	–	–	–	–
2017	1,075	4.7	1,150	1,150	–	–
2018	1,197	5.2	1,744	1,744	–	–
2019	900	5.1	–	–	–	–
2020	500	4.6	–	–	–	–
2021	500	4.9	–	–	–	–
2022	800	5.7	–	–	–	–
2023	1,100	4.8	–	–	–	–
Future	–	–	215	215	–	–
TOTAL	16,163	4.3	17,469	16,163	1,306	761

RAISING OF CAPITAL
SEKm



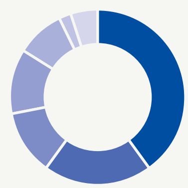
- Loan capital, 16,163
- Equity, 7,198
- Other capital, 1,869

LOAN FACILITIES
SEKm



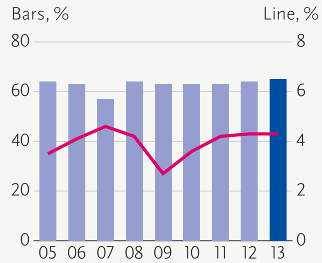
- Loans with fixed interest, 8,595
- Other variable loans, 6,713
- Variable loans covered by interest caps, 855
- Available unutilized credits, 761
- Other unutilized credits, 545

LENDERS
%



- Swedbank 40
- Bonds 20
- Handelsbanken 12
- SBAB 12
- SEB 9
- Danske Bank 2
- Others 5

LEVERAGE AND AVERAGE INTEREST RATE



- Leverage, %
- Interest rate, %

Equity

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

Klövern's equity ratio, or share of equity in proportion to total capital, is 29 per cent (28) and the adjusted equity ratio is 31 per cent (32). Return on equity consists of net profit in relation to average equity. As net profit is affected not only by the operating profit but also by changes in value of both properties and derivatives, the level of return varies sharply from year to year. The goal is for return on equity over time to amount to the risk-free rate, measured as a five-year government bond yield plus at least nine percentage points. This goal, which is actually a long-term goal, was achieved in 2013 as the return on equity amounted to 11.6 per cent (5.8).

Loan capital

Loan capital consists of interest-bearing liabilities.

As interest-bearing liabilities are normally a cheaper form of finance than equity, there is an incentive to have a relatively high share of loan capital, within the given risk mandates.

The interest-bearing liabilities accounted for 64 per cent (64) of the total financing at year-end. Leverage, measured as interest-bearing liabilities after deduction for the market value of listed shareholdings and liquid funds relating to the value of the properties, amounted to 65 per cent (64). Leverage properties, measured as interest-bearing liabilities with collateral in properties relating to the fair value of properties at the end of the period, amounted to 57 per cent (59). Interest-bearing liabilities without collateral in properties mainly consist of the uncovered bonds issued by Klövern, totalling SEK 2,490 million. More information about bonds can be found on pages 56-57.

Practically all loans are based on the variable Stibor rate, which normally makes it possible to change the capital structure without having to pay interest rate differential compensation. With a view to reducing the interest rate risk, Klövern has chosen to swap 51 per cent (49) of the interest-bearing liabilities SEK 8,317 million (7,420), for fixed interest with a long maturity. Ordinary fixed-rate loans amount to 2 per cent, SEK 278 million. Variable loans account for 47 per cent (49), SEK 7,568 million (7,511). A further 5 per cent (9), corresponding to SEK 855 million (1,355) are protected against sharp interest rate rises by an interest cap.

During the year, SEK 4,860 million (5,480) of existing credit facilities have been refinanced and SEK 960 million (660) raised in new loans. Klövern furthermore raised another SEK 1,365 million (1,825) through bond issues.

In addition to existing loans, Klövern had unused credit and overdraft facilities of SEK 1,306 million (581), of which SEK 761 million (300) was immediately available for use with existing collateral. The unused loan facilities are distributed among three different lenders and are subject to renegotiation in 2014 and 2015 respectively. All financing takes place in Swedish kronor. At year-end 2013, liquid funds amounted to SEK 84 million (375).

Other capital

Other capital consists mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. The financing form Other capital amounted to SEK 1,869 million (1,870) and constituted 7 per cent (8) of Klövern's total financing as at 31 December.

AVERAGE INTEREST RATE AND FIXED INTEREST

Klövern's average borrowing rate for the interest-bearing liabilities remained unchanged during the year. At year-end, Klövern's average interest rate was 4.3 per cent (4.3). Decreasing base rates are compensated by increased costs due to the introduction of more expensive financing in the form of bonds as well as additional acquisition of interest rate swaps that hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest caps, as well as costs for revolving credit facilities and overdraft facilities, Klövern's average borrowing rate was 3.4 per cent (3.6) at year-end. The average period of tied-up capital, taking into consideration interest rate derivatives, was 2.7 years (3.0).

TIED-UP CAPITAL

At the year-end, the average period of tied-up capital was 2.0 years (2.2). During 2014, loans mature totalling SEK 5,364 million (3,751), excluding overdraft facilities.

DERIVATIVES

Klövern uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 9,172 million (8,775) at year-end, corresponding to 57 per cent (58) of the interest-bearing liabilities. Klövern has two types of derivatives: interest rate swaps and interest caps.

Interest rate swaps entail an agreement between two parties to exchange interest payments with one another. Klövern has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, especially with three months' maturity, and fixed interest is paid varying between 1.45 and 5.00 per cent.

At year-end 2013, the volume of swaps was SEK 8,317 million (7,420). The interest rate swaps and fixed-interest loans entail that 53 per cent of the interest-bearing liabilities has fixed interest. No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SEB and Swedbank.

The interest cap holdings amounted to SEK 855 million (1,355) at year-end. The interest caps protect against rising variable interest rates by providing an interest income when the pre-selected variable market rate in the form of Stibor with a certain maturity passes the strike level. A premium is paid to the bank for the interest cap, which is expensed during the time to maturity of the cap and increases Klövern's average borrowing rate. The counterparties for interest caps are Handelsbanken and Swedbank.

Valuation of derivatives

The value of the interest caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2013, the change in value of the derivatives amounted to SEK 1 million (2) for the interest rate caps and SEK 336 million (-177) for the swap agreements. The aggregate change in value for the derivatives was SEK 337 million (-175), of which realized SEK 47 million (-78). The fair value at year-end amounted to SEK 0 million (0) for the interest caps and SEK -144 million (-432) for the interest rate swaps. The total value of derivatives at year-end was SEK -144 million (-432). All changes in value regarding derivatives have been reported in the balance sheet. Hedge accounting was not applied.

DERIVATIVE AGREEMENTS

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
Nominal interest rate swaps				
Handelsbanken	145	0.3	5.0	–2
Handelsbanken	100	1.1	3.1	–2
Swedbank	600	1.1	2.8	–12
Handelsbanken	800	1.1	2.8	–16
Danske Bank	400	2.1	3.0	–14
Swedbank	200	3.0	1.5	0
Danske Bank	545	3.1	3.1	–25
Nordea	30	3.8	4.0	–3
SEB	500	4.0	1.6	6
Swedbank	300	4.6	2.7	–9
Swedbank	200	4.6	2.7	–6
Pfandbriefbank	297	4.8	2.1	0
Swedbank	400	5.0	3.7	–31
Swedbank	100	5.0	1.8	2
Swedbank	400	5.1	3.5	–27
Swedbank	400	6.0	2.2	3
Swedbank	100	6.0	1.9	3
Swedbank	400	7.0	2.4	3
Swedbank	300	7.7	2.5	3
Swedbank	200	8.0	2.5	1
Swedbank	200	8.1	3.3	–13
Swedbank	600	8.1	3.3	–38
Swedbank	500	9.0	2.2	23
Swedbank	100	9.3	2.2	4
Swedbank	500	10.0	2.7	6
TOTAL SWAPS	8,317	5.0	2.7	–144

Counterparty	Amount, SEKm	Remaining time to maturity, years	Strike level[1], %	Market value, SEKm
Interest cap				
Handelsbanken	355	0.3	5.0	0
Swedbank	500	0.3	4.3	0
TOTAL INTEREST CAPS	855	0.3	4.6	0
TOTAL	9,172	4.6		–144

1) The strike level is the pre-set interest rate level at which an interest income is received to compensate for the increased interest expense.

CREDITORS AND COLLATERAL

The loan portfolio is distributed among eleven lenders: Catella, Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Länsförsäkringar Bank, Nordea, SBAB, SEB, Sparbanken Öresund, Swedbank and Sörmlands Sparbank.

Property mortgages of SEK 16,449 million (15,078) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klövern has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klövern AB.

COVENANTS AND RISK-TAKING

Klövern's financial risk taking and position can be seen by, among other things, the key ratios equity ratio, interest coverage ratio and leverage. There are sometimes set limit values, known as covenants, in credit agreements with banks and credit institutions specifically for these three key ratios. Klövern's own goals comply well with the banks' requirements.

Klövern's goal for 2013 was for the equity ratio to be at least 25 per cent. The new goal for 2014 is for the equity ratio to be at least 30 per cent. The banks that have an equity ratio covenant have set 20–25 per cent as the lower limit. Klövern's goal is for the interest coverage ratio to amount to at least 1.5 multiples, which complies with the banks' requirements. Klövern has no goal of its own for leverage but the banks' requirements vary between 60 and 75 per cent, depending among other things on the volume of collateral volume.

Klövern meets all of the banks' goals and requirements as at the balance sheet date and we expect to continue doing so in 2014. The equity ratio was 29 per cent (28), adjusted equity ratio 31 per cent (32), the interest coverage ratio 1.9 multiples (1.9), total leverage 65 per cent (64) and leverage properties amounted to 57 per cent (59).

BONDS

In 2013, Klövern has on four occations issued bonds on the Swedish market with an aggregate volume of SEK 1,365 million. Total outstanding bond volume amounted to SEK 3,190 million at year-end. The bonds constitute a complement to bank financing.

KLÖVERN'S ISSUES

In March 2013 Klövern issued a covered bond to finance a portfolio of investment properties in Karlstad with a total market value of around SEK 1,100 million. Unlike the uncovered bonds that Klövern has issued, covered bonds replace bank loans and can thus free up some of the loan capacity of lending banks. Property mortgage deeds are used as collateral in the same way as for bank loans. Demand was great for this new type of loan structure in Klövern and a number of important institutional investors participated as new debt investors. The issue was carried out in collaboration with Catella Corporate Finance and Nordic Fixed Income.

Another SEK 500 million was issued in April within an existing uncovered bond loan that reaches final maturity in January 2017. As SEK 650 million were issued within this loan frame in 2012, a total of SEK 1,150 million out of the SEK 2,000 million bond loan has been issued. Demand was once again great and the bond was quickly oversubscribed. The debt investors for this bond included a large number of returning investors that already own Klövern bonds. ABG Sundal Collier and Swedbank Corporate Finance acted as financial advisors for Klövern.

As a result of keen interest from investors, Klövern decided to make two minor additions in the existing bond loan framework. Klövern issued SEK 70 million in October and SEK 95 million in December and has now exercised SEK 340 million from the total bond framework of SEK 500 million. Final maturity is in March 2015. Both issues had lower margins than the outstanding bonds, thus helping Klövern to reduce margins across the loan curve. This reduces Klövern's interest expense in the long term. The issuing agent for these two issues was Pareto-Öhman

ISSUES AFTER THE END OF THE YEAR

In February 2014 Klövern issued an uncovered four-year bond loan with an interest rate of three month Stibor +2.25 per cent. Final maturity is in March 2018. The bond loan has a frame work amount of SEK 2,000 million and Nordea Bank was financial adviser in the transaction.

ALTERNATIVE FORM OF FINANCING

During the past years, the financial crisis, the downturn, insufficient liquidity and changes in regulatory requirements have led banks to be increasingly restrictive in their lending operations. It became clear in 2011 and 2012 that the banks' leverage, the proportion of loans in relation to the properties' value, followed a declining trend. From the 75 per cent ratio that was previously typical, a ratio of 70, 65 and even 60 per cent, depending on the volume of collateral, became increasingly common. The capital raised from bond issues has not only been used to cover the difference between the banks' maximum leverage limit and Klövern's wishes but also to carry out rapid and profitable acquisitions when the banks' lead time was long.

BOND OVERVIEW 31.12.2013

ISIN code	Type	Date of issue	Maturity	Fixed/variable interest rate	Volume, SEKm	Bond spread at issue, 3 month STIBOR, %	Spread 2013-12-31, 3 month STIBOR, %
SE0004453108	Uncovered	February 2012	March 2015	Variable	500	4.00	1.44
SE0004491512	Uncovered	March 2012	March 2015	Variable	500	4.00	1.44
SE0004951648	Uncovered	December 2012	March 2015	Variable	340	3.60	1.44
SE0004868453	Uncovered	October 2012	January 2017	Variable	1,150	4.00	2.50
SE0005127578	Covered	March 2013	March 2018	Variable	700	3.00	2.21

INVESTORS

Klövern today has 50 institutional investors that have invested an average of over SEK 58 million in Klövern's different bonds. This group has together lent more than SEK 2.9 billion to Klövern in the bond market. It can also be noted that Klövern has attracted a new type of investors as large, well-established Swedish institutions that were not interested in uncovered bonds have now invested in the covered bond. The minimum subscription amounts for Klövern's bonds were SEK 500,000 and SEK 1 million respectively. This has contributed to attracting investments from smaller institutions as well as individuals. Investors include banks, pension funds, trade unions, real estate companies, private companies as well as individuals. There is also an increasing share of foreign investors. In total, several hundred investors chose to invest in Klövern's bonds in conjunction with the issues.

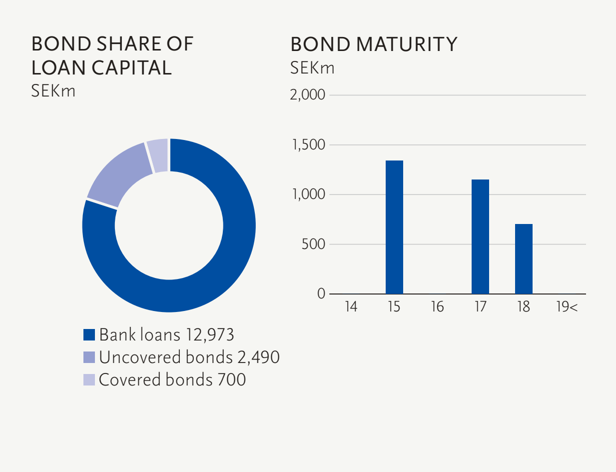
SECONDARY MARKET

All of Klövern's six issued bond loans are listed on the Corporate Bond List at NASDAQ OMX Stockholm. The bond loans are not however traded on the stock exchange but instead via Swedish banks and bond brokers. Some of these market participants voluntarily set indicative prices for each bond loan.

MARGIN COMPRESSION

All of Klövern's outstanding bonds provide a coupon payment based on a pre-set margin over three months Stibor. This margin was reduced in 2013, which also reduces Klövern's costs for new borrowing. Many investors have voiced the opinion that there have been too few issues in the bond market over the past year. This is partly attributable to increased lending from banks, which leads to a more attractive situation for seeking bank financing.

Klövern's covered bond, issued in March 2013 with an interest rate of three month Stibor + 3.00 per cent and final maturity in April 2018, was traded with a margin of three month Stibor + 2.21 per cent at year-end. The uncovered bonds maturing in March 2015 were issued in 2012 with an interest rate of three month Stibor + 4.00 per cent and three month Stibor + 3.60 per cent respectively. At year-end 2013, when Klövern had also issued smaller bonds, these were traded at three month Stibor + 1.44 per cent.



PROPERTY BONDS ISSUED IN 2013

In 2013, the total bond issue volume from property companies was SEK 33 billion, corresponding to 11 per cent of the total bond market in Sweden. This is an increase of 43 per cent as compared to 2012 when bonds were issued to an aggregate value of SEK 23 billion.

COMMERCIAL PAPER PROGRAMME

At present, Klövern has not issued any commercial paper but may very well do so in the future with a view to further diversify financing. The commercial paper programme works in the same way as bonds with the exception of the period to maturity that is limited to a maximum of one year. The short maturity leads to a high refinancing risk and a bank therefore always guarantees the corresponding loan volume if the issue proves to be impossible.

COMMON AND PREFERENCE SHARES

The total market value of Klövern's outstanding common and preference shares was SEK 7,527 million (6,670) at year-end 2013. Klövern's shares are listed on NASDAQ OMX Stockholm Mid Cap.

MARKET INFORMATION

The value of Klövern's common shares rose by 11 per cent in 2013 to SEK 28.50 (25.60) following a decrease of 1 per cent in 2012. During the same period, the price of the preference share rose by 10 per cent (6) to SEK 150.00 (136.75).

During the year, the Stockholm stock exchange as a whole, measured as the All-Share index, rose by 23 per cent (12) while NASDAQ OMX Stockholm Real Estate index rose by 20 per cent (14).

Klövern's market value had increased to SEK 7,527 million (6,670) at year-end 2013, based on the number of outstanding common and preference shares. The turnover rate was 45 per cent (46) for the common shares and 54 per cent (80) for the preference shares, an indication of continued high liquidity. Total turnover for Klövern's common share was SEK 2,074 million (1,827) and SEK 1,414 million (1,304) for the preference share.

Klövern's share capital amounted to SEK 925,403,490 at year-end (925,403,490). The share's quota value was SEK 5 per share. The total number of registered shares amounted to 185,080,698 (185,080,698) divided between 166,544,360 common shares (166,544,360) and 18,536,338 preference shares (18,536,338), as at 31 December 2013.

THE KLÖVERN SHARE

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

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

The common share

Klövern's common share has been listed on NASDAQ OMX Stockholm Mid Cap since 2003. Each common share, apart from repurchased shares, confers one vote unlike the preference shares that confer one-tenth of a vote.

The total number of registered common shares was 166,544,360 (166,544,360) at year-end.

The preference share

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

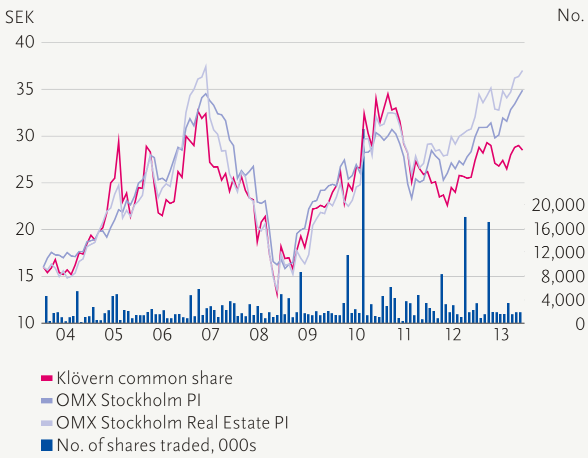
A preference share confers one-tenth of a vote unlike common shares that, apart from repurchased shares, confer one vote per share.

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

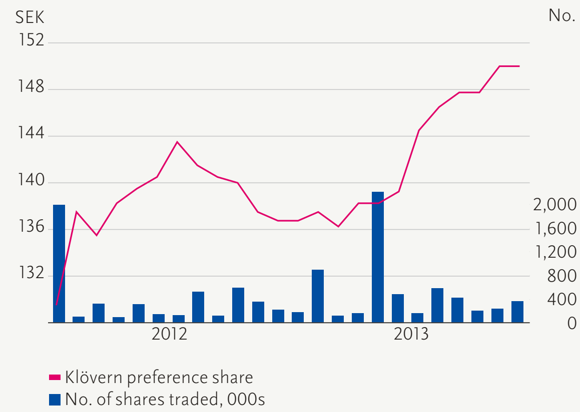
The annual cash yield was around 7.5 per cent based on the issue price of SEK 133 per preference share. In the event of liquidation, the preference shares have priority over the common shares corresponding to an amount of SEK 150 with supplements for any withheld amounts.

The record days for these payments shall be the last weekday in the month of June, September and December respectively after the Annual General Meeting and in the month of March the year after the Annual General Meeting.

COMMON SHARE



PREFERENCE SHARE



THE KLÖVERN SHARE DURING A NINE-YEAR PERIOD

	2013	2012	2011	2010	2009	2008	2007	2006	2005
Share price at year-end, common shares, SEK	28.50	25.60	25.90	34.00	22.90	18.20	25.50	30.00	24.50
Share price at year-end, preference shares, SEK	150.00	136.75	–	–	–	–	–	–	–
Capitalization, outstanding shares, SEKm	7,527	6,670	4,165	5,467	3,682	2,929	4,227	4,996	2,949
Earnings per common share, SEK	3.75	1.24	2.89	3.76	1.48	–2.92	7.36	5.04	3.27
Earnings per preference share, SEK	10.00	7.52	–	–	–	–	–	–	–
Equity per share, SEK	38.9	37.2	29.5	28.1	25.6	25.1	29.4	23.2	18.8
Dividend per common share, SEK	1.50[1]	1.50	1.25	1.50	1.25	1.00	1.50	1.25	1.00
Dividend per preference share, SEK	10.00[1]	10.00	10.00	–	–	–	–	–	–
Dividend in relation to profit from property management, %	68[1]	83	79	55	41	46	64	56	47
Yield, common shares[2], %	5.3[1]	5.9	4.8	4.4	5.5	5.5	5.9	4.2	4.1
Yield, preference shares[2], %	6.7[1]	7.3	–	–	–	–	–	–	–
Total return, common shares[3], %	17.2	3.7	–19.4	54.0	31.3	–22.7	–10.8	26.5	30.2
No. of registered common shares, million	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5	120.4
No. of outstanding common shares, million	166.5	161.5	160.8	160.8	160.8	160.8	165.8	166.5	120.4
Average no. of outstanding common shares, million	166.3	158.9	160.8	160.8	160.8	163.2	166.4	125.2	115.8
No. of registered preference shares, million	18.5	18.5	–	–	–	–	–	–	–
No. of outstanding preference shares, million	18.5	18.5	–	–	–	–	–	–	–
Average no. of outstanding preference shares, million	18.5	11.8	–	–	–	–	–	–	–

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

At year-end, the total number of registered preference shares was 18,536,338 (18,536,338). All the preference shares were created through issues in 2012.

Detailed information regarding dividends, issues and redemption can be found in Klövern's Articles of Association, available on www.klovern.se. The dates for record days and distribution of dividends is available in the calendar on klovern.se.

ISSUES

Following several share issues in 2012, no further issues were made in 2013.

REPURCHASE

Since 2007, the Board of Directors of Klövern has been authorized by the Annual General Meeting to repurchase shares up to a maximum of ten per cent of the total number of registered shares. This is intended, inter alia, to continuously adapt the company's capital requirements and thus contribute to increased shareholder value. Accordingly, Klövern has, up to 2012, repurchased a total of 11,807,027 common shares.

The Extraordinary Shareholders Meeting on 14 September 2012 authorized the Board of Directors to initiate a transfer of shares with the same purpose. Up until 31 December 2012, Klövern transferred 6,807,027 common shares and 143,536 preference shares. All remaining repurchased shares were sold during the first quarter of 2013. At the end of the year, Klövern's holdings of own shares thereby amounted to 0 common shares (5,000,000) and 0 preference shares (–).

DIVIDEND

Klövern's goal is for dividend to amount to at least 50 per cent of the profit from property management in the long term.

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

According to the present proposal, dividend during 2014 amounts to 68 per cent (83) of the profit from property management in 2013. Over the past nine years, this would correspond to an average dividend amounting to 62 per cent of the profit from property management.

The Annual General Meeting of 2013 decided, according to the Board of Directors' proposal, that the dividend shall amount to SEK 1.50 (1.25) for the common share and to SEK 10.00 (10.00) for the preference share, distributed at SEK 2.50 per quarter. The record day for preference shareholders is the last weekday of each quarter and dividends are normally distributed three business days later. The dates for record days and distribution of dividends are available in the calendar on klovern.se.

During the year, a dividend of SEK 10.00 (10.00) per preference share, or a total of SEK 185 million (139), has been paid. The dividend for the common share was SEK 1.50 (1.25) per share or a total of SEK 250 million (201). None of Klövern's repurchased shares are entitled to dividends.

DIVIDEND YIELD AND TOTAL RETURN

The proposed dividend in 2014 of SEK 1.50 (1.50) per common share corresponds to a dividend yield of 5.3 per cent, compared to 5.9 per cent in the previous year. In 2013, the total return of the common share was 17 per cent, including dividend of SEK 1.50, as compared to 16 per cent during the previous year (including the SEK 3.30 that was separated for the preference share in January 2012).

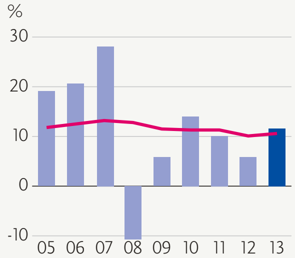
RETURN ON EQUITY

Klövern's goal for return on equity over a business cycle is the risk-free rate plus nine percentage points. The risk-free rate was 1.6 per cent (1.1) during 2013. The return on equity was 11.6 per cent (5.8) in 2013 and the goal was thereby achieved.

EQUITY AND EQUITY RATIO

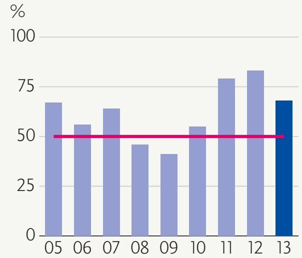
Net worth is the value of the company's assets minus the value of liabilities. Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities as well as investment properties, valued at fair value. At year-end 2013, total equity amounted to SEK 7,198 million (6,696) and equity per share to SEK 38.90

RETURN ON EQUITY
%



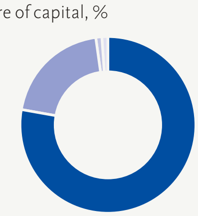
■ Return on equity
■ Goal

DIVIDEND
%



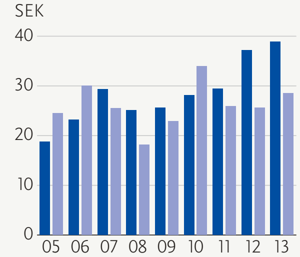
■ Dividend in relation to profit from property management
■ Goal

SHAREHOLDER CATEGORIES
share of capital, %



■ Private owners 78
■ Financial companies 20
■ Public sector 1
■ Interest organizations 1

EQUITY AND THE SHARE PRICE
SEK



■ Equity per share, SEK
■ Share price, common share at year-end, SEK

Lunch room in the property Fyrislund 6:6, building 12, in Uppsala.

DEVELOPMENT OF THE SHARE CAPITAL

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

(37.18). On the liabilities side of the balance sheet, there was a deferred tax liability of SEK 861 million (681) at year-end, which includes the difference between the fair values and tax values of the properties and derivatives (temporary differences, although excluding acquired temporary differences). The tax liability is realized when and if derivatives are sold and the properties are sold as separate properties. If, however, a company is sold with the property as an asset, no tax effect arises. In Klövern's case, practically all properties are in corporate form, which, in all probability, means that only a minor part of the total deferred tax liability will be paid. The difference between the tax value and the fair value of the properties was SEK 9,739 million (8,817) at year-end. If the equity was adjusted with deferred tax on properties, calculated at 5 per cent, goodwill and the value of derivatives, the equity ratio would be 31.4 per cent (31.9).

MAJOR COMMON SHAREHOLDERS

	No. of common shares, 000s	No. of preference shares, 000s	Share of share capital, %	Share of votes, %
Corem Property Group	32,200	–	17.4	19.1[1]
Arvid Svensson Invest	26,599	1,180	15.0	15.9
Rutger Arnhult via companies	18,150	43	9.8	10.8
Länsförsäkringar fund management	16,357	–	8.8	9.7
Swedbank Robur funds	5,522	96	3.0	3.3
Handelsbanken funds	5,473	1	3.0	3.3
JPM Chase	4,911	97	2.7	2.9
SEB Investment Management	2,567	13	1.4	1.5
Mellon AAM Omnibus	2,303	–	1.2	1.4
Avanza Pension	1,288	558	1.0	0.8
Aktie-Ansvar funds	1,200	42	0.7	0.7
Pareto Bank	1,200	–	0.6	0.7
Nordea Investment Funds	1,148	0	0.6	0.7
Client OMI for Ishare Europe	1,066	–	0.6	0.6
Robur Försäkring	1,042	728	1.0	0.7
TOTAL MAJOR OWNERS	**121,026**	**2,758**	**66.8**	**72.1**
Other owners	45,518	15,778	33.2	27.9
TOTAL OUTSTANDING SHARES	**166,544**	**18,536**	**100.0**	**100.0**
Repurchased own shares	–	–		
TOTAL NUMBER OF REGISTERED SHARES	**166,544**	**18,536**		

1) Rutger Arnhult via companies, owns shares corresponding to 37.7 per cent of the voting rights in Corem Property Group.
Source: Corem's Year-end report 2013.

OWNERSHIP

At year-end 2013, there were 35,818 shareholders (31,651) in Klövern. The ten largest shareholders represented 63.3 per cent (58.5) of the total number of outstanding shares, corresponding to a market capitalization of SEK 3,586 million (3,233). 83 per cent (82) of the total number of shares were held by Swedish shareholders.

Corem Property Group and Arvid Svensson Invest, each had a shareholding exceeding 10 per cent of the capital as at 31 December 2013.

DISTRIBUTION OF SHAREHOLDING

Shareholding	No. of shareholders
1 – 500	25,870
501 – 1,000	4,114
1,001 – 5,000	4,531
5,001 – 10,000	617
10,001 – 15,000	204
15,001 – 20,000	127
20,001 –	355
	35,818

MAJOR PREFERENCE SHAREHOLDERS

	No. of preference shares, 000s	No. of common shares, 000s	Share of share capital, %	Share of votes, %
Cormac Förvaltnings AB	1,277	–	0.7	0.1
Arvid Svensson Invest	1,180	26,599	15.0	15.9
Robur Försäkring	728	1,042	1.0	0.7
Didner & Gerge Fonder	715	–	0.4	0.0
Lantbruk associates	703	–	0.4	0.0
Avanza Pension	558	1,288	1.0	0.8
BK Julius Baer & Co Sweden Main AC	410	31	0.2	0.0
Patrik Brummer	400	–	0.2	0.0
PBB Holding	350	–	0.2	0.0
Henningson Affärsfast. AB	346	–	0.2	0.0
ICA-handlarnas Förbund	220	75	0.2	0.0
SEB-Stiftelsen, Skand Enskilda	200	–	0.1	0.0
Nordnet Pensionsförsäkring	171	387	0.3	0.3
Zebub Förvaltnings AB	160	–	0.1	0.0
SEB S.A., W8IMY	140	127	0.1	0.1
TOTAL MAJOR OWNERS	**7,558**	**29,549**	**20.1**	**17.9**
Other owners	10,978	136,995	79.9	82.1
TOTAL OUTSTANDING SHARES	**18,536**	**166,544**	**100.0**	**100.0**
Repurchased own shares	–	–		
TOTAL NUMBER OF REGISTERED SHARES	**18,536**	**166,544**		

TAXES

Klövern's tax loss carry forwards amounted to SEK 1,893 million at year-end 2013. With the present earning capacity, the company is not expected to have to pay current tax for the next eight years.

Klövern reports tax expenses in the form of current tax and deferred tax, calculated on the basis of the current tax rate of 22 per cent.

CURRENT TAX

Current tax in the statement of income is calculated on the taxable profit after utilization of any approved tax loss carryforwards. Current tax can also include tax owing to reassessment of previous years and tax from companies acquired or sold during the year. The taxable profit means profit for the year after taking into account, inter alia, the deductible depreciation in the tax return and the direct deductions for tax purposes of certain investments. Current tax is the tax paid and thus, unlike deferred tax, has an effect on the cash flow.

DEFERRED TAX

Deferred tax in the statement of income means a schematic calculation of possible future tax. The deferred tax includes changes in deferred tax assets and deferred tax liabilities. The items are reported as net values under deferred tax liabilities in the balance sheet and the deferred tax in the balance sheet corresponds to the change in the balance sheet item deferred tax liability. Deferred tax can be both positive and negative.

Deferred tax asset, that is the granted and approved tax loss carryforwards multiplied by the tax rate, is reported together with the deferred tax liability in the balance sheet. Tax loss carryforwards are used to reduce the taxable profit. The tax asset is realized apace with use of the tax loss carryforwards. The possibility of using the tax loss carry forwards can be limited depending on the possibilities for tax purposes of evening out profit between group companies.

Deferred tax liability, calculated on the difference between the fair value of properties and derivatives and their tax value (temporary differences), is reported together with the deferred tax asset on the liabilities side of the balance sheet.

Temporary differences acquired through company acquisitions are handled differently depending on whether they are asset acquisitions or business combinations. No deferred tax liabilities are reported on the temporary differences for asset acquisitions. If the acquisition is classified as a business combination, the deferred tax liabilities are reported for the entire temporary difference. The tax liability is realized when and if the property is sold as a separate property. If, however, a company is sold with the property as an asset, no tax effect arises. However, during property transactions in corporate form, the buyer generally demands a discount attributable to the temporary difference. In Klövern's case, practically all properties are sold in corporate form.

TAX IN 2013

Klövern's income statement includes an effect on deferred tax of SEK -178 million (110) and on current tax of SEK -1 million (-2).

Profit in current real estate operations was charged with deferred tax of SEK -10 million (-73). Furthermore, the change in difference between fair value and residual values for tax purposes for properties, derivatives and financial assets have led to an effect on deferred tax of SEK -168 million (183).

TAX DISPUTES

Klövern had one major tax dispute in 2013. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klövern for the 2008 income year, which may entail a tax expense of around SEK 21 million. As of year-end 2013, the Administrative Court of Appeal ruled in favour of Klövern. The Tax Agency may now appeal to the Supreme Administrative Court.

RISK AND SENSITIVITY

A real estate company is exposed to various risks and opportunities in its business. Internal rules and policies have been adopted to limit exposure to various risks.

THE VALUE OF THE PROPERTIES

Risk

A great risk and opportunity for Klövern's properties lie in changes in value. Changes in value are affected by factors such as how well Klövern succeeds in improving and developing properties and by the contract and customer structure. External changes such as the general state of the economy, interest rates, the local balance between supply and demand, loan financing and the yield requirement, also have an impact. The yield requirement is affected to a great extent by the risk-free rate and the properties' unique risk. Property values are less volatile for concentrated portfolios in good locations in comparison with those in less attractive locations.

Management

Klövern has often acquired properties with a high vacancy rate in order to develop and improve them. Klövern has a high level of expertise in property and project development. Due to Klövern's local organization, which is close to the customer, long-term relationships have been established with tenants, which reduce the risk of new vacancies. The customer structure is well diversified with 54 per cent in private companies, 27 per cent in listed companies and 19 per cent in the public sector. 93 per cent of the contract value of the property portfolio is concentrated to the 17 business units where Klövern has its own personnel.

CHANGES IN VALUE, PROPERTIES

	–10%	–5%	0%	5%	10%
Changes in profit before tax, SEKm	–2,406	–1,203	0	1,203	2,406
Equity ratio, %	23	26	29	31	33
Leverage, %	72	68	65	62	59

FINANCING

Risk

Klövern's interest-bearing liabilities consist to around 80 per cent of loans from banks and credit institutions and to around 20 per cent of lending from capital markets through bonds. Consequently, Klövern is exposed to financing and interest rate risks. Through Klövern using various derivatives to manage its interest rate risks, the company is also exposed to the risk of change in value of these derivatives.

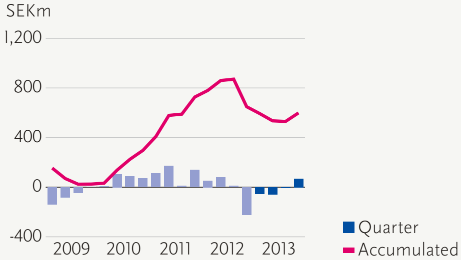
Management

The financing risk is managed by goals in the financial policy for maturities on tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. From 2013, the goal is for the tied-up capital to be at least 1.5 years. The tied-up capital maturity amounted to 2.0 years at year-end. The problems in the financial market in recent years with restricted liquidity and high margins, in particular for long-term capital, mean that a longer goal for tied-up capital would have made Klövern's borrowing significantly more expensive. Tied-up capital for the various loans shall also be distributed over several years. There should not be a maturity exceeding 40 per cent of the total interest-bearing liabilities in any single year according to the business plan. At year-end, the loan maturity for 2015 was 48 per cent, the single highest share of any year. Klövern intends to start refinancing and to extend loans that mature in 2015 already during 2014.

A spread of borrowing among many lenders reduces the financing risk. Klövern has eleven different credit institutions and the goal of a maximum of 50 per cent of Klövern's inte-

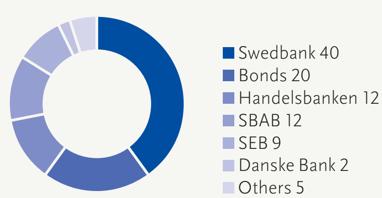
UNREALIZED CHANGES IN VALUE

SEKm



LENDERS

%



rest-bearing liabilities is not exceeded for any counterpart. In 2013, Klövern issued bond loans (loan capital) totaling SEK 1,365 million, of which SEK 700 million consisted of a covered bond with collateral in property mortgage deeds.

Klövern has chosen to protect itself against rising interest rates by exchanging variable loans for fixed loans through interest rate swaps. The total volume of swaps is SEK 8,317 million. Fixed-interest loans thus account for about half of the loan portfolio, which meant that 53 per cent of Klövern's loans had fixed interest rates at year-end 2013. In addition, Klövern has entered into SEK 855 million of interest caps, which state a set maximum level for the variable base rate for the chosen volume. When the market rate exceeds the strike levels, interest income is received to compensate for the higher interest expense.

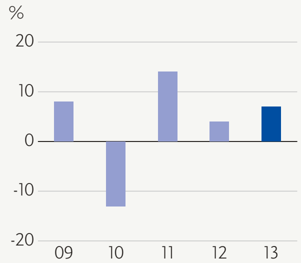
When the agreed interest for derivatives deviates from the market rate, there is a change in value that affects the company's statement of income and balance sheet. However, the change in value does not have an effect on the cash flow. On maturity, the value of the derivatives used by Klövern is always zero.

Exposure

FINANCIAL GOALS AND OUTCOME IN 2013 ACCORDING TO FINANCIAL POLICY

	Goals 2013	Utfall	Goals 2014
Interest coverage ratio	Shall amount to at least 1.5 multiples.	√ Achieved, 1.9 multiples.	Shall amount to at least 1.5 multiples.
Equity ratio	Shall amount to at least 25 per cent.	√ Achieved, 28.5%.	Shall amount to at least 30 per cent.
Interest rate risk	At least 40 per cent of total loan volume shall have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.	√ Achieved, 58%. √ Achieved, 4.6 years.	At least 40 per cent of total loan volume shall have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.
Base risk	Tied-up capital is to be at least 1.5 years. At most 40 per cent of the total liability is to mature during the same year.	√ Achieved, 2.0 years. Not achieved, 48 %.	Tied-up capital is to be at least 1.5 years. At most 40 per cent of the total liability is to mature during the same year.
Refinancing risk	At most 50 per cent of the capital requirement in relation to the same lender.	√ Achieved, maximum share 40%.	At most 50 per cent of the capital requirement in relation to the same lender.

TEMPERATURE IN RELATION TO A NORMAL YEAR



The influence of the weather during a particular year can be measured as a deviation from a "normal year". If a particular year deviates from the normal year by +/– 10 per cent, Klövern's energy costs change by SEK 2.7 million with the present consumption.

ENVIRONMENT

Risk

According to the Environmental Code, those who engage in activities that contribute to pollution are also responsible for subsequent treatment. If the person carrying out the activity cannot carry out or pay for this treatment of a property, the party that has acquired the property, and who, at time of acquisition, knew of or should have detected the pollution is responsible. This means that demands can, in certain conditions, be directed at Klövern for land decontamination or subsequent treatment for the existence or suspicion of pollution in the ground, water areas, or groundwater to put the property in such a state as follows from the Environmental Code.

Management

A thorough analysis of any environmental risks is carried out in connection with every acquisition.

Exposure

Klövern does not carry out any activity that requires a special environmental licence, although property administration and property development can have an impact on the environment. At present, however, there is no knowledge of any important environmental demands which can be directed at Klövern.

RENTAL INCOME AND OCCUPANCY RATE

Risk

There is a risk of vacating tenants in all property management. When tenants change, there may arise costs for adaptation for new tenants and vacancy periods.

Management

At year-end 2013, Klövern had a total of 8,100 lease contracts (7,600) with 4,900 companies (4,800) in many different branches of business activity. The increase is attributable to acquisitions and a positive net occupancy. The tenant turnover rate has been relatively low at 4.8 per cent (6.3). The turnover rate is measured as vacation in SEK during the year in relation to average lease contract value. The average lease term in Klövern's stock was 3.5 years (3.4). The increase is mainly attributable to acquisitions and newly signed lease contracts.

Klövern makes a credit rating in connection with all new letting. On the basis of a credit rating, certain leases are complemented with guarantees, a deposit or a bank guarantee. All rents are paid in advance. Despite this, there is a risk of tenants suspending payments or otherwise not performing their obligations, which has a negative impact on Klövern's result. Due to the frequent dialogue with tenants, Klövern has very low rent losses. These amounted to SEK 4.2 million (4.8) or 0.2 per cent (0.2), of Klövern's total income during 2013. Klövern has reserved a total of SEK 30 million, SEK 15 million for 2012 and SEK 15 million for 2013, for loss of rental income due to a rental dispute with Ericsson regarding the time of moving-in to the newly constructed property Isafjord 1 in Kista, Stockholm. Ericsson has deposited rent at the County Administrative Board for the period from the fourth quarter of 2012 until the first quarter of 2014, totalling around SEK 90 million.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %
Telefonaktiebolaget L M Ericsson	267	12
KappAhl Sweden	38	2
Posten Meddelande	32	1
TeliaSonera Sverige	31	1
Dalarna County Council	27	1
Municipality of Karlskrona	26	1
Eniro Sweden	23	1
CGI Sverige	23	1
Östergötland County Council	22	1
Swedish Employment Service	21	1
TOTAL (10 LARGEST)	510	22

Exposure

The largest tenant is the IT and telecom company Ericsson, which mainly leases large office areas in Kista, among which is the head office with the group executive management. The managements of Ericsson's three business areas, Global Services, Multimedia and Networks, and parts of R&D activities are also located in Kista. In 2010, Ericsson signed a ten-year lease contract for 36,000 sq.m., of which the major part is for a new office building in Kista. Ericsson's total contract value amounted at year-end 2013 to SEK 267 million, which corresponds to 12 per cent of Klövern's total contract value.

The second largest tenant is the fashion retail chain KappAhl with a total contract value of SEK 38 million at year-end 2013. The operations are located in KappAhl's main office and central warehouse in Mölndal.

TAX

Risk

Klövern's self-evident intention is to comply with laws and regulations, not least within the area of taxation. However, lack of clarity concerning the interpretation of rules, and in certain cases changed rules with retroactive effect, means that Klövern, like other companies, cannot always anticipate the tax outcome of its actions.

Management

Klövern uses tax expertise from a number of reputable firms, among others Svalner Skatt.

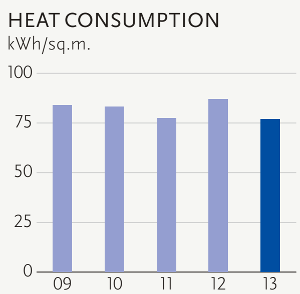
Exposure

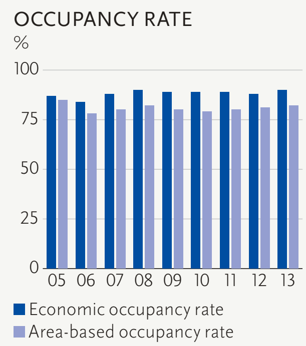
Klövern had one major tax dispute in 2013. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klövern for the 2008 income year, which may entail a tax expense of around SEK 21 million. At the end of 2013, the Administrative Court of Appeal ruled in favour of Klövern. The Tax Agency may now appeal to the Supreme Administrative Court.

PROPERTY COSTS

Risk

There is a risk in properties with neglected maintenance of large and expensive repair costs. Energy accounts for 30 per cent of Klövern's property costs and consumption and energy costs can rise sharply if control is lacking. Weather deviations from what is regarded as normal can also affect the total outcome. Seasonal variations in weather mean that energy costs are not evenly distributed over the year. Normally, for example, around 40 per cent of the year's heating consumption takes place during the first quarter of the year.





Management

Through its local organization, Klövern has a very good control of its properties. An ambitious maintenance programme with preventive measures reduces the number, and costs of, unanticipated repairs. A major investment has been made for energy-optimized investments. Klövern works actively to follow up energy consumption and takes steps to reduce it.

Exposure

The influence of the weather during a particular year can be measured as a deviation from a "normal year". If a particular year deviates from the normal year by +/– 10 per cent, Klövern's energy costs change by SEK 2.7 million with the present consumption. In the past two years, Klövern has placed an increasing focus on tenants paying the actual cost of energy consumption and not a standard charge, which has also reduced the risk for Klövern.

OTHER RISKS

Operating risks

Operating risks means the risk of incurring losses due to deficient routines, insufficient control, and/or improper actions. Good internal checks and external checks by auditors, administrative systems that are appropriate for their purpose, competence development and access to reliable valuation models are methods to reduce the operating risks. In this connection, Klövern works continuously to monitor the company's administrative security and control.

Personnel

Personnel risk is the risk of not being able to meet Klövern's need of skilled personnel. The company works actively for internal career paths and internal training and also actively endeavours to maintain the company's reputation as an attractive employer.

The executive management has a period of notice of six months and other personnel have a three-month period of notice if notice is given by the employee. This provides sufficient time for recruitment in the event of notice being given.

During 2013, Klövern had a staff turnover of 9 per cent (8).

Sensitivity analysis

The sensitivity analysis is based on the Group's earning capacity and balance sheet on 31 December 2013. The sensitivity analysis shows the effects on the Group's profit before tax after full impact of each of the parameters in the table below. Interest-bearing liabilities and lease contracts extend over several years, which means that changes do not have full impact during a single year but only in a longer perspective.

	Change	Annual effect on profit, SEKm
Economic occupancy rate	+/– 1 %–point	+/– 26
Rental income	+/– 1 %	+/– 22
Property costs	+/– 1 %	–/+ 8
Klövern's average interest rate	+/– 1 %–point	–/+ 162

INVESTOR RELATIONS

The flow of information from Klövern shall be characterized by openness, reliability and swiftness. Klövern's IR activities and information to markets take place in accordance with current legislation, NASDAQ OMX's rules for issuers, the Swedish Code of Corporate Governance, Klövern's Information and IR policy and generally known recommendations.

Presentations of the company are made mainly by quarterly reports, press releases and regular meetings with shareholders, analysts and potential investors both concerning shares and bonds.

All interim reports, presentations and annual reports are published on the website and can be downloaded, both in Swedish and in English, at www.klovern.se.

Klövern's website also contains current information about the company, the share and financial statistics and about how to subscribe to press releases and reports. Interim and annual reports are distributed by post on request.

The number of analysts monitoring Klövern was 10 (10) divided between 8 (10) investment banks during the year.

PROPERTY ANALYSTS

Company	Analyst
ABG Sundal Collier	Fredrik Cyon
Carnegie Investment Bank	Tobias Kaj, Erik Granström
DnB Markets	Simen Mortensen
Handelsbanken	Albin Sandberg
Nordea	Jonas Andersson
Pareto	Johan Edberg
SEB Equities	Nicolas McBeath, Svante Krokfors
Swedbank	Niclas Höglund

Press releases, 2013

20.12.2013	Klövern strengthens its position in Uppsala
16.12.2013	Klövern issues an additional SEK 95 million in bond loan No. 4
09.12.2013	Klövern sells properties in Köping and Stockholm for SEK 30 million
05.12.2013	Klövern acquires properties in Gothenburg area for SEK 79 million
15.11.2013	Klövern acquires properties in Uppsala and Örebro for SEK 180 million
23.10.2013	Klövern AB (publ): Interim Report January–September 2013
16.10.2013	Klövern issues an additional SEK 70 million in bond loan No. 4
08.10.2013	Klövern sells a property in Linköping
03.10.2013	Klövern's annual report best in Mid Cap
03.10.2013	Klövern acquires properties for SEK 260 million
01.10.2013	New Head of Finance and new Head of IR/Information at Klövern
25.09.2013	Klövern signs a lease with the Swedish Transport Agency in Örebro
06.09.2013	Klövern signs a six-year lease with the Uppsala County Administrative Board
11.07.2013	Klövern AB (publ): Interim Report January–June 2013
10.07.2013	Klövern AB (publ): Klövern publishes prospectus and applies for listing of bond loan on NASDAQ OMX Stockholm
28.06.2013	Klövern acquires a logistics unit in Haninge
27.06.2013	Klövern sells a property in Huddinge
26.06.2013	Klövern divests properties and concentrates its portfolio
14.06.2013	Klövern signs a contract for a large letting in Uppsala
13.06.2013	Klövern's deputy CEO Britt-Marie Nyman is leaving her post
07.06.2013	Klövern increases its shareholding in Tribona
04.06.2013	Klövern acquires property in Malmö
15.05.2013	Klövern acquires a property in Partille
06.05.2013	Klövern publishes addendum prospectus
26.04.2013	Klövern issues an additional SEK 500m under bond loan no. 3
17.04.2013	Decisions at Annual General Meeting of Shareholders of Klövern AB (publ)
17.04.2013	Klövern AB (publ): Interim Report January–March 2013
12.04.2013	Klövern signs a lease contract for a major letting in Kista
27.03.2013	Klövern increases its shareholding in Tribona
26.03.2013	Klövern issues a secured bond loan of SEK 700 million
21.03.2013	Klövern AB (publ): Klövern's annual report for 2012
21.03.2013	Arbitration Panel confirms Klövern AB's right to redeem minority shares
19.03.2013	Klövern acquires shares in Tribona
15.03.2013	Klövern AB (publ): Notice of Annual General Meeting of Shareholders of Klövern AB
07.03.2013	Klövern is selling a property in Nyköping
01.03.2013	Klövern has sold its remaining stake in Diös
28.02.2013	Klövern has sold shares in Diös
27.02.2013	Klövern sells a property in Haninge
15.02.2013	Klövern's transfer of its own shares completed
13.02.2013	Klövern AB (publ): Klövern Year-end Report 2012
30.01.2013	Klövern publishes prospectus and applies for listing of bond loan on NASDAQ OMX Stockholm
28.01.2013	Klövern has sold shares in Diös
25.01.2013	Klövern hedges loan portfolio interest rates
18.01.2013	Klövern signs ten-year rental agreement with CGI

CORPORATE GOVERNANCE REPORT

Interior picture at the property Fyrislund 6:6, building 14 in Uppsala.

CORPORATE GOVERNANCE REPORT 2013

Klövern AB is a Swedish public real estate company which is listed on NASDAQ OMX Stockholm Mid Cap. Sound corporate governance with well-structured internal processes and clarity are of fundamental importance for Klövern's long-term creation of value. The corporate governance report reports on Klövern's corporate governance in the 2013 financial year.

IMPORTANT EVENTS

> Dividend of SEK 1.50 per common share and SEK 10.00 per preference share decided upon for the 2012 financial year.

> Divestment of the whole own shareholding of 5,000,000 common shares.

> Divestment of the whole remaining shareholding in the real estate company Diös after a good increase in value.

> Acquisition of shares in the real estate company Tribona, corresponding to 29.8 per cent of the equity and votes. The holding is reported as participation rights in an associated company as from 7 June 2013.

> Issue of a five-year covered bond of SEK 700 million.

18 JANUARY
Klövern signs a ten-year lease contract with CGI for office premises in Kista.

15 FEBRUARY
Divestment of the remaining shareholding of own shares.

28 FEBRUARY
Divestment of the remaining shareholding in Diös.

19 MARCH
Klövern announces that 13.8 per cent of the shares of Tribona have been acquired.

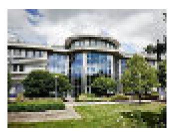
26 MARCH
Klövern announces the issue of a bond loan of SEK 700 million with properties as collateral.

27 MARCH
Klövern announces that the holding in Tribona has been increased to 17.2 per cent.

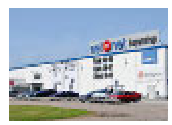
17 APRIL
Decision by the Annual General Meeting on dividend on common and preference shares.

7 JUNE
Klövern announces that the holding in Tribona has been increased to 27.6 per cent, thus making Tribona an associated company.

14 JUNE
Klövern signs a seven-year lease for letting to the municipality of Uppsala.



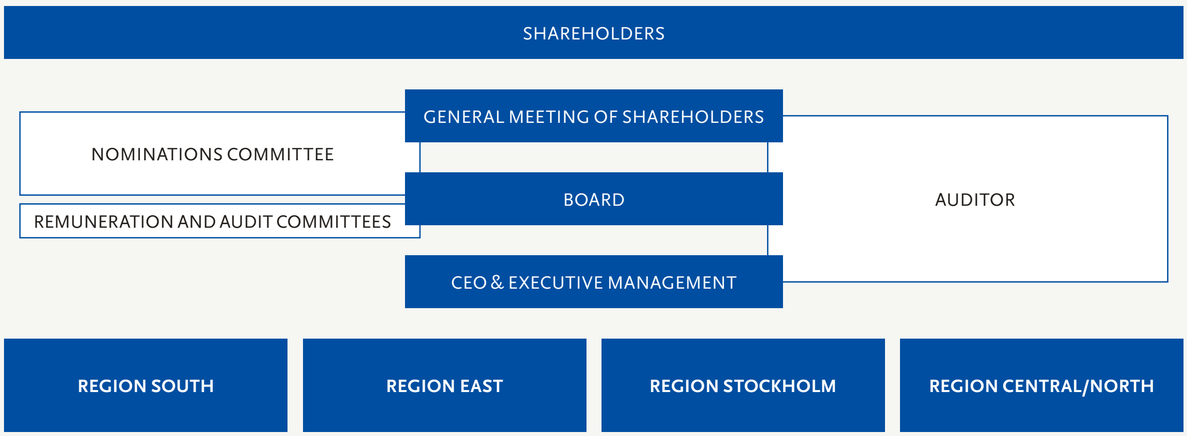
28 JUNE
A major logistics facility in Haninge is acquired for SEK 215 million.



3 OCTOBER
Four properties in Örebro, Västerås, Kalmar and Halmstad are acquired for SEK 260 million.

3 OCTOBER
Klövern is awarded a prize for the best annual report in the MidCap category in a competition arranged by Nasdaq OMX, SFF and Svenska Kommunikatörer.

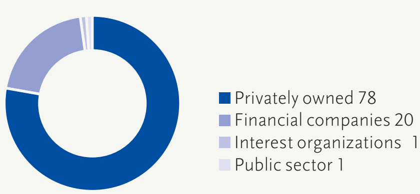
KLÖVERN'S ORGANIZATION



CORPORATE GOVERNANCE IN KLÖVERN

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

OWNER CATEGORIES
Share of capital
%



THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance is a complement to legislation and other regulations. It is intended to provide relevant and effective corporate governance. The Code is not mandatory although an explanation is required in the event of a decision to depart from it according to the principle "comply or explain".

The auditors and the Board meet on at least one occasion without the CEO or another representative of the company being present. The company's auditors take part in two board meetings during the year and present their findings and any points of view arising in connection with the audit.

Articles of Association

The Articles of Association, adopted by a general meeting of shareholders, together with current legislation, specifies the business and governance of the company. Klövern AB is a Swedish public limited liability company, listed on NASDAQ OMX Stockholm Mid Cap with corporate ID number 556482-5833, and with its registered office at Nyckelvägen 14 in Nyköping and its head office at Bredgränd 4, Stockholm.

Klövern's business activities are to, directly or indirectly through subsidiaries, own, manage, develop and sell properties as well as engaging in compatible activities. Shares can be issued in two series, common shares and preference shares. A common share confers one vote and a preference shares confers one-tenth of a vote.

The company's financial year is the calendar year.

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

The general meeting of shareholders is regulated by the Companies Act and the Articles of Association and is the highest decision-making body of a limited company. All shareholders, who have a shareholding registered in their own name at least five days prior to the meeting, are entitled to participate in the general meeting and vote for the shares owned and represented. Shareholders also have the right to have a matter discussed at the general meeting provided that the matter has been notified to the Board within the time limits specified in the notice of the meeting. Notice of general meetings of shareholders is given in accordance with the Companies Act and is provided by the Board. Notice of the Annual General Meeting of shareholders or an extraordinary shareholders meeting where the Articles of Association are to be considered shall be given at the earliest six weeks and at the latest four weeks prior to the meeting. Notice of other extraordinary shareholders meetings shall be given at the earliest six weeks and at the latest two weeks prior to the meeting.

The share and ownership

Since 2003, the Klövern share has been listed on NASDAQ OMX Stockholm MidCap. At year-end 2013, there were 166,544,360 registered shares (166,544,360), each share conferring one vote in the company, held by 29,727 shareholders (26,567). The share price of the common share was SEK 28.50 (25.60) as at 31 December 2013. At year-end 2013, there were a total of 18,536,338 preference shares (18,536,338), each conferring one-tenth of a vote, distributed among 20,444 shareholders (20,427). The share price of the preference share was SEK 150.00 (136.75) as at 31 December 2013. The capitalization, based on the total number of outstanding shares, was SEK 7,527 million (6,670) at year-end 2013. The share capital amounted to SEK 925 million (925). 83 per cent (82) of the share capital was Swedish-owned.

The company has two shareholders with a shareholding of over 10 per cent of the capital, Corem Property Group and Arvid Svensson Invest. The ten largest shareholders together represented 63 per cent (59) of the total number of outstanding shares at year-end. During 2013, 74.2 million shares (73.7) were traded and 10.0 million (9.5) preference shares. The price of the common share rose by 11 per cent (-1) during the year. The price of the preference share rose by 10 per cent (6) during 2013. More information about shareholding in Klövern and a list of the largest shareholders can be found on pages 58-62.

SHARE REPURCHASE AND DIVIDEND

At year-end, Klövern no longer had any repurchased common or preference shares. At the beginning of the year, Klövern had 5,000,000 repurchased common shares, corresponding to 3.0 per cent of the total number of registered shares, which do not confer voting rights or entitlement to dividend. Repurchases took place in 2007, 2008 and 2012. Klövern has been authorized by the 2013 Annual General Meeting to repurchase at most 10 per cent of the total number of registered shares in the period until the 2014 Annual General Meeting.

According to the goals in the business plan, dividend shall exceed 50 per cent of the profit from property management in the long term. When considering the amount of dividend, the company's investment alternatives, financial position and capital structure are taken into account.

During the past nine years, Klövern has, including proposed dividend to common shares and preference shares to the Annual General Meeting, distributed to Klövern's shareholders an average of 62 per cent of the profit from property management.

NOMINATIONS COMMITTEE

THE COMPOSITION OF THE NOMINATIONS COMMITTEE

The composition of the Nominations Committee is decided upon by the General Meeting of Shareholders. It shall be representative of the owners of the company and prepare the decisions at the general meeting. The Nominations Committee shall make proposals to the annual general meeting on:

> the election of a chairman of the board
> the appointment of directors with reasons for appointment, as well as on the number of directors and on fees
> auditors including fees and reasons for appointment
> fees for work on committees
> rules on the composition of the Nominations Committee for the period until the next annual general meeting
> the procedure for replacing members of the Nominations Committee before their work is completed.

The work of the Nominations Committee

The 2013 Annual General Meeting decided that the Nominations Committee should be appointed annually, in accordance with unchanged principles, and consist of the Chairman of the Board, a representative of the four largest shareholders in the company as at the last day of trading in September the year prior to the Annual General Meeting. No compensation was paid to the members of the Nominations Committee. Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail at styrelsenominering@klovern.se or by telephone on +46 155-44 33 12. The Nominations Committee has had two meetings during 2013. The Nominations Committee has focused on matters relating to evaluation of the Board, the number of directors and the competence of the Board.

THE COMPOSITION OF THE NOMINATIONS COMMITTEE PRIOR TO THE 2014 ANNUAL GENERAL MEETING

Representative	Shareholder	Shareholding as at 30 September 2013, %
Lars Höckenström	Corem Property Group AB	19.1
Rikard Svensson	Arvid Svensson Invest AB	15.9
Mia Arnhult	Rutger Arnhult through Company	10.2
Eva Gottfridsdotter Nilsson	Länsförsäkringar	9.6
Fredrik Svensson	Chairman of the Board	–
THE FOUR LARGEST OWNERS		54.8

2013 ANNUAL GENERAL MEETING

Klövern's Annual General Meeting for 2013 was held on 17 April at the World Trade Center, Stockholm. The meeting was attended by 95 people, including shareholders, the Board, representatives, assistants, analysts and guests. Besides shareholders, the meeting was attended by around twenty other people including directors, auditors, representatives, assistants and guests. Together, these represented 66 per cent (63) of the votes in the company. In addition to the mandatory matters stipulated in the articles of association, decisions were made on:

> dividend of SEK 1.50 per common share and SEK 10.00 per preference share
> re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, and Eva Landén and new election of Pia Gideon. Anna-Greta Lundh declined re-election.
> re-election of Fredrik Svensson as Chairman of the Board
> reappointment of auditor
> unchanged board fee, excluding the CEO, and that the board fee therefore amounts to SEK 700,000, of which SEK 280,000 is paid to the Chairman of the Board and SEK 140,000 to each board member, auditors' fees to be paid in accordance with approved invoices.
> renewed authorization for the Board to acquire and transfer the company's own shares
> authorization for the Board to decide on new issue of common and preference shares.

Minutes of all Annual General Meetings are available (in Swedish) on Klöverm's website, www.klovern.se. The 2014 Annual General Meeting will be held at Kistamässan, Stockholm at 4 pm on 23 April 2014.

THE BOARD OF DIRECTORS

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS
The Board has the overall responsibility for the company. It is elected at the Annual General Meeting after a proposal made by the Nominations Committee. Its task is to manage the company's business in the interests of the company and all of its shareholders. Its undertakings are regulated by the Companies Act, the Articles of Association, the Swedish Code of Corporate Governance and the formal work plan of the Board. The Board shall have a size and composition that ensures its ability to manage the company's business with integrity and efficiency.

Composition

According to the Articles of Association, Klövern's Board of Directors shall consist of at least four and at most eight members. After the 2013 Annual General Meeting, the Board consisted of five directors, Fredrik Svensson (chairman), Rutger Arnhult (CEO), Ann-Cathrin Bengtsson, Eva Landén and Pia Gideon.

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2013

Director	Elected/resigned	Independent	No. of board meetings attended	Fee, SEK 000s	Shareholding[4], % of equity	Shareholding[4], % of votes
Fredrik Svensson, Chairman[1]	2005	No	16/16	280	15.0	15.9
Rutger Arnhult, CEO[1, 2]	2009	No	16/16	–	9.8	10.8
Ann-Cathrin Bengtson	2011	Yes	14/16	140	–	–
Eva Landén[1]	2011	No	15/16	140	–	–
Pia Gideon	2013	Yes	10/10	105	–	–
TOTAL SHAREHOLDING						
Anna-Greta Lundh[3]	2003/2013	Yes	6/6	35		

1) Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent on relatively large owners and Rutger Arnhult and Eva Landén are dependent in relation to the executive management.
2) Rutger Arnhult via companies, owns shares corresponding to 37.7 per cent of the voting rights in Corem Property Group. Source: Corem´s Year-end report 2013
3) Declined re-election at the Annual General Meeting in 2013.
4) Direct or indirect shareholding in the company as at year-end 2013/14.

INDEPENDENCE
According to the Swedish Code of Corporate Governance and NASDAQ OMX Stockholm, the majority of the directors elected by the Annual General Meeting shall be independent in relation to the company and the executive management. At least two of the directors who are independent in relation to the company and the executive management shall also be independent in relation to the company's major shareholders. To determine the independence of a director, the Nominations Committee shall make an overall assessment of all circumstances that may call into question the independence of a director. The result of the considerations made by the Nomination Committee shall be presented in the notice of the Annual General Meeting.

Three of Klövern's five directors, Ann-Cathrin Bengtson, Pia Gideon and Fredrik Svensson are independent both in relation to the company and to the executive management. As at 31 December 2013, two of these, Ann-Cathrin Bengtson and Pia Gideon are also independent in relation to the major shareholders.

Formal work plan

THE CHAIRMAN OF THE BOARD
The Chairman of the Board is elected at the Annual General Meeting, after a proposal by the Nominations Committee, and is responsible for leading the work of the Board efficiently, as well as acting as a discussion partner and support for the CEO. The Chairman shall also:

- be responsible for the communication between the shareholders and the Board
- ensure that the Board complies with its obligations in accordance with current legislation, other regulatory frameworks, guiding documents and the formal work plan
- ensure that directors receive the requisite training and information to be able to analyse the company's financial position, strategy, planning and development
- carrying out an annual evaluation of the Board's work
- appoint a Nominations Committee at the instruction of the Annual General Meeting and participate in this committee.

The work of the Board takes place in accordance with a formal work plan of the Board of Directors which is adopted at the first ordinary board meeting after the Annual General Meeting. The formal work plan includes instructions on the frequency of meetings, the division of duties and reporting between the Board, the Chairman of the Board and the CEO. A report on the financial position, investments and sales, market-related matters, and organization are on the agenda at every ordinary meeting. Other matters such as strategy and future-related matters, risk management, important policies, audit, the budget, internal management and control, the budget and the annual accounts are dealt with at specific meetings, according to a set calendar.

Committees

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

Klövern's Board considers that the whole Board, except the CEO, should participate in important discussions and decisions relating to audit and remuneration to the executive management. The whole of the Board, except the CEO, constitutes the Remuneration and Audit Committees. Members who are dependent in relation to the executive management do not participate in decisions concerning remuneration issues relating to the CEO. The Remuneration Committee shall prepare proposals for the Board on guidelines for remuneration and other terms of employment for the CEO and other senior executives in accordance with principles decided upon by the Annual General Meeting.

The Remuneration Committee has had two minuted meetings during 2013. These meetings have dealt with matters such as remuneration and bonuses for the Executive Management.

The work of the Board during 2013

The work of the Board is evaluated annually by a systematic and structured process. The intention is to develop the forms of work and effectiveness of the Board. The result of the evaluation is presented to the Nominations Committee. The outcome for 2013 showed that the Board had performed well.

During 2013, there have been five (5) ordinary meetings, one (1) meeting following election, five (6) meetings with decisions by circulation and 5 (23) extraordinary meetings, making a total of 16 meetings (35). The ordinary meetings have complied with the calendar for the set work order for the respective meeting. According to the calendar, a report is to be made at each meeting on the result and financial position and major investments and transactions. In addition, the agenda includes matters relating to audit, internal control, remuneration, policies, evaluations and budget-related matters. Once a year, the Board has a meeting focusing on the business plan, strategy and future-related issues.

The meetings with decisions by circulation have concerned decisions to submit interim reports and the annual report.

Fredrik Svensson has been Chairman of Klövern's Board since the 2011 Annual General Meeting.

AUDITORS

Ernst &Young AB was elected as the company's auditor at the 2013 Annual General Meeting for the period until the 2014 Annual General Meeting. Authorized public accountant Mikael Ikonen, is auditor-in-charge at Klövern AB. According to the Articles of Association, the auditors are elected annually.

The commission includes examination of the company's accounts and annual financial statements, as well as the management of the company by the executive management and the Board. The auditors shall, unless specifically decided otherwise, examine the company's corporate governance report, review remuneration to the executive management and review the Company's nine month report. These examinations are performed in accordance with good auditing standards in Sweden and compiled in reports, which are considered annually by the Board. The reporting to the Board shall state, among other things, whether Klövern is organized in such a way as to enable the accounts, financial management and financial circumstances otherwise to be checked in a satisfactory way.

THE GROUP

The Group structure of Klövern AB consists of the parent company Klövern AB and 22 directly owned subsidiaries (21). All activity takes place in Sweden in 17 business units. The cities are grouped in four regions, Stockholm, Central/North, East and South, in order, amongst other things, to share leading-edge expertise in project work and letting.

THE CEO AND EXECUTIVE MANAGEMENT

The CEO is appointed by and reports to the Board. The CEO's most important task is to take care of the day-to-day management of the company. There are six persons in the Executive Management besides the CEO, who are each responsible for particular areas.

The work of the Executive Management during 2013

The Executive Management has had 5 minuted meetings (13) during 2013. In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with.

Changes in the Executive Management

Göran Joneskär joined the executive management in 2013 as acting head of the South Region, when Per Johansson, head of the South Region, left the executive management to take up a position as CEO of Tribona AB. Britt-Marie Nyman, deputy CEO, finance and IR manager, left the executive management in 2013 to go over to her own business.

REMUNERATION AND INCENTIVE PROGRAMMES

The Board proposes, and the Annual General Meeting decides upon, the principles for remuneration and other terms of employment for the CEO, the deputy CEO and other members of the executive management. The basic salary shall be at a market level and competitive and take into account the areas of responsibility and experience of the individual. Variable salary shall be linked to predetermined and measurable criteria, designed with the intention of promoting the long-term creation of value in the Company. The current incentive programmes are long-term and are intended to promote commitment to the Company and thus also added value for the shareholders. The fees for the Board and committees are proposed by the Nominations Committee and decided upon by the Annual General Meeting. The Board's proposals to the 2014 Annual General Meeting concerning the principles for remuneration and terms of employment are unchanged from the previous year. Please see Note 3 for further information.

BOARD FEES

In 2013, the Board received a total of SEK 700,000 (770,000) for distribution among its members, excluding the CEO. The Board consisted of five people during 2013. The fee for the Chairman of the Board was SEK 280,000 (280,000) and SEK 140,000 (140,000) per member and year for the other members.

MIKAEL IKONEN

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

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

Shareholding in Klövern: No shareholding.

BOARD OF DIRECTORS

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

FREDRIK SVENSSON

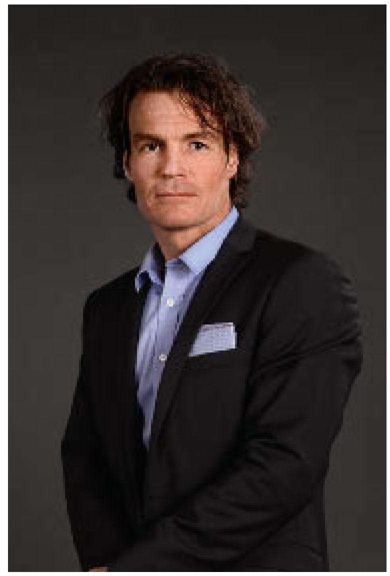
Chairman since the 2011 Annual General Meeting.
Director 2005–2011.
Born 1961.
CEO of AB Arvid Svensson.

Other board assignments: Director of Case Investment AB, Fastighets AB Balder (publ), Primelog Holding AB and Tenzing AB.

Education: Graduate in business administration.

Shareholding in Klövern: 26,599,466 common shares and 1,180,245 preference shares through company, directly and indirectly.

Dependent in relation to a major shareholder.



RUTGER ARNHULT

Director since 2009.
Born 1967.
CEO of Klövern AB.

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

Education: Graduate in business administration.

Shareholding in Klövern: 18,150,000 shares and 42,714 preference shares, via company, directly and indirectly.

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

ANN-CATHRIN BENGTSON

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

Other board assignments: Director of Länsförsäkringar Bergslagen

Director of Best Western Hotels and alternate director of Visita

Education: Graduate in business administration.

Shareholding in Klövern: No shareholding.

Independent director.

EVA LANDÉN

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

Other board assignments: None.

Education: Graduate in business administration.

Shareholding in Klövern: No shareholding.

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

PIA GIDEON

Director since the 2013 Annual General Meeting.
Born 1955.

Other board assignments: Svevia AB, Scandbook AB, Qlucore AB, Gaialeadership AB.

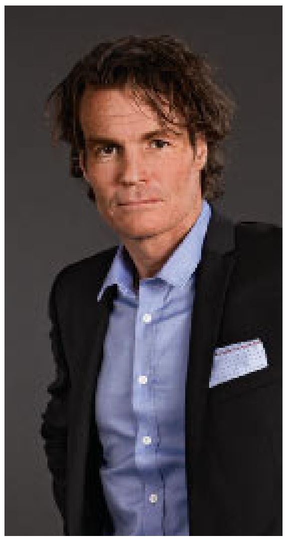
Education: Graduate in business administration.

Shareholding in Klövern: No shareholding.

Independent director.

EXECUTIVE MANAGEMENT

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



RUTGER ARNHULT

CEO
Born 1967.
Employed since 2012.

Education: Graduate in business administration.

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

Shareholding in Klövern: 18,150,000 shares and 42,714 preference shares, via company, directly and indirectly.

ELISABETH NORLING

Personnel manager
Born 1964.
Employed since 2007.

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

Education: Graduate in business administration.

Board assignments: None.

Shareholding in Klövern: No shareholding.

MATTIAS RICKARDSSON

Chief Financial Officer
Born 1974.
Employed since 2003.

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

Education: University studies in Economics.

Board assignments: None.

Shareholding in Klövern: No shareholding.

PG SABEL

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

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

Education: M.Sc. (Engineering).

Board assignments: None.

Shareholding in Klövern:
5,000 common shares and 125 preference shares.

HANS LINDH

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

Previous employment:
Property Manager and Head of Asset Management, ICA Fastigheter 2009–2010.

Education: University studies in Economics.

Board assignments: None.

Shareholding in Klövern:
No shareholding.

MIKAEL FORKNER

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

Previous employment: Property manager Stockholm City Real Estate Administration 2005–2010.

Education: Bachelor of Laws.

Board assignments: None.

Shareholding in Klövern:
No shareholding.

GÖRAN JONESKÄR

Acting Head of South Region.
Born 1957.
Employed since 2010.

Previous employment:
Property Manager, Dagon 2010–2012.

Education: Upper Secondary School Engineer.

Board assignments: None

Shareholding in Klövern:
300 common shares, 70 preference shares.

REMUNERATION TO THE EXECUTIVE MANAGEMENT

The process for determination of the conditions for remuneration to the Executive Management shall be formalized and transparent and take up the relationship between fixed and variable remuneration, as well as taking into account the link between performance and remuneration.

CEO

Klövern's CEO is not entitled to variable remuneration. In addition to salary and a pension, the CEO's benefits in 2013 include health insurance, a subsistence benefit and a company car as well as a share in Klövern's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. In the event of termination at the Company's initiative, full salary and all benefits as described above are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while employment continues. The period of notice is twelve months if notice is given by the company and six months if notice is given by the CEO. No severance pay is paid.

Remuneration to Deputy CEO and other senior executives

Variable salary to Klövern's deputy CEO and the other four regular senior executives may amount to at most the equivalent of three monthly basic salaries. Variable salary is based on outcome in relation to goals for operating surplus, net profit and letting.

The pension premium may amount to at most 35 per cent of the basic salary. The retirement age is 65. The period of notice is 12 months if notice is given by the company and six months if notice is given by the employee. No severance pay is paid. Benefits in addition to salary and pension include health insurance, a subsistence benefit, a share in Klövern's profit-sharing foundation and a company car.

Other personnel

The principle of market level, competitive salaries also applies to other personnel. All personnel are covered by defined contribution pension schemes which are paid for by the company. Benefits in addition to salary and pension are health insurance, a grant for keep-fit activities and a subsistence benefit and a share in Klövern's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The company had 189 staff (185) at year-end 2013.

Auditors

The fee to auditors is set by the Annual General Meeting according to a proposal from the Nominations Committee. The 2013 Annual General Meeting decided that the fee should be paid in accordance with approved invoices. The fees for audit assignments totalled SEK 2,2 million (2.8m) in 2013. Remuneration for other assignments totalled SEK 0.9 million, which has been charged to earnings for 2013.

Incentive Programmes

No variable salary is paid to the CEO. Variable salary for the Deputy CEOs and other senior executives amounted to 1.2 monthly salaries in 2013. In all, the variable remuneration of the senior executives totalled SEK 0.6 million (0.9), which has been charged to earnings for 2013.

Profit-sharing foundation

Klövern has a profit-sharing foundation which covers all employees that have been employed during a particular period. The amount transferred to the foundation may be at most one price base amount per employee and is based on a combination of Klövern's profit, required yield and dividend to shareholders. At year-end 2013, the Foundation owned 936,000 common shares (981,000) and 18,025 preference shares (18,025) in Klövern corresponding to 0.5 per cent of the total share capital and 0.6 per cent of the number of votes. SEK 9,715,000 has been paid to the foundation for the 2013 financial year.

Further information on remuneration is available in Note 3, on pages 94–95 of the 2013 Annual Report.

REMUNERATION

Amount in SEK 000s	2013	2012
Chairman of the Board		
Fredrik Svensson	280	280
Other directors		
Ann-Cathrin Bengtsson	140	140
Eva Landén	140	140
Anna-Greta Lundh	35	140
Pia Gideon	105	
Erik Paulsson		35
Gustaf Hermelin		35
CEO		
Basic salary	4,000	3,016
Variable salary	0	0
Benefits	164	162
Deputy CEOs (2 persons)		
Basic salary	3,128	3,323
Variable salary	146	337
Benefits	183	172
Other senior executives (5 persons)		
Basic salary	5,969	5,766
Variable salary	445	514
Benefits	511	471
Other employees		
Basic salary	85,553	75,840
Variable salary	100	0
Benefits	5,057	4,084
TOTAL	**105,956**	**94,455**
Contractual pension costs (including Fora)		
CEO	1,106	1 068
Deputy CEOs (2 persons)	1 040	988
Other senior executives (5 persons)	2,145	1,663
Other employees	9,717	7,898
TOTAL	**14,008**	**11,617**

Amount in SEK 000s	2013	2012
Statutory pension costs (including wages tax)		
Chairman of the Board	88	88
Other board members (4 persons)	132	124
CEO	1,576	1,258
Deputy CEOs (2 persons)	1,349	1,443
Other senior executives (5 persons)	2,706	3,127
Other employees	30,095	25,710
TOTAL	**35,946**	**31,750**
Salaries, fees, benefits and social security contributions, Dagon's board		
Dagon's board (6 persons)	0	1,097
TOTAL	**0**	**1,097**
GRAND TOTAL	**155,910**	**138,919**

INTERNAL GOVERNANCE AND CONTROL

Klövern encounters risks every day that can have an impact on business and the ability to achieve the set goals. Good internal governance and control is required to limit these risks.

The Board's responsibility for financial reporting

According to the Companies Act and the Swedish Code of Corporate Governance, the Board bears ultimate responsibility for the company having good internal control and for ensuring that the financial reporting complies with the applicable requirements. The processes for handling internal control, financial management and management within the company are based on the framework for COSO, the Committee of Sponsoring Organizations of the Treadway Commission, which has been produced as an aid to sort and structure the organization's risks. Besides the impact of legislation, regulatory frameworks and recommendations, processes are governed to a large extent by internal policies and guiding documents. Internal control affects all functions in the company and includes risk assessment and routines as well as following up goals.

The control environment

The control environment and control measures ensure the effectiveness of the company and serve as the basis for internal control. The control environment provides understanding for the company's values at the same time as it secures compliance with policies and goal fulfilment. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO and includes the formal work order for the Board and instructions to the CEO. Overarching policies are continuously updated and confirmed by the Board once a year. During the year, the Board has adopted the following policies:

- Financial policy
- IT policy
- Crisis and disaster plan
- Information and IR policy
- Environmental policy
- Equality plan

Important processes, in addition to financial reporting, such as accounting instructions, project administration and rental administration are established in separate documents, which are evaluated and developed continuously in accordance with changes in laws, recommendations, risks and procedures. These documents provide support and guidance and include both decision-making processes for every individual member of staff and include both decision-making paths and allocation of responsibility, methods of approach and powers.

Risk assessment and control activities

The extent and assessment of the company's risk management as a whole and financial reporting in particular is made continuously by the executive management, the Board and the auditors. The Finance Department and the Real Estate Department work alongside one another and make continuous follow-ups and analyses at the group, subsidiary and property level at the result, balance and verification level to ensure compliance with the guidelines. A limited number of people are authorized to sign for the company and attestation rules have been drawn up.

The Group's operations, financial administration and management are audited twice a year by the company's auditors who report their observations and any comments directly to the Board. Klövern's IT environment has a high level for security, accessibility and effectiveness.

The policies for accounting, reporting and audit comments are reviewed in connection with the ordinary audit of the annual accounts.

Information and communications

The external information is taken care of in accordance with the information and IR policy adapted to the regulatory framework of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance and communicated through press releases and the website.

The executive management's internal information is communicated mainly through the executive management group's minuted meetings. Communication in the company takes place, in among ways, by regular conferences and meetings with those responsible for the respective business unit and other managers. Relevant internal and external information is provided continuously to the staff concerned.

Internal information is largely communicated through the company's intranet. The main purpose of the intranet is to provide staff with a structured holistic picture of the activity and serve as an easily available platform from which to obtain current information and documentation.

Follow-up

Financial follow-up shall take place quarterly by all business units and companies and at group level. The follow-up takes place in relation to the budget and forecast according to a tried and tested model. The result is analysed by the business unit, the real estate and finance departments and the regional manager responsible for performance. Reporting is made to the executive management, the Board and the auditors.

Internal audit

Klövern has a decentralized and transparent organization where financial activities, economic and rental administration, as well as external and the major part of internal information are mainly taken care of by the service and head office. Follow-up of the result and balance is made quarterly by both the individual functions and by the business units, the executive management and the Board. Clear documentation through policies and instructions accompanied by recurrent follow-ups and regular discussions with auditors ensure the correctness of the processes. Management and reporting are examined formally by the Company's auditors twice a year and the outcome is reported to the Board. Based on the above, it is not considered that there is any need for internal audit. Detailed information on Klövern's risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 64–67 of the 2013 Annual Report.

FINANCIAL REPORTS

The property Ringborren 15 in Västerås.

Consolidated Statement of Income

Amount in SEK million	Note	2013	2012
Income	2,4,23	2,220	1,948
Property costs	3,4,6	–828	–733
Operating surplus		**1,392**	**1,215**
Central administration	3,5,6	–78	–86
Financial income	7	8	1
Financial expenses	7	–686	–606
Profit from property management		**636**	**524**
Share in earnings of associated companies		5	–
Changes in value, properties	10	–28	–33
Changes in value, financial instruments	20	337	–175
Change in value, securities		71	10
Impairment of goodwill	9	–34	–95
Profit before tax		**987**	**231**
Current tax		–1	–2
Deferred tax	8	–178	110
NET PROFIT FOR THE YEAR		**808**	**339**

Consolidated Report of Comprehensive Income

Net profit for the year		808	339
Other comprehensive income reversed via the income statement in a later period.		–2	–
NET COMPREHENSIVE INCOME FOR THE YEAR		**806**	**339**
Attributable to:			
Parent company shareholders	18	806	339
Minority interest		0	0
		806	**339**
Earnings per common share, SEK	18	3.75	1.24
Earnings per preference share, SEK	18	10.00	7.52
Dividend per common share, SEK		1.50[1]	1.50
Dividend per preference share, SEK		10.00[1]	10.00

1) Proposed dividend

Income, which amounted to SEK 2,220 million (1,948), has been positively affected by a larger property portfolio, strong net moving-in and upward index adjustment of rents.

Property costs increased to SEK 828 million (733) during the year, which was largely attributable to a larger property portfolio. The mild weather at the end of the year compensated for the slightly higher energy consumption at the beginning of the year due to the long winter.

Central administration costs amounted to SEK 78 million (86), the reduction being primarily attributable to one-off items in 2012 associated with the acquisition of Dagon. The increase in financial expenses is attributable to higher interest-bearing liabilities. Profit from property management increased and was mainly affected by net acquisitions.

The change in value of the properties is very slight, totalling SEK –28 million (–33). The foremost reason is weak inflation in Sweden, which does not produce any increase in CPI and thus not either any index adjustment of lease contracts.

Rising long-term market rates have led to increased values of derivatives. The change in value of derivatives amounts to SEK 337 million (175), of which SEK 47 million (78) was realized changes in value.

The changes in value of the financial assets totalled SEK 71 million (10). During the year, all shaers in Diös have been divested, which has led to a positive change in value of SEK 22 million, the remaining SEK 49 million coming from unrealized changes in value, arising in conjunction with Tribuna being reclassified as an associated company.

Net profit for the year increased to SEK 808 million (339) due to a larger property portfolio and positive changes in the value of derivatives and financial assets.

Consolidated balance sheet

Amount in SEK million	Note	31.12.1313	3.12.2012
ASSETS			
Non-current assets			
Goodwill	9	255	289
Investment properties	10	24,059	22,624
Machinery and equipment	11	12	14
Participation rights in associated companies	12	488	–
Financial assets at fair value	12	32	330
Total non-current assets		24,846	23,257
Current assets			
Accounts receivable	13	102	46
Other receivables	14	119	39
Prepaid expenses and accrued income	15	79	78
Liquid funds	16	84	375
Total current assets		384	538
TOTAL ASSETS		25,230	23,795
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	17	925	925
Other capital contributed		3,588	3,588
Retained profits including net profit for the year		2,685	2,183
Shareholders' equity attributable to the parent company's shareholders		7,198	6,696
Long-term liabilities			
Deferred tax liability	8	861	681
Long-term interest-bearing liabilities	19	16,071	14,202
Other long-term liabilities		5	10
Derivatives	20	144	432
Total long-term liabilities		17,081	15,325
Current liabilities			
Current interest-bearing liabilities	19	92	1,027
Accounts payable		193	158
Income tax liability		15	7
Other liabilities	21	112	123
Accrued expenses and prepaid income	22	539	459
Total current liabilities		951	1,774
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		25,230	23,795

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

As at 31 December 2013, Klövern's portfolio consisted of 402 properties (387) and the fair value of the properties was SEK 24,059 million (22,624).

Participation rights in associated companies total SEK 488 million (–) and consist of an ownership stake of 29.8 per cent of Tribona. From 7 June 2013, Tribona is classified in the accounts as an associated company of Klövern.

Accounts receivable totalled SEK 102 million (46). Established losses amounted to SEK 4 million (3), consisting mainly of completed bankruptcies.

Prepaid expenses and accrued income of SEK 79 million (78) consist mainly of prepaid rental discounts and accrued income. The Group's assets totalled SEK 25,230 million (23,795), the change being mainly attributable to increased property value. Equity increased to SEK 7,198 million (6,696) due to a strong result for the year. The increased interest-bearing liabilities increased to SEK 16,163 million (15,229), due to a larger property portfolio.

Change in Group Shareholders' Equity

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

Amount in SEK million	Share capital	Other capital contributed	Retained earnings including net profit for the year	Total shareholder's equity
Shareholders' equity, 31.12.2011	833	1,715	2,191	4,739
Net profit for the year	–	–	339	339
Other comprehensive income	–	–	–	–
Total changes in assets, excluding transactions with the company's owners	–	–	339	339
New issue	92	1,873	–	1,965
Repurchase/sale of own shares	–	–	40	40
Dividend to common shareholders	–	–	–201	–201
Dividend to preference shareholders	–	–	–186	–186
Total transactions with the company's owners	92	1,873	–347	1,618
Shareholders' equity, 31.12.2012	925	3,588	2,183	6,696
Net profit for the year	–	–	808	808
Other comprehensive income	–	–	–2	–2
Total changes in assets, excluding transactions with the company's owners	–	–	806	806
Repurchase/sale of own shares	–	–	131	131
Dividend to common shareholders	–	–	–250	–250
Dividend to preference shareholders	–	–	–185	–185
Total transactions with the company's owners	–	–	–304	–304
Shareholder's equity, 31.12.2013	925	3,588	2,685	7,198

Consolidated Statement of Cash Flow

Amount in SEK million	Note	2013	2012
Current operations			
Profit from property management	27	636	524
Adjustment for items not included in the cash flow	27	3	3
Income tax paid		–1	–1
Cash flow from current operations before changes in working capital		638	526
Change in operating receivables		–93	1
Change in operating liabilities		112	185
Total change in working capital		19	186
Cash flow from current operations		657	712
Investment operations			
Disposal of properties	10	346	543
Acquisition of and investment in properties	10	–1,850	–2,541
Acquisition of machinery and equipment	11	–1	–8
Acquisition of subsidiaries	9	–	–426
Investments in financial assets		–142	–
Realized changes in value of financial assets		22	–25
Cash flow from investment operations		–1,625	–2,457
Financing operations			
Change in interest-bearing liabilities		934	1,942
Realized changes in value, derivatives		47	–78
Repurchase/sale of own shares		131	–23
New issue of preference shares		–	655
Dividend		–435	–387
Cash flow from financing operations		677	2,109
TOTAL CASH FLOW		–291	364
Liquid funds at beginning of year		375	11
Liquid funds at year-end	16	84	375

Parent Company Statement of Income

Amount in SEK million	Note	2013	2012
Net sales	2	185	140
Cost of services sold	25	–143	–98
Gross profit		**42**	**42**
Central administration	3, 5, 6, 9	–78	–71
Operating profit		**–36**	**–29**
Financial income	7	832	549
Financial expense	7	–198	–86
Profit before tax		**598**	**434**
Current tax	8	–	–
Deferred tax	8	–7	–51
NET PROFIT FOR THE YEAR		591	383

Parent company's report on comprehensive income

Net profit for the year	591	383
Other comprehensive income	–	–
COMPREHENSIVE INCOME FOR THE YEAR	591	383

Parent Company Balance Sheet

Amount in SEK million	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Machinery and equipment	11	3	4
Participation rights in group companies	26	1,850	1,836
Participation rights in other companies	12	435	294
Receivables from group companies	25	5,752	3,502
Deferred tax asset	8	339	346
Total non-current assets		8,379	5,982
Current assets			
Accounts receivable	13	0	0
Receivables from group companies	25	5,586	3,583
Other receivables	14	4	3
Prepaid expenses and accrued income	15	29	28
Cash and bank	16	97	164
Total current assets		5,716	3,778
TOTAL ASSETS		14,095	9,760
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	17	925	925
Statutory reserve		1,720	1,720
Share premium reserve		1,892	1,892
Non restricted equity			
Retained earnings		245	166
Net profit for the year		591	383
Total shareholders' equity		5,373	5,086
Long-term liabilities			
Interest-bearing liabilities	19	5,066	3,841
Liabilities to group companies	25	2,936	204
Total long-term liabilities		8,002	4,045
Current liabilities			
Accounts payable		8	8
Liabilities to group companies	25	535	481
Other liabilities	21	108	106
Accrued expenses and prepaid income	22	69	34
Total current liabilities		720	629
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		14,095	9,760

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

Change in Parent Company's Shareholders' Equity

Shareholders' equity attributable to the Parent Company shareholders.

Amount in SEK million	Share capital	Statutory reserve	Share premium reserve	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2011	833	1,740	–	513	3,086
Net profit for the year	–	–	–	383	383
Other comprehensive income	–	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	–	383	383
Bonus issue of preference shares	–	–20	20	–	–
New issue	92	–	1,872	–	1,964
Repurchase/sale of own shares	–	–	–	40	40
Dividend to common shareholders	–	–	–	–201	–201
Dividend to preference shareholders	–	–	–	–186	–186
Total transactions with the company's owners	92	–20	1,892	–347	1,617
Shareholders' equity, 31.12.2012	925	1,720	1,892	549	5,086
Net profit for the year	–	–	–	591	591
Other comprehensive income	–	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	–	591	591
Repurchase/sale of own shares	–	–	–	131	131
Dividend to common shareholders	–	–	–	–250	–250
Dividend to preference shareholders	–	–	–	–185	–185
Total transactions with the company's owners	–	–	–	–304	–304
Shareholders' equity 31.12.2013	925	1,720	1,892	836	5,373

Parent Company Statement of Cash Flow

Amount in SEK million	Note	2013	2012
Current operations			
Profit before tax		598	433
Adjustment for items not included in the cash flow	27	1	1
Income tax paid		–	–
Cash flow from operations before changes in working capital		599	434
Change in operating receivables		–2,005	–2,672
Change in operating liabilities		90	316
Total change in working capital		–1,915	–2,356
Cash flow from current operations		–1,316	–1,922
Investment operations			
Acquisition of machinery and equipment	11	0	–2
Investment in financial assets	27	–2,404	–827
Cash flow from investment operations		–2,404	–829
Financing operations			
Change in long-term liabilities		3,957	2,596
Repurchase/sale of own shares		131	–22
New issue of preference shares		–	720
Dividend		–435	–387
Cash flow from financing operations		3,653	2,907
Cash flow for the period		–67	156
Liquid funds at beginning of year		164	8
Liquid funds at year-end	16	97	164

Notes

Amounts are given in SEK million, unless otherwise stated.

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION ABOUT THE COMPANY

Klövern AB (publ), company registration no. 556482-5833 is a Swedish limited company with its registered office in Nyköping. The Parent Company's shares are listed on NASDAQ OMX Stockholm MidCap. The address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden.

The consolidated accounts for 2013 consist of the Parent Company and its subsidiaries, together referred to as the Group.

The annual accounts and consolidated accounts have been approved for publication by the Board on 14 March 2014. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be presented for adoption by the Annual General Meeting on 23 April 2014.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements made by the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU. The consolidated accounts have also been prepared in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting rules for groups.

The Parent Company applies the same accounting policies as the Group except in the cases stated below in the section "Parent Company's Accounting Policies". The deviations between the Parent Company's and the Group's policies are due to limitations in the applicability of IFRS to the parent company as a consequence of the Annual Accounts Act and, in some cases, current tax legislation.

PREREQUISITES FOR PREPARING THE FINANCIAL REPORTS OF THE PARENT COMPANY AND GROUP

The Parent Company's functional currency is Swedish kronor which is also the reporting currency for the Parent Company and the Group. All amounts, unless otherwise stated, are rounded to the nearest million. Assets and liabilities are reported at their historical acquisition values, except for certain financial assets, liabilities and investment properties, which are valued at their fair value in the consolidated balance sheet. Financial assets and liabilities valued at their fair value consist of derivative instruments and securities, valued at fair value in the consolidated statement of income. Investment properties are valued at fair value in accordance with IAS 40.

The Group's accounting policies have been applied consistently to the reporting and consolidation of the Parent Company and subsidiaries.

CHANGED ACCOUNTING POLICIES

The accounting policies are unchanged from last year with the exception of net accounting of deferred tax. New and changed standards that have come into force for the 2013 financial year: The disclosure requirements for IFRS 7, Financial instruments, have been increased, which entails that disclosure is required of financial assets and liabilities set off in the balance sheet.

IAS 1 has been updated which means that other comprehensive income is to be broken down into two categories, items that are to be reversed and items that are not to be reversed via the income statement. Klövern's investment in Tribona entails that both translation differences, and changes in value of derivatives, are reported as items that will be reversed via the income statement.

The change in IAS 19 consists mainly of changed principles for reporting defined benefit pension plans. This does not affect Klövern as the company does not have any defined benefit pension plans.

IFRS 13 defines fair value in a uniform way and is a framework for items valued at fair value, which is to be applied for financial years starting on 1 January 2013 and later. This standard has no effect on Klövern´s valuation methods, valuation or accounting. However, there are a number of new disclosure requirements that do affect the company. Klövern has already classified derivatives at Level 2, based on observerable market listed prices of similar assets and liabilities. Properties are classified at Level 3 that regulates items valued on the basis of non- observable market data. The new disclosure requirements for properties are shown in note 10.

New and changed policies that come into effect in the 2014 financial year and later, which are not expected to affect the company:

IFRS 10	Clarification of significant influence.
IFRS 11	Recording of joint arrangements.
IFRS 12	Disclosure of interests in other entities.

CLASSIFICATION

Non-current assets and long-term liabilities in the Parent Company and the Group consist only of amounts expected to be recovered or paid after more than 12 months from balance sheet date while current assets and current liabilities in the Parent Company and Group consist only of amounts that are expected to be recovered or paid within twelve months from the balance-sheet date.

Input data for valuation at fair value

Level 1 – Listed, unadjusted prices on active markets for identical assets or liabilities which Klövern has access to at the time of valuation.
Level 2 – Other input data than the listed prices, which are included in Level 1, which are directly or indirectly observable for assets and liabilities.
Level 3 – Input data at Level 3 are non-observable input data for assets and liabilities.

CONSOLIDATION POLICIES

Subsidiaries

Subsidiaries are companies where the Parent Company Klövern has a controlling influence. A controlling influence entails directly or indirectly a right to determine a company's financial and operational strategies with a view to obtaining financial benefits. In the assessment of whether a controlling influence exists, potential voting shares that can be used without delay or converted shall be taken into consideration. Subsidiaries are consolidated in accordance with the acquisition accounting method. The method means that acquisition of a subsidiary is to be treated as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingencies. The acquisition value for the Group is determined by an acquisition analysis at the time of the acquisition. In the analysis, the acquisition value of the participation rights is established, and the fair value of the acquired identifiable assets, debts and contingencies assumed.

The subsidiary's financial statements are included in the consolidated accounts from the date of acquisition until the date when the controlling influence ceases.

Classification of acquisitions and goodwill

On acquisition of business activities, an analysis is made of how the acquisition is to be reported based on the following criteria: The existence of employees and the complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into consideration. If these criteria are present to a great extent, the acquisition is classified as an business combination and if they are present to a small extent as an asset acquisition. In the case of business combinations full deferred tax is recorded on the temporary differences between the fair value of properties and their tax residual value. All acquisitions made during the 2013 financial year have been classified as asset acquisitions.

When acquisition of subsidiaries entails acquisition of assets which do not constitute a business operation, the acquisition cost is allocated to the individual assets and liabilities based on their relative fair values at the time of acquisition.

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

Transactions which are to be eliminated on consolidation

The Group's receivables and liabilities, income or expenses and unrealized gains or losses that arise from intra-group transactions are eliminated in their entirety when preparing the consolidated accounts.

NOTE 1 CONTINUED

INCOME

Rental income

Rental income from investment properties is reported in the statement of income based on the conditions of the lease contracts. In cases where leases allow for a reduced rent for a particular period, which is compensated for by a higher rent during another period, the difference is accrued on the straight-line method over the lease contract term.

Other income

Other income consists of income from early termination of leases, which is recognized as income at the time that the payment is received and income from rental guarantees recognized during the period covered by the guarantee as well as insurance indemnification.

Income from property sales

Income from property sales is normally reported on the date of transfer of possession unless the risks and benefits have passed to the purchaser at an earlier date. Control over the asset may have been transferred on an earlier occasion than the date of taking possession and, if this has been the case, the property sale is reported as income at that earlier date. The assessment of appropriate revenue recognition considers the agreements made by the parties with regard to risks and benefits and commitment in the continuing administration of the property. In addition, circumstances are taken into account that can affect the result of the transaction, which are outside the control of the seller and/or purchaser. The realized change in value of properties sold is based on the difference between the fair value of the properties in the most recent financial statements and the price that the properties have been sold for. Worked-up unrealized changes in value from previous years are included in the properties' fair value and are therefore not visible in the realized change in value.

REPORTING OF SEGMENTS

An operating segment is part of a group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available.

The operations of the Group are divided into operating segments that are followed up by the executive management, which are four regions. These are in turn divided into 17 geographic business units. Each segment has a manager who is responsible for the day-to-day operations and who makes regular reports to the executive management. The executive management follows up the operating profit and the value of the properties and investments on the assets side. Financing takes place centrally and is not divided up by segment.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE

Property costs

Consist of costs for operation, caretaking, letting, administration and maintenance of the property portfolio.

Central administration

Consists of costs for group functions and ownership of the Group's subsidiaries.

Financial income and expense

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

Dividend income is reported when the right to receive payment is established. Loan costs directly attributable to purchase, design or production of large new construction, extensions or refurbishment are capitalized during the production period. Realized and unrealized profits and losses on financial investments and derivative investments used in the financial operations are recognized as changes in value under a separate heading in the statement of income.

TAXES

Income taxes comprise current tax and deferred tax. Taxes are reported in the statement of income except when the underlying transaction is reported directly against equity, in which case the accompanying tax effect is recorded directly to equity.

Current taxes are taxes payable or to be refunded relating to the current year, applying the tax rates that have been decided or are in practice decided on balance-sheet date. Adjustment of current taxes attributable to earlier periods is also included here.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that have arisen at the time of initial reporting of assets and liabilities and which are asset acquisitions and which at the time of the transaction neither affect the reported nor the taxable result. Neither are temporary differences taken into account that relate to participation rights in subsidiaries or associated companies which are not expected to be cancelled in the foreseeable future. Deferred tax is calculated applying the tax rates and tax rules that have been decided or in practice are decided on balance-sheet date.

Deferred tax assets for deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that they will be utilized. The value of the deferred tax assets is reduced when it is no longer regarded as probable that they can be used.

The current tax and the deferred tax have been calculated according to the current tax rate of 22 per cent.

FINANCIAL INSTRUMENTS

Financial instruments reported in the balance sheet include on the asset side liquid funds, accounts receivable, other receivables and derivatives. Liabilities include accounts payable, loan debts, other liabilities as well as derivatives and financial instruments. The company does not apply hedge accounting.

Financial instruments are reported initially at acquisition value corresponding to the instrument's fair value at the time of acquisition with the addition of transaction costs for all financial instruments except those which belong to the category financial asset which are reported at their fair value through the statement of income excluding transaction costs. Reporting hereafter takes place depending how they have been classified below.

The category financial assets consists of two sub-categories: financial assets valued at fair value via the statement of income and loans and accounts receivable. The category financial liabilities consists of one sub-category: financial liabilities valued at accrued acquisition value.

A financial asset or financial liability is recorded in the balance sheet when the company becomes a party in accordance with the instrument's contractual terms. Accounts receivable are taken up in the balance sheet when the invoice has been sent. Liabilities are recorded when the opposite party has performed and there is a contractual obligation to pay even if an invoice has not yet been received. Accounts payable are taken up when the invoice has been received. A financial asset and financial liability is set off and reported at a net amount in the balance sheet only when there is a legal right to set off the amounts and it is intended to adjust the items by a net amount or realize the asset at the same time and settle the debt.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, mature or the company loses control of them.

The same applies for part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is performed or otherwise extinguished. The same applies for a part of a financial liability.

On each reporting occasion, the company evaluates whether there are objective indications that a financial asset or a group of financial assets is in need of impairment.

Derivative instruments are valued in the consolidated accounts at their fair value with changes in value reported in the statement of income. The following derivative instruments occur: interest rate swaps and interest caps. The company does not apply hedge accounting.

STATEMENT OF CASH FLOW

The statement of cash flow has been prepared using the indirect method.

LIQUID FUNDS AND BLOCKED ACCOUNTS

Liquid funds consisting of cash and immediately available deposits at banks and corresponding institutions. Amounts in blocked accounts are funds that serve as collateral for payment of loans or for financing of investment in properties and are reported as other receivables.

NOTE 1 CONTINUED

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Long-term receivables and other receivables are receivables that are held without the intention of trading with the right to the receivable. If the expected period of possession is longer than a year, they are long-term receivables, if shorter they are current receivables.

LOAN CLAIMS AND ACCOUNTS RECEIVABLE

Loan claims and accounts receivable are reported at the amount expected to be received after deduction for doubtful debts, which are assessed on a case-by-case basis. Impairment of the account receivable takes place when there is a risk of the whole or part of the claim not being received. The expected duration of the account receivable is short, so that the value is reported at the nominal amount without discounting. Impairment of accounts receivable is reported in the operating expenses.

LIABILITIES

Liabilities refer to loans and operating liabilities. Loans are reported at acquisition value. Operating liabilities are reported when the counterparty has supplied the service or good, even if the invoice has not been received. Accounts payable have a short expected duration and are valued without being discounted at the nominal amount.

PROPERTY, PLANT AND EQUIPMENT

Assets owned

Property, plant and equipment are reported in the Group at acquisition value after deduction for accumulated depreciation and any impairment. The acquisition value includes the purchase price and costs directly attributable to the asset to bring it to the location and to put it in a condition to be used in accordance with the intention of the acquisition.

Lease contracts

Leasing is classified as either financial or operational leasing. Lease contracts where all significant risks and benefits associated with ownership pass to the lessor are classified as operational lease contracts. Tenancy contracts pertaining to investment properties are to be treated as operational lease contracts. There are also a smaller number of lease contracts where Klövern is the lessee and these lease contracts are also classified as operational lease contracts, which means that the leasing fee is expensed over the term of the lease starting from taking into use.

Depreciation principles, machinery and equipment

Linear depreciation takes place over the estimated period of use of the asset. Estimated periods of use:

– machinery and equipment 3–10 years

Assessment of the residual value of an asset and period of use is made annually.

Investment properties

Investment properties are properties held with a view to obtaining rental income or an increase in value or a combination of these purposes. Initially, the investment property is entered in the balance sheet at its fair value, which includes expenses directly attributable to the acquisition.

Investment properties are reported in consolidated balance sheet at their fair value, see Note 10. Every quarter, Klövern values 100 per cent of the property portfolio, 20–30 per cent externally and the rest internally. This means that every property in the portfolio is valued externally during a rolling 12-month period. The valuation model used by both the external valuers and Klövern is yield valuation according to the cash flow model. From the outcome of the cash flow model, the fair value of the property is assessed before deduction for selling expenses.

Both realized and unrealized changes in value are reported in the statement of income. Rental income and income from property sales are reported in accordance with the principles described in the section on reporting of income. Additional expenses, which increase value, are capitalized. All other additional expenses are reported as a cost in the period in which they occur. Repairs and maintenance are expensed in connection with the expense arising. The interest expense is capitalized during the period of production in major projects.

Reporting of borrowing costs

The Group does not capitalize interest in the assets' acquisition value except in major projects, where interest is capitalized. In other cases, borrowing costs are reported in the period they arise.

REPURCHASE OF OWN SHARES

Acquisition of shares is reported as a deductible item from equity. Payments for divestments of these equity instruments are reported as an increase in equity. Any transaction expenses are reported directly against equity.

DIVIDENDS

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

REMUNERATION TO EMPLOYEES

Pensions may be classified as defined contribution or defined benefit schemes. Klövern's pensions may be regarded as defined contribution. Undertakings concerning contributions to defined contribution pension schemes are reported as a cost in the income statement when they arise.

PROVISIONS

A provision is reported in the balance sheet when the Group has an existing legal or informal undertaking which is a consequence of an event that has taken place, and it is probable that an outflow of financial resources will be required to settle the undertaking and a reliable estimate of the amount can be made. When the effect of the time at which the payment is made is important, provisions are calculated by discounting the expected future cash flow at an interest rate before tax which reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

THE PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has drawn up its annual accounts according to the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Board RFR 2, Reporting of a legal entity. The statements of the Swedish Financial Reporting Board on listed companies are also applied. According to RFR 2, the Parent Company shall apply all of the IFRS approved by the EU and opinions to the greatest possible extent in the annual accounts for the legal entity within the framework of the Annual Accounts Act and taking into consideration the link between accounting and taxation. The recommendation states the exceptions and additions that are to be made in relation to IFRS.

The accounting policies stated below for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial reports.

Invoiced sales to subsidiaries

In the capacity of Parent Company, Klövern continuously provides the subsidiaries with services relating to operation, management, marketing, accounting, legal and financial advice, IT support, invoicing services, and group purchases. The amounts are invoiced to the subsidiaries quarterly in arrears and based on the respective subsidiary's property portfolio.

Subsidiaries

The participation rights in subsidiaries are reported in the Parent Company in accordance with the cost method. Dividends received are only reported as income provided that these originate from profits earned after the acquisition. Dividends exceeding these profits earned are regarded as a repayment of the investment and reduce the reported value of the participation right.

The value of participation rights in a subsidiary is continuously assessed. If the book value of the participation rights exceeds the consolidation value, an impairment is made that is charged to earnings.

Property, plant and equipment

Machinery and equipment in the Parent Company are reported at acquisition value after deduction for accumulated depreciation and any impairment in the same way as for the Group but with an addition for write-ups.

NOTE 1 CONTINUED

Group contributions, dividends and shareholder contribution for legal entities

Group contributions from subsidiaries shall be reported in accordance with the same policies as dividend in the parent company. Group contributions are thus reported as financial income. Dividends are reported as a liability after the general meeting of shareholders has approved the dividend. Anticipated dividend is reported as a financial income at the recipient. Shareholders' contributions are reported directly against equity at the recipient and capitalized in shares and participation rights at the donor, to the extent that impairment is not required.

Contingencies

The Parent Company's financial guarantee agreements consist mainly of guarantees in favour of subsidiaries. A contingency is reported when there is a possible undertaking that derives from events that have occurred and whose existence is confirmed only by one or more uncertain future events or when there is an undertaking that is not reported as a liability or a provision due to it not being probable that an outflow of resources will be required.

NOTE 2 DISTRIBUTION OF INCOME

	2013	2012
Group		
Rental income	2,185	1,934
Insurance indemnification	19	–
Rental guarantees	7	13
Redemption of lease contracts	9	1
Total income	2,220	1,948
Parent Company		
Invoiced administration to subsidiaries	185	140

NOT 3 EMPLOYEES, AND THE BOARD

Employees and Board

Average number of employees	2013	Proportion of women, %	2012	Proportion of women, %
Parent Company	192	41	162	41
Subsidiaries	0	0	23	29
Group total	192	41	185	41

All are employees in Sweden

Gender distribution in executive management

Average	2013 Proportion of women, %	2012 Proportion of women, %
Parent Company		
Board	60	55
Other senior executives	24	26
Group total		
Board	60	55
Other senior executives	24	26

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

At the end of 2013, the Board of the Parent Company (including the CEO) consisted of five (5) members, of which three women (3). The Chairman of the Board is Fredrik Svensson. Members are Rutger Arnhult (CEO, Klövern), Ann-Cathrin Bengtson, Eva Landén and Pia Gideon (April-December). Anna-Greta Lundh resigned at the Annual General Meeting.

Remuneration

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting. Remuneration and benefits to the deputy CEOs and other senior executives are proposed by the Remuneration Committee and decided upon by the Board.

A fee is paid to the Chairman of the Board and the board members in accordance with the decisions of the Annual General Meeting. No director's fee is paid to a board member, who is employed by the Company during this period.

The CEO does not have a performance-based salary. The CEO is entitled to a company car as well as a subsistence benefit, health insurance and participation in Klövern's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. The period of notice is 12 months in the event of termination at the company's initiative, and six months in the event of termination at the CEO's initiative. In the event of termination at the Company's initiative, full salary and all benefits are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while the employment continues.

The salary paid to the Deputy CEOs and other senior executives is to be at a market level and competitive. Variable salary may amount to at most the equivalent of three months' basic salary. The pension premium for the Deputy CEOs and other senior executives may amount to at most 35 per cent of the basic salary during the period of employment with the company. The retirement age of the Deputy CEOs and other senior executives is 65. The period of notice for termination at the Company's initiative is 12 months and at the employee's initiative six months.

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

Variable salary for the Deputy CEO and other senior executives has been paid equivalent to 1.2 monthly salaries for 2013. There is no remuneration in the form of share-related remuneration programmes or other financial instruments. Remuneration and benefits comply with the principles decided upon at the 2013 annual general meeting.

NOT 3 CONTINUED
Employees and the Board

Amount in SEK thousand	Group		Parent Company	
Salaries, remuneration and benefits	2013	2012	2013	2012
Chairman of the Board	280	280	280	280
Other members of the board, 3.0 persons (3.5)	420	490	420	490
CEO				
Basic salary	4,000	3,016	4,000	3,419
Variable salary	–	–	–	–
Benefits	164	162	164	162
Deputy CEOs, 1.9 persons (2)				
Basic salary	3,128	3,323	3,128	3,323
Variable salary	146	337	146	337
Benefits	183	172	183	172
Other senior executives, 4.8 persons (4.7)				
Basic salary	5,969	5,766	5,969	5,080
Variable salary	445	514	445	514
Benefits	511	471	511	448
Other employees				
Basic salary	85,553	75,840	85,553	63,460
Variable salary	100	–	100	–
Benefits	5,057	4,084	5,057	3,649
Summa	105,956	94,455	105,956	81,334
Contractual pension costs, including Fora				
CEO	1,106	1,068	1,106	1,068
Deputy CEOs, 1.9 persons (2)	1,040	988	1,040	988
Other senior executives, 4.8 persons (4.7)	2,145[1]	1,663	2,145	1,484
Other employees	9,717	7,898	9,717	6,387
Total	14,008	11,617	14,008	9,927
Statutory social security contributions, including wages tax				
Chairman of the Board	88	88	88	88
Other members of the board, 3.0 persons (3.5)	132	124	132	124
CEO	1,576	1,258	1,576	1,384
Deputy CEOs, 1.9 persons (2)	1,349	1,443	1,349	1,443
Other senior executives, 4.8 persons (4.7)	2,706	3,127	2,706	2,861
Other employees	30,095	25,710	30,095	21,640
Total	35,946	31,750	35,946	27,540
Salaries, fees, benefits and social security expenditure, Dagon's board				
Dagon's board, 6 persons	0	1,097	0	0
Total	0	1,097	0	0
Grand total	155,910	138,919	155,910	118,801

1) Part of the pension contributions is for 2012.

Profit-sharing foundation
Klövern has a profit-sharing foundation that covers all employees. Transfers to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klövern's profit, yield requirement and dividend to shareholders.

The Board has proposed a transfer to the foundation for 2013 of one basic amount per employee (no allocation made for 2012). The transfer burdens profit by SEK 9,715,000.

Defined contribution schemes
The Group's employees are covered by defined contribution pension schemes, which are wholly paid for by the company. Payment takes place currently according to the rules.

Amount in SEK thousand	Group		Parent Company	
	2013	2012	2013	2012
Costs for defined-contribution scheme*	14,008	11,146	14,008	9,456

*Excluding Fora and wages tax.

NOT 4 EARNINGS PER PROPERTY SEGMENT AND REGION

Earnings shows the operating activities, including properties acquired and investments made during the year. The key ratios, however, refer to the situation at the respective year-end and the figures in the two parts of the table are accordingly not wholly comparable.

Ericsson is Klövern's largest tenant and accounted for 12 per cent (13) of Klövern's contract value at year-end 2013. The area leased by Ericsson amounted to 146,000 sq.m. (161,000) and the average remaining contract term is 3.9 years (4.1).

Earnings per property segment and region

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, SEKm		Investment, SEKm	
	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec
Management	260	195	–88	–81	172	114	66	58	80	66
Development	47	42	–28	–22	19	20	40	48	65	–7
South	**307**	**237**	**–116**	**–103**	**191**	**134**	**62**	**57**	**145**	**59**
Management	579	531	–213	–187	366	344	63	65	295	197
Development	28	27	–18	–20	10	7	36	26	22	25
East	**607**	**558**	**–231**	**–207**	**376**	**351**	**62**	**63**	**317**	**222**
Management	704	596	–230	–188	474	408	67	68	203	366
Development	48	48	–31	–34	17	14	35	29	17	25
Stockholm	**752**	**644**	**–261**	**–222**	**491**	**422**	**65**	**66**	**220**	**391**
Management	538	495	–212	–193	326	302	61	61	131	162
Development	16	14	–8	–8	8	6	50	43	17	27
Central/North	**554**	**509**	**–220**	**–201**	**334**	**308**	**60**	**61**	**148**	**189**
Management	2,081	1,817	–743	–649	1,338	1,168	64	64	709	791
Development	139	131	–85	–84	54	47	39	36	121	70
Total	**2,220**	**1,948**	**–828**	**–733**	**1,392**	**1,215**	**63**	**62**	**830**	**861**

* Dragon's properties are only reported from the date of taking possession on 2 March in the historical comparison (2012).

Key ratios per property segment and region

	Fair value, SEKm		Yield requirement[1], SEKm		Area, SEK 000		Rental value, SEKm		Economic occupancy rate, %	
	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec	2013 Jan–Dec	2012 Jan–Dec
Management	2,734	2,418	7,6	7,6	384	345	300	270	93	94
Development	943	818	7,4	7,9	142	151	67	79	74	61
South	**3,677**	**3,236**	**7,5**	**7,7**	**526**	**496**	**367**	**349**	**89**	**86**
Management	5,373	5,126	7,3	7,3	638	636	617	600	92	91
Development	250	315	9,4	9,2	84	96	40	47	67	61
East	**5,623**	**5,441**	**7,4**	**7,4**	**722**	**732**	**657**	**647**	**90**	**89**
Management	8,607	7,897	6,8	6,9	560	510	818	759	94	93
Development	914	1,100	7,1	7,1	89	106	80	101	56	50
Stockholm	**9,521**	**8,997**	**6,8**	**6,9**	**649**	**616**	**898**	**860**	**90**	**88**
Management	5,063	4,796	7,4	7,5	694	652	625	589	91	90
Development	175	154	8,2	8,0	33	33	23	23	72	70
Central/North	**5,238**	**4,950**	**7,5**	**7,5**	**727**	**685**	**648**	**612**	**90**	**89**
Management	21,777	20,237	7,2	7,2	2,276	2,143	2,360	2,218	92	92
Development	2,282	2,387	7,5	7,7	348	386	210	250	66	57
Total	**24,059**	**22,624**	**7,2**	**7,2**	**2,624**	**2,529**	**2,570**	**2,468**	**90**	**88**

1) Yield requirement is calculated excluding building rights.

NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS

Amount in SEK thousand	Group		Parent company	
	2013	2012	2013	2012
Ernst & Young AB				
Tax advice	2,380	2,277	2,380	2,277
Other assignments	348	19	348	19
Total	606	510	606	510
	3,334	**2,806**	**3,334**	**2,806**
Öhrlings PricewaterhouseCoopers AB				
Tax advice	–	505	–	–
Other assignments		225		
Total	–	580	–	–
	–	**1,310**	**–**	**–**

NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE
Group

	2013	2012
Property-related costs		
Electricity, district cooling and heating	–259	–235
Purchased services management and maintenance	–67	–94
Repairs and maintenance	–119	–89
Property tax and site leasehold charges	–129	–109
Personnel costs	–106	–82
Other property costs	–145	–121
Depreciation	–3	–3
Total	**–828**	**–733**
Central administration		
Personnel costs	–38	–38
Provision, profit-sharing foundation	–10	0
Attorney fees, tax proceedings	0	0
IT, advertising and cost of premises	–12	–11
Acquisition costs	0	–14
Auditors' fees	–3	–3
Other costs	–15	–20
Total	**–78**	**–86**

NOTE 7 NET FINANCIAL ITEMS

	2013	2012
Group		
Income from other securities	6	–
Interest income, other	2	1
Total	**8**	**1**
Parent Company		
Income from other securities	37	1
Interest income, group companies	0	8
Interest income, other	0	0
Anticipated dividend from group companies	600	500
Group contribution, group companies	229	40
Total	**866**	**549**
Group		
Interest expense, other	–658	–580
Other financial expenses	–28	–26
Total	**–686**	**–606**
Parent company		
Interest expense, other	–182	–78
Write-down, participation rights in subsidiaries	–34	–
Other financial expenses	–16	–8
Total	**–232**	**–86**

NOTE 8 TAXES

Consolidated Statement of Income, SEK million

Tax calculation for Group	2013 Basis current tax	2013 Basis deferred tax	2012 Basis current tax	2012 Basis deferred tax
Profit before tax	987	–	231	–
Deductible for tax purposes				
depreciation	–439	439	–392	392
investment	–219	219	–193	193
Change in value of properties not subject to tax	50	–50	79	–79
Change in value of derivatives not subject to tax	–289	289	97	–97
Change in value of securities not subject to tax	–49	49	–10	10
Impairment of goodwill not subject to tax	34	–	95	–
Tax effect of company and property sales	–22	–	–46	–
Non-deductible expenses	5	–	19	–
Other adjustments for tax purposes	–8	–	63	–
Total operating profit	**50**	**946**	**–57**	**419**
Use of loss carry-forwards	–46	46	–	–
New loss carry-forwards	–	–	64	–64
Adjustment for effect of properties sold	–	–127	–	–327
Adjustment for acquired temporary differences	–	–56	–	61
Total taxable profit	**4**	**809**	**7**	**89**
Of which 22.0/26.3% deferred tax	–	–178	–	–23
Revaluation of deferred tax to 22%	–	–	–	133
Current tax/deferred tax	**–1**	**–178**	**–2**	**110**

NOTE 8 CONTINUED

Consolidated Balance Sheet

	2013		2012	
	Basis	Tax	Basis	Tax
Deferred tax asset				
At beginning of year	1,940	427	1,510	397
Change during the year	–47	–10	430	113
Revaluation of deferred tax to 22%	–	–	–	–83
Deferred tax liability at year-end[1]	**1,893**	**417**	**1,940**	**427**
Deferred tax liability[2]				
Temporary difference properties				
At beginning of year	8,817	1,940	5,666	1,490
Change during the year	922	203	3,151	829
Revaluation of deferred tax to 22%	–	–	–	–379
Temporary differences at year-end	**9,739**	**2,143**	**8,817**	**1,940**
Acquired temporary differences properties[3]				
At beginning of year	–3,352	–737	–2,865	–753
Change during year due to acquisitions and sales	–488	–107	–487	–128
Revaluation of deferred tax to 22%	–	–	–	145
At year-end	**–3,840**	**–845**	**–3,352**	**–736**
Temporary differences derivatives and financial assets				
At beginning of year	–432	–95	–242	–63
Changes during the year	336	74	–190	–50
Revaluation of deferred tax to 22%	–	–	–	18
Temporary differences at year-end	**–96**	**–21**	**–432**	**–95**
Total deferred tax liability				
At beginning of year	5,033	1,108	2,559	673
Change during the year	770	169	2,474	651
Revaluation of deferred tax to 22%	–	–	–	–216
Total deferred tax liability at year-end	**5,803**	**1,277**	**5,033**	**1,108**

Parent Company	2013	2012
Profit before tax	**598**	**433**
Current tax	–	–
Deferred tax	–7	–51
Net profit	**591**	**382**
Deferred tax asset		
At beginning of year	346	397
Change during the year	–7	–51
At year-end	**339**	**346**

1) Refers to established deficit of SEK 1,893 million (1,940). All deficits have been valued.
2) Deferred tax liability is calculated between fair values and residual values for tax purposes
3) Does not include basis for deferred tax since the acquisition values are classified as asset acquisitions.

NOTE 9 GOODWILL

On 2 March 2012, Klövern AB acquired Dagon AB (publ). In conjunction with the drawing up of an acquisition analysis and the acquisition being classified as a business combination, an adjustment has been made of the deferred tax liability in the balance sheet. Goodwill mainly arises owing to deferred tax being calculated in accordance with accounting rules and the value of deferred tax being set between the parties in the transaction. For the purpose of accounting, deferred tax is calculated as the difference between fair values and tax values. Impairment of goodwill is attributable to sales and impairment of the fair value of the properties.

	2013	2012
Business combination	289	384
Write-down attributable to properties sold	–0	–1
Write-down attributable to change in value of properties	–34	–28
Write-down attributable to new corporate tax	–	–66
Closing balance, 31.12.2013	**255**	**289**

NOTE 10 INVESTMENT PROPERTIES VALUATION OF PROPERTY HOLDINGS

The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3. No properties have been shifted between different valuation levels. Every quarter, Klövern values 100 per cent of the property portfolio. 20–30 per cent of the property portfolio is valued externally each quarter, the rest being internally valued. This means that every property in the portfolio is externally valued at least once during a rolling 12-month period.

During the year, 386 external valuations have been carried out. These valuations have been carried out with a yield-based method applying the cash flow model, i.e. based on forecasts of future cash flows. The yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location according to the location price method. Changes during the period in the non-observable input data applied in the valuations are analysed by the executive management when closing the accounts in relation to internally available information, transactions that been carried out or which are planned and information from the external valuers.

All external valuations have been carried out in accordance with the international valuation standard. External valuations have been carried out by DTZ Sweden and Savills.

Summary

Value date	31 December 2013
Fair value	SEK 24,059 million
Calculation period	Five and ten years
Yield for assessment of residual value	Between 5.50 and 12.00 per cent
Cost of capital/discount rate	Between 7.00 and 14.24 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (The Riksbank's inflation target)

VALUATION METHOD

Klövern uses yield valuation according to the cash flow method for external and internal valuations. The same valuation method has been used for all of Klövern's properties except for building rights and site leaseholds; see the section Buildings and site leaseholds below for the valuation methods used for these.

From the outcome in the cash flow model, the fair value of the property is calculated before deduction for selling expenses.

VALUATION MODEL

+ Estimated rent payments
– Operating payments
= Operating surplus
– Deduction for investments
= Property's cash flow

Sensitivity analysis

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the properties can only reliably established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/– 5 per cent in a normal market. A changed property value of +/– 5 per cent affects Klövern's property value by +/– SEK 1,203 million.

The table shows how different parameters affect the property value. The different parameters are each affected by different assumptions and do not normally interact in the same direction.

Sensitivity analysis, property valuation

	Change +/–	Effect on profit, SEKm
Yield	0.5 percentage point	–1,497/1,725
Rental income	SEK 50/sq.m.	+/–1,822
Operating cost	SEK 25/sq.m.	–/+911
Vacancy rate	1.0 percentage point	–/+357

Property holding and valuation at fair value as at 31 December 2013

	Fair value, SEKm	No. of properties	Rental value, SEKm[1]	Occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement, average, %
Management	2,734	62	300	93	384	8.75–11.18	6.75–9.00	7.6
Development	943	28	67	74	142	8.70–11.40	6.20–9.54	7.4
South	**3,677**	**90**	**367**	**89**	**526**	**8.70–11.40**	**6.20–9.54**	**7.5**
Management	5,373	107	617	92	638	7.00–11.10	5.50–9.50	7.3
Development	250	17	40	67	84	10.45–11.95	8.50–10.00	9.4
East	**5,623**	**124**	**657**	**90**	**722**	**7.00–11.95**	**5.50–10.00**	**7.4**
Management	8,607	74	818	94	560	7.70–11.35	5.70–9.50	6.8
Development	914	11	80	56	89	8.60–10.20	6.75–8.00	7.1
Stockholm	**9,521**	**85**	**898**	**90**	**649**	**7.70–11.35**	**5.70–9.50**	**6.8**
Management	5,063	94	625	91	694	7.50–14.24	5.50–12.00	7.4
Development	175	9	23	72	33	8.10–11.20	6.25–9.00	8.2
Central/North	**5,238**	**103**	**648**	**90**	**727**	**7.50–14.24**	**5.50–12.00**	**7.5**
Management	21,777	337	2,360	92	2,276	7.00–14.24	5.50–12.00	7.2
Development	2,282	65	210	66	348	8.10–11.95	6.20–10.00	7.5
Total	**24,059**	**402**	**2,570**	**90**	**2,624**	**7.00–14.24**	**5.50–12.00**	**7.2**

1) The rental value includes the lease contract value for the areas let and assessed market rents for vacant space.
The market rent for vacant space is assessed in the present condition of the vacant space, i.e. before refurbishment and adaptation.

NOTE 10 CONTINUED

Calculation of the fair value of the property.

- The cash flow of the property is discounted to present-day value each year with the cost of capital/discount rate.
- The property's residual value is assessed by a perpetual capitalization whereupon the yield requirement is used. The residual value is then discounted to current-day value with the cost of capital.
- The value of any building rights and undeveloped land is added to the present-day value.
- The normal calculation period is five years.
- Inflation has been assessed at two per cent (The Riksbank's inflation target).

BASIS FOR VALUATION

Every assumption about a property is assessed individually on the basis of the material available about the property as well as the market information and experience-based assessments of the external valuers. The valuations have taken into account the best and maximum use of the properties.

Rental payments

The current lease contracts and known lettings and vacations serve as the basis for an assessment of the property's rental payments. The external valuers have, in collaboration with Klövern's managers, made an individual assessment of the market rent for the vacant areas, and the areas let at the end of the contract term. The external valuers also assess the long-term vacancy of each property.

Operating payments

Operating payments consist of payments for the property's normal operations, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating payments is based on the properties' budgets and outcomes during the years that Klövern has owned the properties as well as the experiences of the external valuers of similar properties. The maintenance of the properties is assessed on the basis of their current state, ongoing and budgeted maintenance measures and the assessment by the external valuers of future maintenance requirements.

Required investment

The property's required investment is assessed by the external valuers on the basis of the state of the property. In the event of large vacancies at the property, the required investment often increases.

Yield requirement and cost of capital

The yield requirement of the properties has been assessed on the basis of the unique risk of each property. It can be divided into two components, a general market risk and a specific property risk. The market risk is associated with the general development of the economy and is affected, inter alia, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, effective use of space, the standard of the premises, the quality of the installations, site leasehold, type of tenant and the nature of the lease contract. In a theoretical reasoning, the cost of capital is set by inflation expectations being added to a risk-free real interest rate and a risk factor. The cost of capital is assessed for each property individually.

Residual value

Residual value consists of the operating surplus during the remaining economic lifetime which is based on the year after the last calculation year. Calculation of residual value takes place for every property by perpetual capitalization of the estimated market operating surplus and the estimated market yield requirement for the respective property. The yield requirement consists of the risk-free rate and each property's unique risk. The unique risk of the properties is assessed on the basis of the external valuers' market databases, experiences and transactions carried out in accordance with the location price method in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

Calculation periods

The calculation periods are mainly five years. Exceptions are properties with major contracts where the remaining contract term exceeds five years. In these cases, a calculation period corresponding to the remaining contract term plus at least one year has been adopted.

Building rights and plots

At the properties where there are unused building rights and plots, these are valued on the basis of the location price method or a current value based on the estimated market value on development of the building rights and plots. All values of building rights and sites have been assessed by the external valuers.

Inspection of the properties

All properties are inspected by the external valuers within a three-year period. The external valuers make new inspections where major refurbishment, moving-in or other circumstances affecting the value have taken place.

INTERNAL PROPERTY VALUES

In the internal property valuations, the yield requirements are decided after review with the external valuers. The development of the yield requirements of the internal valuations in this way complies with the external valuations. The internal valuations are performed in the same valuation programme as the external valuations.

CHANGES IN VALUE

The fair value of Klövern's properties was SEK 24,059 million (22,624) on 31 December 2013. Changes in value for the full year 2013 amounted to SEK –28 million (–33).

The unrealized changes in value were SEK –50 million (–79) and the realized changes in value SEK 22 million (46). Klövern's property portfolio has been valued at an average yield requirement of 7.2 per cent (7.2) on 31 December 2013.

Group	Properties
Opening fair value, 1 January 2012	14,880
Acquisition value of properties acquired during the year	7,459
Investment in properties	861
Sales income, sold properties	–543
Change in value	–33
Closing fair value, 31 December 2012	22,624
Acquisition value of properties acquired during the year	1,020
Investment in properties	830
Sales income, sold properties	–387
Change in value	–28
Closing fair value, 31 December 2013	24,059

Investment properties – effect on profit for the year

Group	2013	2012
Income	2,220	1,948
Direct costs for investment properties that generated rental income during the period	–828	–733
Direct costs for investment properties that did not generate rental income during the period	–	–

In 2012 and 2013 all investment properties generated rental income.

Tax assessment values

Group	2013	2012
Tax assessment values, buildings	9,199	8,358
Tax assessment values, land	3,275	2,336
Total tax assessment value	12,474	10,694

TAX RESIDUAL VALUE

The tax residual value of the properties totalled SEK 14,320 million (13,807) on 31 December 2013.

NOTE 11 MACHINERY AND EQUIPMENT

	2013		2012	
	Group	Parent company	Group	Parent company
Accumulated acquisition cost				
Opening balance	40	9	24	7
Purchases	2	0	8	2
Acquisition of subsidiaries	0	–	11	–
Sales and disposals	–2	0	–3	0
Total	**40**	**9**	**40**	**9**
Accumulated scheduled depreciation				
Opening balance	–26	–5	–16	–5
Acquisition of subsidiaries	0	–	–9	–
Sales and disposals	1	0	2	0
Scheduled depreciation on acquisition values for the year	–3	–1	–3	0
Total	**–28**	**–6**	**–26**	**–5**
Reported value at year-end	**12**	**3**	**14**	**4**

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

	2013	2012
Group		
Shares in associated companies		
Shares in Tribona AB (publ)	488	–
Total	**488**	**–**
Financial assets at fair value via the statement of income		
Shares in Diös AB (publ)	–	304
Other securities	22	22
Other items	10	4
Total	**32**	**330**
Parent company		
Shares in other companies		
Shares in Tribona AB (publ)	435	–
Shares in Diös AB (publ)	–	294
Total	**435**	**294**

During the year, the company has acquired 11,614,399 shares in Tribona AB (publ), corresponding to 29.8 per cent of the total number of outstanding shares. Tribona has been reported as an associated company from 7 June 2013. The fair value is based on the closing price at year-end. The shares have been recorded at acquisition value in the parent company. After the end of the year, all shares in Diös AB have been sold.

NOTE 13 ACCOUNTS RECEIVABLE

Klövern values its accounts receivable every quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provision is made for doubtful claims and the claim is recorded as a rent loss in the event of bankruptcies or other established losses. Our managers always carry out a credit rating of the tenant in connection with new letting.

Accounts receivable in the Group is reported after taking into consideration rent losses arising during the year totalled SEK 4.2 million (4.8) with a deduction of SEK 2.3 million (1.1) for reversed rent losses, which corresponds to 0.2 per cent (0.2) of sales. Established rent losses amounted to 2.6 per cent (3.9) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

Accounts receivable by age

Days	2013	2012
0 – 29	25	19
30 – 89	2	5
90 –	85	32
Doubtful claims	–10	–1
Total	**102**	**46**

Doubtful claims	2013	2012
Doubtful claims at beginning of year	10	7
Provisions for anticipated rent losses	6	7
Claims collected	–2	–1
Established losses	–4	–3
Doubtful claims at year-end	**10**	**10**

NOTE 14 OTHER RECEIVABLES

	2013	2012
Group		
Settlement taxes and fees	62	36
Dividend	1	0
Other current receivables	56	3
Total	**119**	**39**
Parent Company		
Settlement taxes and fees	0	3
Dividend	1	0
Other current receivables	3	0
Total	**4**	**3**

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

	2013	2012
Group		
Accrued property costs	4	8
Prepaid rent discounts	22	23
Prepaid insurance	2	0
Prepaid site leasehold charges	8	6
Prepaid financial expenses	34	32
Property acquisition in process	1	2
Accrued income	8	6
Other prepaid expenses	0	1
Total	**79**	**78**
Parent Company		
Accrued property costs	0	1
Prepaid insurance	1	0
Prepaid financial expenses	26	26
Property acquisition in process	1	1
Other prepaid expenses	1	0
Total	**29**	**28**

NOTE 16 LIQUID FUNDS

	2013	2012
Group		
Cash and bank	84	375
Total	**84**	**375**
Parent Company		
Cash and bank	97	164
Total	**97**	**164**

NOTE 17 SHAREHOLDERS' EQUITY

Klövern manages capital consisting of the Group's shareholders' equity with the aim of providing Klövern's shareholders with a return of at least the risk-free rate plus nine percentage points, which is the goal set in Klövern's business plan. Return on equity amounted to 11.6 per cent (5.8) in 2013. During the past nine years, the average return on equity has been 11.6 per cent (11.6).

Klövern's aim is to maintain a well-balanced asset and capital structure adapted to the company's real estate operations. The goal for 2013 was for the equity ratio to be at least 25 per cent. The outcome was 28.5 per cent (28.1). The goal for 2014 is for the equity ratio to be at least 30 per cent. The equity ratio goal is a simplified consequence of a more in-depth analysis where equity has been apportioned in relation to the different risk profiles that investment properties have in the balance sheet. The share capital consists of two classes of share, common shares and preference shares, with a quote value of SEK 5 per share. A preference share confers one-tenth of a vote in contrast with a common share, which confers one vote per share.

Dividend

The Board of Directors of Klövern AB proposes to the Annual General Meeting, for the 2013 financial year, that a dividend be paid of SEK 1.50 per common share (1.50) and SEK 10.00 per preference share (10.00), totalling SEK 435 million (435).

Change in share capital

	Date	Number of common shares	Number of preference shares	Total no. of registered shares	Nom SEK/share	Share capital, SEK
Opening balance	**01.01.2006**	**120,364,259**		**120,364,259**	**5**	**601,821,295**
New issue	22.11.2006	46,180,067		166,544,326	5	832,721,630
At year-end	**31.12.2006**	**166,544,326**		**166,544,326**	**5**	**832,721,630**
Repurchase of own shares		–775,500				
At year-end	**31.12.2007**	**165,768,826**		**166,544,326**	**5**	**832,721,630**
Repurchase of own shares		–4,965,963				
At year-end	**31.12.2008**	**160,802,863**		**166,544,326**	**5**	**832,721,630**
At year-end	**31.12.2009**	**160,802,863**		**166,544,326**	**5**	**832,721,630**
At year-end	**31.12.2010**	**160,802,863**		**166,544,326**	**5**	**832,721,630**
At year-end	**31.12.2011**	**160,802,863**		**166,544,326**	**5**	**832,721,630**
Cash issue	13.01.2012	34		166,544,360	5	832,721,800
Bonus issue	13.01.2012		4,163,609	170,707,969	5	853,539,845
New issue	06.03.2012		7,544,531	178,252,500	5	891,262,500
New issue	10.04.2012		66,638	178,319,138	5	891,595,690
New issue	19.04.2012		585	178,319,723	5	891,598,615
New issue	29.06.2012		463,000	178,782,723	5	893,913,615
New issue	09.07.2012		448,000	179,230,723	5	896,153,615
New issue	14.09.2012		912,500	180,143,223	5	900,716,115
New issue	17.09.2012		132,475	180,275,698	5	901,378,490
New issue	08.10.2012		3,583,350	183,859,048	5	919,295,240
New issue	08.10.2012		1,105,000	184,964,048	5	924,820,240
New issue	17.10.2012		116,650	185,080,698	5	925,403,490
Sale of repurchases shares, 2012		741,463				
At year-end	**31.12.2012**	**161,544,360**	**18,536,338**	**185,080,698**	**5**	**925,403,490**
Repurchased shares, 2013		5,000,000				
Outstanding shares at year-end	**31.12.2013**	**166,544,360**	**18,536,338**	**185,080,698**	**5**	**925,403,490**

NOTE 18 EARNINGS PER SHARE

The calculation of earnings per common share and preference share for 2013 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 808 million (339). Earnings per preference share have been distributed on the basis of the year's dividend to the preference shares of SEK 185 million allocated to SEK 18.5 million outstanding preference shares. The remaining part of the year's earnings, SEK 623 million, has been distributed to 166.5 million outstanding shares.

Net profit attributable to the Parent Company's shareholders

	2013	2012
Net profit attributable to the Parent Company's shareholders	808	339
Average number of number of outstanding common shares		
Average number of outstanding common shares, million	167	159
Average number of number of outstanding preference shares, million	19	12
Earnings per common share, SEK	3.75	1.24
Earnings per preference share, SEK	10.00	7.52

NOTE 19 INTEREST-BEARING LIABILITIES

Group	2013	2012
Long-term liabilities		
Long-term interest-bearing liabilities	16,071	14,202
Total	**16,071**	**14,202**
Current liabilities		
Current interest-bearing liabilities	82	1,027
Utilized overdraft facility	10	–
Total	**92**	**1,027**
Unused overdraft facility	390	300

NOTE 20 FINANCIAL RISKS AND FINANCIAL POLICY

Through its activity, the Group is exposed to different kinds of financial risks. Financial risks means fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klövern is mainly exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's financial policy for managing financial risks has been formulated and decided upon by the Board. The financial policy creates a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Responsibility for the Group's financial transactions and financial risks is dealt with centrally by the Parent Company's finance function. The overall aim of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's profit due to market fluctuations. Financial issues of strategic importance are dealt with by the Board. Additional information is contained in the section on Financing on pages 51–55, Bonds on pages 56–57 and in Risk and sensitivity on pages 64–67.

Liquidity and financing risk

Liquidity risk means the risk of liquidity being insufficient to meet future payment commitments. Internal liquidity forecasts are drawn up in connection with quarterly reports for the coming twelve months where all items affecting cash flows are analysed in aggregate form. The liquidity forecast is intended to verify the need of capital.

The financing risk also refers to the risk that financing cannot be obtained at all, or only at greatly increased costs. To manage this risk, the financial policy contains rules on the spread of tied-up capital for the loan stock and the size of unutilized loan facilities and investments. According to the financial policy, the average remaining maturity, the period of tied-up capital, on the loan stock is to be at least 1.5 years, and at most 40 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities shall be kept within an average size that corresponds to the due date of the tied-up capital during a quarter. As at 31 December 2013, the average remaining maturity of the loan stock was 2.0 years (2.2).

At the same time, liquid assets were available totalling SEK 84 million (375) and granted, but not utilized loan frames of SEK 761 million (300), SEK 390 million (300) of which were unutilized credit facilities. Furthermore, there were unutilized loan frames of SEK 545 million (281), which may be used for new acquisitions or investments after providing collateral for mortgages up to 60– 75 per cent of the properties' market value.

Structure of capital maturity

Maturity year	Credit agreement, SEKm	Utilized, SEKm
2014	6,083	5,364
2015	8,277	7,690
2016	–	–
2017	1,150	1,150
2018–	1,959	1,959
Total	**17,469**	**16,163**

Interest rate risks

The interest rate risk can partly consist of a change in fair value due to changes in interest rates or share prices, the price risk, and changes in cash flow, the cash flow risk. A significant factor that affects the interest rate risk is the period of fixed interest. Long periods of fixed interest entail a higher price risk while shorter periods of fixed interest entail a higher cash flow risk. Of the total interest-bearing liabilities of SEK 16,163 million (15,229), 47 per cent (49) had variable interest and the average fixed-interest period was 2.7 years (3.0) at year-end.

Interest maturity structure

Maturity year	Average interest rate, %	Interest due, SEKm	Proportion, %
Rörligt	3.5	7,568	47
2014	5.6	331	2
2015	5.1	1,592	9
2016	4.8	600	4
2017	4.7	1,075	7
2018	5.2	1,197	7
2019	5.1	900	6
2020	4.6	500	3
2021	4.9	500	3
2022	5.7	800	5
2023–	4.8	1,100	7
Total	**4.3**	**16,163**	**100**

According to the financial policy, the cash flow risk is to be limited as follows: At least 40 per cent of the total loan volume shall have fixed interest or be covered by interest caps. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining term for caps and swaps, according to the financial policy, should be at least 2.5 years; at the year-end it was 4.6 years (5.1). The strike level for the interest caps may when taken be equivalent to at most the five-year bond rate plus 2.0 percentage points.

At year-end, Klövern had a volume of SEK 855 million (1,355) interest caps and SEK 8,595 (7,718) million fixed interest loans (mainly through swaps), totalling SEK 9,450 million (58 per cent), compared with SEK 6,465 million (or 40 per cent) which was a minimum requirement according to policy. Redemption rates for the interest caps vary between 4.25 and 5.00 per cent linked to three-month Stibor.

NOTE 20 CONTINUED

During 2013, changes in value of interest caps amounted to SEK 1 million (2). The fair value amounted to SEK 0 million (0) at year-end.

At year-end, Klövern had 25 interest rate swap agreements maturing between 2014 and 2023. The fair value of the swaps amounted to SEK –144 million (–432) and changes in value totalled SEK 336 million (–177) during the year, of which SEK 47 million were realized. Interest caps and swaps both increase Klövern's price risk. The interest caps have been valued by Handelsbanken and Swedbank on the basis of the current yield curve and volatility for the respective maturity. The interest rate swaps have been valued by Danske Bank, Deutsche Prandbriefbank, Handelsbanken, Nordea, SEB and Swedbank by future cash flows being discounted to present-day value.

Derivatives

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
Nominal interest rate swaps				
Handelsbanken	145	0.3	5.0	–2
Handelsbanken	100	1.1	3.1	–2
Swedbank	600	1.1	2.8	–12
Handelsbanken	800	1.1	2.8	–16
Danske Bank	400	2.1	3.0	–14
Swedbank	200	3.0	1.5	0
Danske Bank	545	3.1	3.1	–25
Nordea	30	3.8	4.0	–3
SEB	500	4.0	1.6	6
Swedbank	300	4.6	2.7	–9
Swedbank	200	4.6	2.7	–6
Pfandbriefbank	297	4.8	2.1	0
Swedbank	400	5.0	3.7	–31
Swedbank	100	5.0	1.8	2
Swedbank	400	5.1	3.5	–27
Swedbank	400	6.0	2.2	3
Swedbank	100	6.0	1.9	3
Swedbank	400	7.0	2.4	3
Swedbank	300	7.7	2.5	3
Swedbank	200	8.0	2.5	1
Swedbank	200	8.1	3.3	–13
Swedbank	600	8.1	3.3	–38
Swedbank	500	9.0	2.2	23
Swedbank	100	9.3	2.2	4
Swedbank	500	10.0	2.7	6
Total swaps	8,317	5.0	2.7	–144

Counterparty	Amount, SEKm	Remaining time to maturity, years	Strike level[1], %	Market value, SEKm
Interest cap				
Handelsbanken	355	0.3	5.0	0
Swedbank	500	0.3	4.3	0
Total interest caps	855	0.3	4.6	0
Total	9,172	4.6		–144

1) The strike level is the pre-set interest rate level at which an interest income is received to compensate for the increased interest expense.

Credit risks

Credit risks mean the risk of counterparty or issuer not being able to comply with its undertakings to Klövern. Klövern is exposed to credit risk to the extent that the surplus liquidity is to be invested and through its holdings of derivative instruments in the form of interest caps and interest rate swaps. With a view to limiting the credit risks on investment, the financial policy includes a special counterparty rule in which maximum credit exposure for different counterparties is stated as follows.

Counterparty	Maximum amount
Swedish state and government agencies with 100% state guarantee	Unlimited
Swedish banks with wholly-owned subsidiaries	At most SEK 500m per group
Other Swedish mortgage institutions	At most SEK 100m per company
Foreign banks with rating at least Standard & Poor A- or Moody's A3	At most SEK 100m per group

As regards derivative instruments, there are no volume limits, although derivatives may only be acquired with a view to adjusting the interest rate risk. Permitted derivative instruments are: interest rate swaps, interest caps and floors, FRA and interest rate and currency forwards. To the extent that options are used, these should minimize risk. The period to maturity for caps and floors may be at most ten years.

There is also a certain element of credit risk in the current letting operations, i.e. a risk of a tenant not being able to pay the rent. However, this is strongly limited given the use of advance rents.

Covenants and risk-taking

Klövern's financial risk-taking and position can be seen, inter alia, from the key ratios, equity ratio, interest ratio and leverage. There are set limit values, known as covenants, in the credit agreements with the banks, specifically for these three key ratios. Klövern's own goals accord well with the banks' requirements. Klövern's goal for 2013 was for the equity ratio to be at least 25 per cent. As from 2014, the goal has been changed to an equity ratio of at least 30 per cent. The banks usually set 25 per cent as a lower limit. Klövern's goal is for the interest coverage ratio to be at least 1.5 multiples, which accords well with the banks' requirements. Klövern has not set its own goal for leverage although the banks usually have a limit of 65–75 per cent. Klövern meets all goals and requirements for 2013 by a good margin.

The equity ratio was 28.5 per cent, the interest coverage ratio 1.9 multiples, leverage 65 per cent and leverage properties 57 per cent.

Sensitivity analysis

In connection with the quarterly reports, an interest sensitivity analysis is also prepared, measuring the effects of changes in short market interest rates on the borrowing rate and the interest coverage rate. A change in short market interest rates of +1 percentage point at year-end would have meant that Klövern's average borrowing rate would have changed by +0.5 percentage points, which would have been equivalent to a change in interest expense of SEK +77 million. The interest coverage ratio would have changed from the current 1.9 to 1.7 multiples.

The calculations of the sensitivity analysis are based on the Group's earning capacity and balance sheet as at 31 December 2013. The sensitivity analysis shows the effect on the Group's annual profit after full impact of each of the parameters below. Interest-bearing liabilities and leases have a term of a number of years, which means that level changes do not have an impact in one particular year but only over a longer period.

NOTE 20 CONTINUED

Fair value of financial instruments

SEK 000s	2013 Financial income	2013 Financial expenses	2013 Changes in value	2013 Total	2012 Financial income	2012 Financial expenses	2012 Changes in value	2012 Total
Financial assets and liabilities valued at fair value via the income statement								
Securities			71,169	71,169	–	–	10,299	10,299
Interest rate swaps relating to cash flow hedges	–	–	335,961	335,961	–	–	–176,577	–176,577
Interest caps	–	–	1,492	1,492	–	–	1,502	1,502
Total	**–**	**–**	**408,622**	**408,622**	**–**	**–**	**–164,776**	**–164,776**
Loan receivables and accounts receivable								
Accounts receivable	–	–	–	–	–	–	–	–
Accrued income and other receivables	7,296	–	–	7,296	239	–	–	239
Liquid funds	587	–	–	587	1,187	–	–	1,187
Total financial income	**7,883**	**–**	**–**	**7,883**	**1,426**	**–**	**–**	**1,426**
Total	**7,883**	**–**	**408,622**	**416,505**	**1,426**	**–**	**–164,776**	**–163,350**
Financial liabilities valued at accrued acquisition value								
Liabilities to credit institutions	–	–685,973	–	–685,973	–	–606,464	–	–606,464
Accounts payable	–	–36	–	–36	–	–57	–	–57
Accrued expenses and other liabilities	–	–509	–	–509	–	–116	–	–116
Total financial expenses	**–**	**–686,518**	**–**	**–686,518**	**–**	**–606,637**	**–**	**–606,637**

Fair value of financial assets and liabilities

SEK 000s	2013 Financial assets/liabilities valued at fair value in the statement of income	2013 Loans and accounts receivable	2013 Financial liabilities valued at accrued acquisition value	2012 Financial assets/liabilities valued at fair value in the statement of income	2012 Loans and accounts receivable	2012 Financial liabilities valued at accrued acquisition value
Long-term receivable	519,848	–	–	329,443	–	–
Accounts receivable	–	101,774	–	–	45,731	–
Accrued income and prepaid expenses	–	78,464	–	–	77,868	–
Other receivables	–	54,127	–	–	3,317	–
Liquid funds	–	84,484	–	–	375,588	–
Total	**519,848**	**318,849**	**–**	**329,443**	**502,504**	**–**
Long-term liabilities	–	–	16,065,383	–	–	15,146,367
Derivatives	143,860	–		432,265	–	–
Current interest-bearing liabilities	–	–	92,265	–	–	82,411
Accounts payable	–	–	192,803	–	–	158,455
Other liabilities	–	–	106,128	–	–	103,202
Accrued expenses and prepaid income	–	–	442,653	–	–	465,922
Total	**143,860**	**–**	**16,899,232**	**432,265**	**–**	**15,956,357**

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

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

The market value of derivatives is calculated by the company's banks based on current interest terms and the market rate. This calculation has been made at what is referred to as Level 2, i.e. taking into consideration the observed market values. No reclassifications have been made during the period. Klövern uses interest rate hedging instruments as protection against fluctuations in the interest rate on the company's loans. The recorded earnings are affected by income and cost items that are justified by the various interest rate hedging instruments. The total interest, which has been calculated in compliance with generally accepted accounting principles is included in the declared earnings.

NOTE 21 OTHER LIABILITIES

	2013	2012
Other current liabilities		
Group		
Personnel's withholding tax and social security contributions	6	5
Dividend shares	93	93
Insurance compensation	–	13
Debt to previous property owner	7	8
Debt to purchaser	3	1
Other items	3	3
Total	112	123
Parent Company		
Personnel's withholding tax and social security contributions	6	5
Dividend shares	93	93
Value-added tax	8	8
Other items	1	–
Total	108	106

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	2013	2012
Group		
Prepaid rents, first quarter 2014/2013	353	322
Accrued property costs, properties	75	57
Accrued interest costs	78	56
Accrued personnel costs	30	21
Other items	3	3
Total	539	459
Parent Company		
Prepaid interest costs	36	10
Accrued personnel costs	20	21
Accrued costs, profit-sharing foundation	10	–
Other items	3	3
Total	69	34

The accrued costs for properties include a provision totalling SEK 30 million for non-receipt of rental income due to a rental dispute with Ericsson concerning the date of moving in to a new build at the property Isafjord 1 in Kista, Stockholm. Ericsson has deposited the rent with the County Administrative Board for the period, the fourth quarter of 2012 to the end of the first quarter of 2014, totalling approximately SEK 90 million.

NOTE 23 OPERATIONAL LEASING

The maturity structure of the lease contracts show how large a part of the contract value matures per year. The contract value refers to the annual value of the leasing contracts.

The most common term of new lease contracts is three to five years with a period of notice of nine months. Klövern's average lease term is 3.5 years (3.4). Turnover-based rents are included in the rents at SEK 6.4 million (4.7).

Maturity year	Contract value, SEKm	Proportion of contract value, %	Area, sq.m.
2014	553	24	538
2015	498	21	457
2016	407	18	427
2017	300	13	261
2018	116	5	93
2019	50	2	39
2020	80	3	68
2021	36	2	28
2022	135	6	112
2023–	144	6	137
Total	2,318	100	2,161

The Group's leased assets including site leaseholds consist of operational lease contracts and amount to SEK 35.2 million (32.2).

NOTE 24 ASSETS PLEDGED AND CONTINGENCIES

	Group		Parent Company	
	2013	2012	2013	2012
Assets pledged				
Property mortgages[1]	16,449	15,078	–	–
Total assets pledged	16,449	15,078	–	–
Contingencies				
Guarantees in favour of subsidiaries	–	–	11,149	10,662
Other contingencies	4	4	–	–
Total contingencies	4	4	11,149	10,662

1) Refers to assets pledged for bank loans

In the course of the Group's operations, the group companies are involved in minor disputes. None of these disputes is considered to be important for the Group, except that described in Note 22. In 2013, Klövern had one major tax case. The Tax Agency had previously decided to increase Klövern's tax assessment by approximately SEK 77 million for the 2008 income year, which may entail a tax expense of around SEK 21 million. After the end of 2013, the Administrative Court of Appeal decided in favour of Klövern.

NOTE 25 CLOSE ASSOCIATES

	Year	Services sold	Services purchased	Receivable	Liability
Group					
Other close associates	2013	5	5	–	1
Other close associates	2012	8	15	–	–
Parent company					
Subsidiary	2013	185	6	11,338	3,471
Subsidiary	2012	140	6	7,085	684
Other close associates	2013	–	1	–	–
Other close associates	2012	–	9	–	–

The Parent Company has a close associate relationship with its subsidiaries, see Note 26. Transactions with close associates are priced on market terms. The lease contract where Arvid Svensson AB is a tenant has total annual contract values of SEK 2 million (3), The annual contract value of the lease with Quality Hotel Västerås has an annual contract value of SEK 2 million (2). The annual contract value of the lease with Håkansgården Hotell & Konferens AB is SEK 1 million (1). The annual contract value of the lease with Svevia AB is SEK 1 million (1). Klövern AB has signed a lease with M2-Gruppen with an annual contract value of SEK 0.7 million (0.6). Services have been purchased for SEK 3.2 million by Svevia AB mainly relating to snow clearance. Fredrik Svensson is CEO of Arvid Svensson AB, Pia Gideon is a board member of Svevia AB and Anna-Cathrin Bengtson is chairman of the board of Hakonsgården Hotell & Konferens AB. They are also chairman of the board and board members of Klövern respectively. Rutger Arnhult is Klövern's CEO and a board member as well as being owner of M2-gruppen.

Payments to the CEO, Deputy CEOs, senior executives and the Board of Directors are shown in Note 3.

NOTE 26 PARTICIPATING INTERESTS IN GROUP COMPANIES

SEK 000s	31.12.2013	31.12.2012
Accumulated acquisition values		
Opening balance	1,699,673	183,492
Acquisitions	3,574	1,516,231
Sales	–100	–50
Reported closing balance	1,703,147	1,699,673
Accumulated shareholder contributions		
Opening balance	136,551	136,551
Shareholder contributions for the year	10,000	–
Reported closing balance	146,551	136,551
Total	1,849,698	1,836,224

Specification of the Parent Company's directly-owned subsidiaries is shown below. Other group companies are included in the respective subsidiary's annual reports.

Subsidiary/Reg. No./Registered Office	No. of shares	Share in %[1]	Book value
Klövern Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klövern Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klövern Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klövern Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klövern Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klövern Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klövern Bobby AB, 556594-9780, Nyköping	1,000	100	8,138
Klövern Komp Bobby AB, 556678-9938, Nyköping	1,000	100	100
Klövern Charbel AB, 556594-9814, Nyköping	1,000	100	100
Klövern Dante AB, 556594-9830, Nyköping	1,000	100	100
Klövern Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klövern Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klövern Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klövern Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klövern Karl AB, 556708-7985, Nyköping	1,000	100	5,139
Klövern Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klövern Gerhard AB, 556634-5723, Nyköping	1,000	100	100
Klövern Helmut AB, 556634-5731, Nyköping	1,000	100	100
Klövern Ingmar AB, 556634-6598, Nyköping	1,000	100	100
Dagon AB, 556431-0067, Nyköping	23,580,999	100	1,519,055
Klövern Linus AB, 556896-7409; Nyköping	50,000	100	50
Klövern Verner AB, 556896-7474, Nyköping	50,000	100	10,050
Other subsidiaries, dormant			600
Total			1,849,698

1) Refers to the ownership portion of the equity, which also complies with the proportion of votes for the total number of shares.

NOTE 27 STATEMENT OF CASH FLOW

	Group		Parent Company	
	2013	2012	2013	2012
Interest paid				
Interest received	2	1	0	0
Interest paid	–611	–550	–178	–102

Cash flow from current operations

	Group		Parent Company	
	2013	2012	2013	2012
Adjustment for items not included in the cash flow				
Deprecation on equipment	3	3	1	1
Total	3	3	1	1

Cash flow from investing operations

	Parent Company	
	2013	2012
Investment in financial assets		
Participations in group companies	–13	–478
Participations in other companies	–142	–25
Receivables from group companies	–2,249	–324
Total	–2,404	–827

NOTE 28 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

After the end of the year, Klövern has signed a purchase contract for one property in Västerås with the preliminary date of taking possession in October for an acquisition price of SEK 175 million. Klövern has also signed a contract to sell a property in Akalla with vacation on 1 April at a property value of SEK 180 million. On 10 March, Klövern announced that a contract had been signed to finalize the acquisition of Globen City, consisting of the properties Arenan 2, 3, 6 and 8. in Stockholm and Startboxen 3 in Solna. The total lettable area amounts to around 140,000 sq.m. consisting mainly of office space. It is expected to enter into a final contract at the end of the first quarter. In February, an uncovered bond loan of SEK 1,100 million with a four-year maturity has been issued. In March, Klövern signed an agreement to acquire a property in Mjärdevi Science Park in Linköping for SEK 266 million.

NOTE 29 IMPORTANT ESTIMATES AND ASSESSMENTS

Preparing the final accounts in compliance with IFRS requires that the Board and the Executive Management make assessments and estimates and assumptions that affect the application of the accounting policies and the amounts reported of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that would appear to be reasonable in present circumstances. The result of these estimates and assumptions is then used to assess the reported values of assets and liabilities which are not otherwise evident from other sources. The actual outcome may vary from these estimates and assessments. Estimates and assessments are regularly reviewed.

Changes in estimates are reported in the period the change is made if the change has only affected this period or in the period the change is made and future periods if the changes affects both the current and future periods. Assessments made by the Board and the executive management in applying IFRS which have a significant impact on the financial reports and estimates made which can entail important adjustments in the following years financial reports concern valuation of investment properties, which is described in more detail in Note 10.

NOTE 30 INFORMATION ABOUT THE PARENT COMPANY

Klövern AB (publ), reg. no, 556482-5833, is a Swedish-registered limited company with its registered office in Nyköping. The Parent Company's shares are registered on NASDAQ OMX Stockholm MidCap. The address of the head office is Bredgränd 4, 111 30 Stockholm and the address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden. The consolidated accounts for 2013 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

The undersigned hereby certify that these financial statements for the Group and annual report have been prepared in accordance with the International Financing Reporting Standards, IFRS, as adopted by the EU and with generally-accepted accounting principles. The information provides a fair picture of the Group´s and the Parent company´s´position and result, and the administration report for the Group and the Parent Company provides a fair picture of the development of the Group´s and the Parent Company´s business activities, position and result and describes important risks and uncertainly factors that confront the companies belonging to the Group.

Nyköping, 14 March 2014
Board of Directors of Klövern AB (Publ), reg. no. 556482-5833

Fredrik Svensson
Chairman

Rutger Arnhult
CEO

Ann-Cathrin Bengtson
Board member

Pia Gideon
Board member

Eva Landén
Board member

Our audit report was submitted on 17 March 2014
Ernst & Young AB

Mikael Ikonen
Authorized public accountant

APPROPRIATION OF PROFITS

DIVIDEND

The dividend shall exceed 50 per cent of the profit from property management in the long term. The profit from property management shows how the real estate operations develop, including financial and central administration costs. When assessing the size of the dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

The proposal of the Board of Directors to the 2014 Annual General Meeting is that a dividend of SEK 1.50 per common share be paid. A dividend of SEK 10.00 per preference share and year is proposed, distributed equally over four quarters.

Together, this proposal for dividend in 2014 constitutes 68 per cent of the profit from property management for 2013. During the past nine years, this would correspond to an average dividend of 62 per cent of the profit from property management.

PROPOSED APPROPRIATION OF PROFITS

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

Amount brought forward	244,260,147 SEK
Net profit for the year	591,393,305 SEK
Total	**835,653,452 SEK**

Att delas ut till stamaktieägarna	249,816,540 SEK
Att delas ut till preferensaktieägarna	185,363,380 SEK
I ny räkning balanseras	400,473,532 SEK
Total	**835,653,452 SEK**

As at 31 December 2013, the number of registered common shares in Klövern totalled 166,544,360 and the total number of preference shares 18,536,338.

ALLOCATION OF EARNINGS

THE BOARD'S STATEMENT ON THE PROPOSED ALLOCATION OF EARNINGS

The Board's proposal

In the proposed allocation of earnings for the 2013 financial year, the Board of Directors proposes to the Annual General Meeting on 23 April 2013 that a dividend be paid of SEK 10.00 per preference share, distributed equally over four quarters and SEK 1.50 per common share. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 28 April 2014 as the record day for the common share with 2 May 2014 as payment day.

It is proposed that the record days for the preference share be 30 June, 30 September, 30 December 2014 and 31 March 2015, the associated payment days being 3 July, 3 October 2014 and 7 January and 7 April 2015.

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

Amount brought forward	244,260,147 SEK
Net profit for the year	591,393,305 SEK
Total	**835,653,452 SEK**

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders

SEK 1.50 per common share, total	249,816,540 SEK
SEK 10 per preference share, total	185,363,380 SEK
To be carried forward	400,473,532 SEK
Total	**835,653,452 SEK**

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

The Board further proposes that the Annual General Meeting decide that all new preference shares – a total of 1,853,633 preference shares – which can be issued by virtue of the Annual General Meeting's authorization, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 2.50 per preference share on the following record day as above.

In the event of a maximum use of the authorization for the Board to decide on a new issue, a dividend for future preference shares of at most SEK 18,536,330 will be paid. At least SEK 381,937,202 of the amount available for distribution will remain after dividends totalling at most SEK 453,716,250.

Klövern's financial position

Klövern's financial goals for 2013 were:

> Return on equity is to be at least equal to the risk-free interest rate plus at least nine percentage points in the long-term.
> The equity ratio shall amount to at least 25 per cent.
> The interest coverage ratio is to be at least 1.5 multiples.
> Dividend shall be at least 50 per cent of the profit from property management in the long term.
> The period of tied-up capital shall be at least 1.5 years.

The financial goals were achieved in 2013. According to the annual report, Klövern's equity ratio is 28.5 per cent in the Group and 38.1 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 27.3 per cent in the Group and 36.2 per cent in the Parent Company. The proposed dividend constitutes 6.0 per cent of shareholders' equity in the Group and 8.1 per cent of the equity in the Parent Company.

Motivation by the Board of Directors

Taking into account the statements made earlier, the Board considers that the proposed dividend can be justified taking into consideration the requirements made in Chapter 17, section 3, second and third paragraphs, of the Companies Act. The type and scope of activity does not entail risks to a greater extent than those normally occurring in the industry.

The assessment by the Board of the financial position of the Parent Company and the Group means that the dividend is justifiable in relation to the requirements that the type of business, extent and risk make on the size of the equity of the Parent Company and the Group and the consolidation requirements, liquidity and position otherwise of the Parent Company and the Group.

The view of the Board is that the proposed dividend will not affect the ability of Klövern AB to comply with its commitments in the short and long term or to make necessary investments.

Nyköping, 14 March 2014

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

AUDIT REPORT

To the Annual General Meeting in Klövern AB
Reg. no. 556482-5833

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and the consolidated accounts of Klövern AB (publ) for the 2013 financial year, with the exception of the Corporate Governance Report on pages 70–82. The annual report and consolidated accounts of the company are contained in the printed version of this document on pages 5–112.

Responsibilities of the Board of Directors and the CEO for the annual accounts and the consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

The auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of its financial performance and cash flows, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 70–82. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopt the statement of income and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Direcetors and the CEO of Klövern AB (publ) for the 2013 financial year. We have also performed a statutory review of the corporate governance report.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the corporate governance report on pages 70–82 being drawn up in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriation of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Director's proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has in, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition, we have read the corporate governance report and, on the basis of this reading, and our knowledge about the company and the group, we consider that we have sufficient grounds for our statements. This means that our statutory review of the corporate governance report has another direction and a considerably lesser extent compared with the direction and extent that an audit, in accordance with the International Standards on Auditing and good auditing standards in Sweden, has.

Opinions

We recommend to the Annual General Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A corporate governance report has been prepared and its statutory information is compatible with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 17 March 2014
Ernst & Young AB

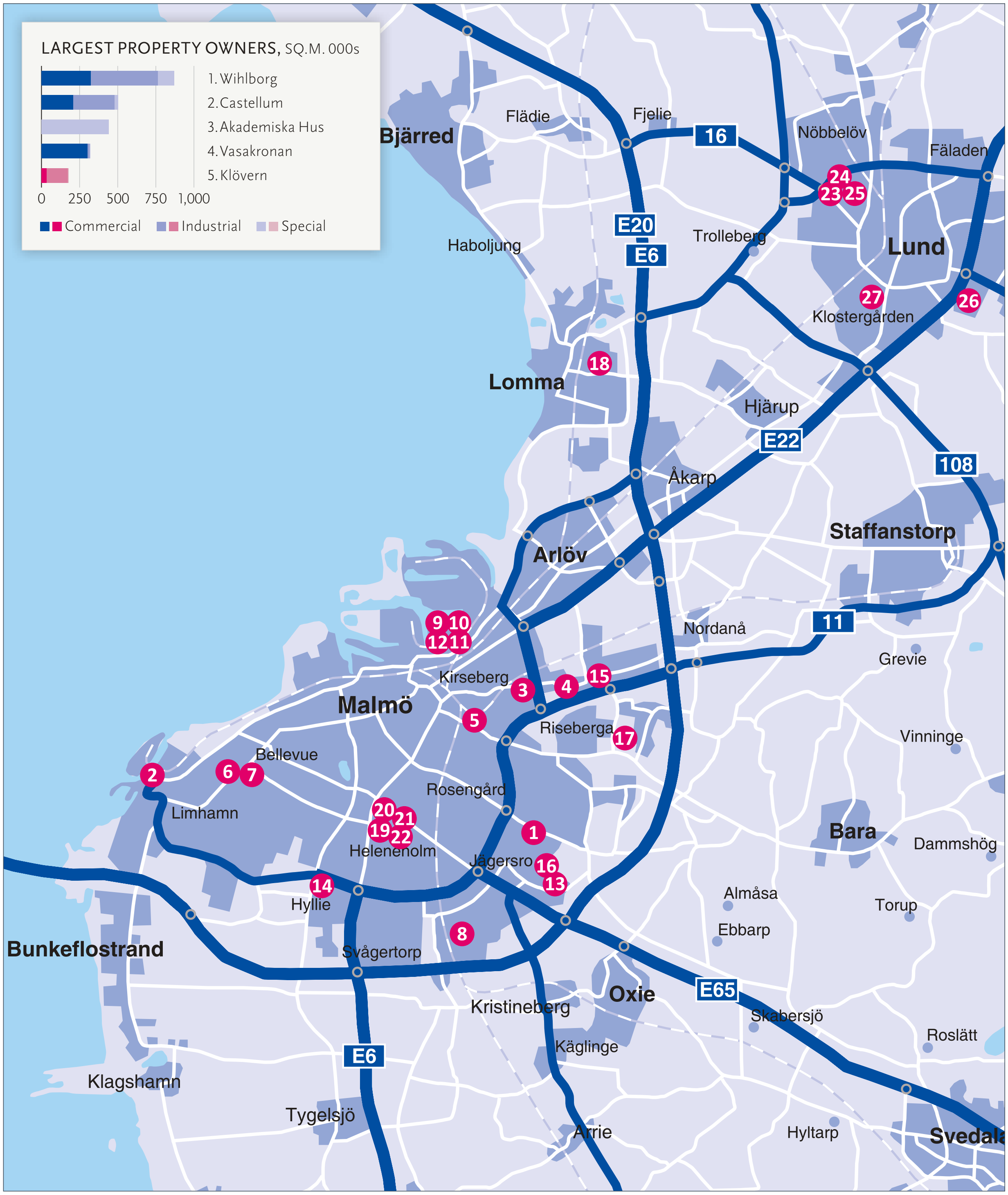
Mikael Ikonen
Authorized Public Accountant

SPECIFICATION OF PROPERTIES

The property Kallebäck 17:1 in Gothenburg.

SOUTH REGION

Öresund



The ranking refers to Greater Malmö.

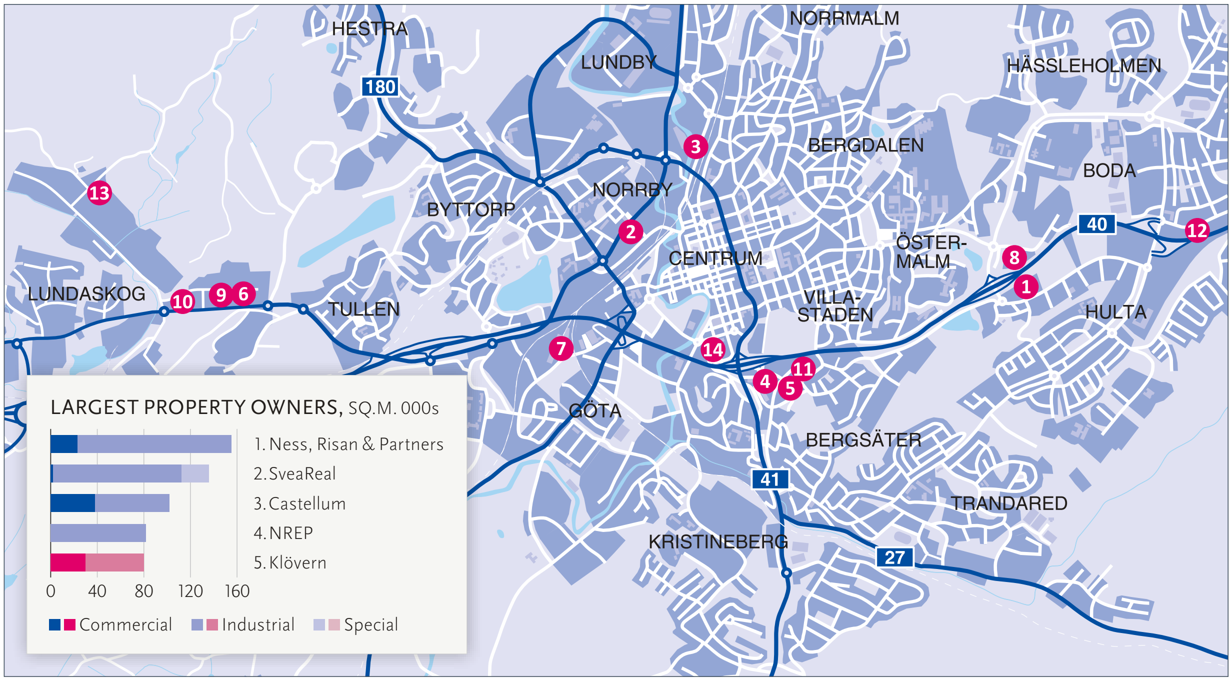
ÖRESUND

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Brudbuketten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.6	100	6.6
2	Dragör 1	Öv. 6, Malmö		Tomt	Other*						0	0	3.6
3	Flygfyren 3	Höjdroderg. 25, Malmö		1990/1990	Office	4,567	62	475	120	5,224	5.6	97	26.6
4	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Industry/ warehouse		3,975			3,975	3.2	100	20
5	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	S	1962/1962	Industry/ warehouse		5,520	2,890		8,410	4.6	99	18.1
6	Gjuteriet 21	Limhamnsv. 113, Malmö		Plot	Other*						0.1	100	4.8
7	Kajan 33	Limhamnsv. 104, Malmö		Plot	Other*						0	0	1.1
8	Krukskärvan 9	Stenyxeg. 32, Malmö	S	1981/1981	Industry/ warehouse		2,130			2,130	1.7	100	11.2
9-12	Kullen 1[1]	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Industry/ warehouse	9,340	70,995	5,165		85,500	29.5	69	162.8
13	Stigládret 10	Sadelg. 16, Betselg. 6A–B, Malmö	S	1978/1978	Industry/ warehouse	857	2,128			2,985	2.6	100	16.2
14	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270		843		5,113	6.7	100	22.5
15	Sunnanå 12:26	G:a Staffanstopsv., Burlöv		Plot	Other*						0	0	1.2
16	Tränsbettet 2	Travbaneg. 4, Malmö		1989/1989	Industry/ warehouse	982	2,730			3,712	2.2	87	14.4
17	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	Industry/ warehouse	610	1,795			2,405	2.2	100	12.4
18	Vinstorp 26:58	Hans Hanssons Gård, Lomma		Plot	Other*						0	0	0.5
19-20	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	3,949	2,632	6,665	15,405	13.4	79	10.5
21-22	Västerbotten 9[1]	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Retail	3,340	1,908	10,249	5,000	20,497	17.6	84	53.3
23-24	Gustavshem 2[1]	Gustavshemsv. 9, Lund		1972/1972	Industry/ warehouse	150	2,164			2,314	1.7	97	10.7
25	Gustavshem 6	Gustavshemsv. 1, Lund		1990/1990	Other*	296		1,371	2,936	4,603	6.1	92	0
26	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Industry/ warehouse		4,650			4,650	4.4	100	20.1
27	Nordanvinden 3	Nordanv. 5,7,9, Östanv. 2, Lund		1966/1966	Retail	595		1,996		2,591	3	100	16
–	Ekstaven 2	Industrig. 4, Spång. 1, Hässleholm		1979/1979	Retail	444	2,767	4,493		7,704	4.5	89	23.8
–	Härberget 1	Ö. Boulevarden 60, Ö. Vallg. 60, Kristianstad		1950/1970	Other*	1,620	6	286	2,306	4,218	4.4	100	26.6
–	Kidet 1	Föreningstorget 4–6, Eslöv		Plot	Other*						0	0	0.4
–	Kristianstad 4:7	Ö. Kasenrg. 3, Croniusg. 4, Kockumsg, Kristianstad		1904/1929	Office	5,747	3,634		5,231	14,612	10.6	91	11.6
–	Köpmannen 4	Andra Avenyn 3 etc, Hässleholm		1950/1973	Other*	157	115	160	1,282	1,714	2.2	95	12.7
–	Piken 4	Kabing. 38, Helsingborg		1980/1980	Office	2,509				2,509	2.2	100	6.4
–	Programmeraren 9	Metallg. 23, Ängelholm		Plot	Other*						0	100	8
–	Ratten 6	Rattg. 7, Landskrona	S	1991/1991	Industry/ warehouse	946	1,055			2,001	1.3	36	4.7
–	Rådjuret 1	Föreningstorget 4, 6, Eslöv		1966/1966	Office	3,047	159			3,206	2.2	91	10.6
–	Triangeln 3	Industrig. 61 mfl, Helsingborg		1950/1950	Industry/ warehouse	1,478	3,922	70		5,470	2.2	100	0
–	Urmakaren 2	Disponentg. 1, Industig. 3, Ystad		1949/1949	Other*				140	140	0	100	2
–	Urmakaren 6	Disponentg. 7, Ystad		1952/1952	Industry/ warehouse		100		100	200	0	100	1.8
–	Urmakaren 7	Herrestadsg. 2, Ystad		1957/1957	Industry/ warehouse		686			686	0.3	0	0.7
–	Urmakaren 10	Herrestadsg. 8, Ystad		1893/1929	Other*						0	0	1.9
–	Urmakaren 13	Fridhemsg. 43, Ystad		1909/1929	Other*				90	90	0	100	1.4
–	Urmakaren 16	Industrig. 1A, Ystad		1959/1959	Industry/ warehouse		841		96	937	0.2	100	1.3
–	Urmakaren 17	Industrig. 1B, Ystad		1970/1970	Industry/ warehouse						0	0	2
–	Urmakaren 18	Herrestadsg. 10, 12, Ystad		1974/1974	Retail			1,672		1,672	0.7	0	3
–	Urmakaren 21	Disponentg. 11, Ystad		1973/1973	Industry/ warehouse		936			936	0	100	2.6
–	Urmakaren 22	Disponentg. 13, Fridhemsg. 41, Ystad		1956/1956	Industry/ warehouse		420			420	0	100	0
–	Urmakaren 23	Herrestadsg. 6, Disponentg. 3, 5, Ystad		1965/1965	Industry/ warehouse		3,527		480	4,007	0	0	1.7
	TOTAL ÖRESUND					44,460	120,174	32,302	24,446	221,382	137.0	86	555.8

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

Borås

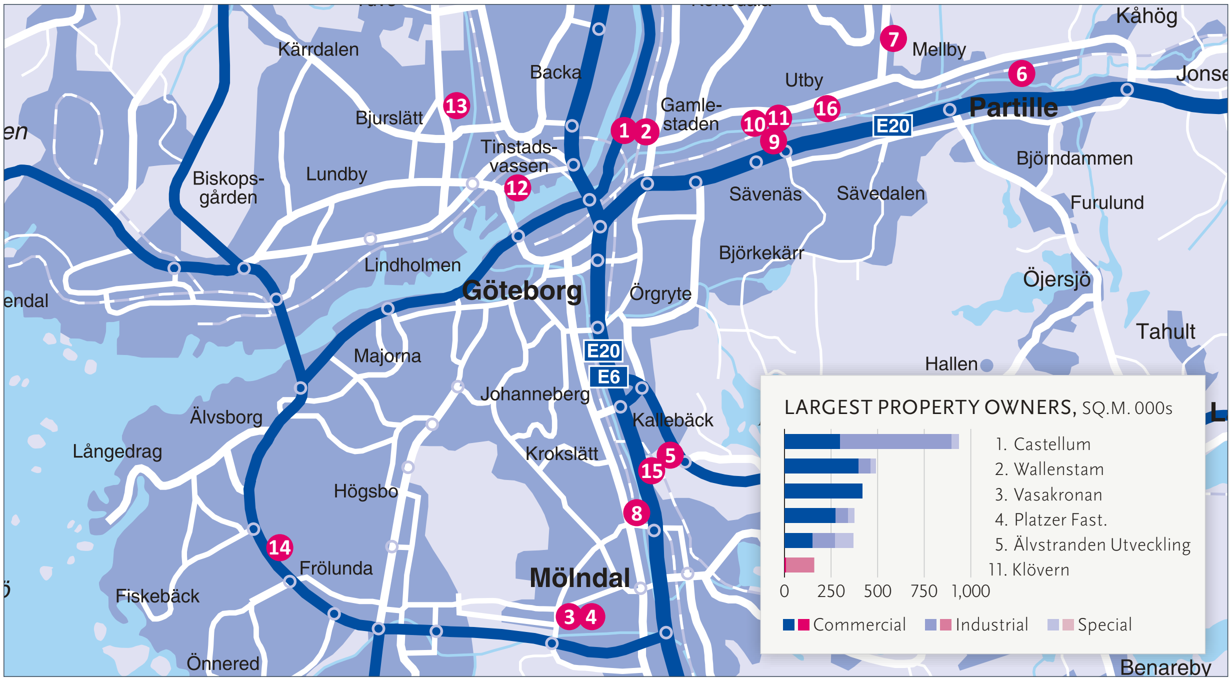


BORÅS

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Ekholma 7	Hultag. 15–17, Borås		2000/2001	Industry/ warehouse	1,758	3,392			5,150	3.2	74	20.9
2	Gjutaren 10	Norrby Tvärg. 7, Norrby Långg. 18, Borås		1966/1966	Industry/ warehouse	1,705	7,235			8,940	4.6	90	14.7
3	Grävlingen 5	Skaraborgsv. 21, 21 A, Borås		1887/1990	Office	6,755		625		7,380	7	86	48.1
4	Katrinedal 2	Katrinedalsg. 14, 16, 18, 20, Åsboholmsg. 12, Borås		1955/1988	Other*	1,895	2,629	282	3,806	8,612	7.1	99	34.6
5	Katrinehill 8	Åsboholmsg. 16, Borås		1959/1959	Office	5,159	1,255			6,414	5.1	98	23.6
6	Kuggen 1	Verkstadsg. 14, Borås		1992/1996	Industry/ warehouse		1,872			1,872	1.2	100	7.6
7	Laxöringen 1	Tullkammareg. 1, 3, 5, 7, Borås		1943/1960	Office	1,442	1,335			2,777	1.4	78	8.7
8	Milen 7	Solvarvsg. 4, 6, Borås		1969/1989	Industry/ warehouse	2,405	7,543			9,948	5.2	60	24.7
9	Muttern 2	Verkstadsg. 12, Borås		1963/1989	Industry/ warehouse	442	1,842			2,284	1.5	95	7.2
10	Niten 6	Verkstadsg. 2–4, Borås		1974/1974	Industry/ warehouse		2,401	1,657		4,058	2.2	42	7.3
11	Näckrosen 3	Katrinedalsg. 1, 3, Åsboholmsg. 25, Borås		1990/1990	Office	3,908	1,360			5,268	5.4	91	26.3
12	Raklinjen 2	Källbäcksrydsg. 6, 8, Borås		1968/1970	Industry/ warehouse		7,876			7,876	3.9	100	15.3
13	Rotorn 3	Masking. 4, Borås		1972/1975	Industry/ warehouse		3,037			3,037	1.4	97	7.7
14	Uranus 16	Bryggareg. 18, 20, Borås		1949/1960	Industry/ warehouse		4,696		2,494	7,190	3.2	87	11.2
	TOTAL BORÅS:					25,469	46,473	2,564	6,300	80,806	52.4	86	257.9

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

Gothenburg



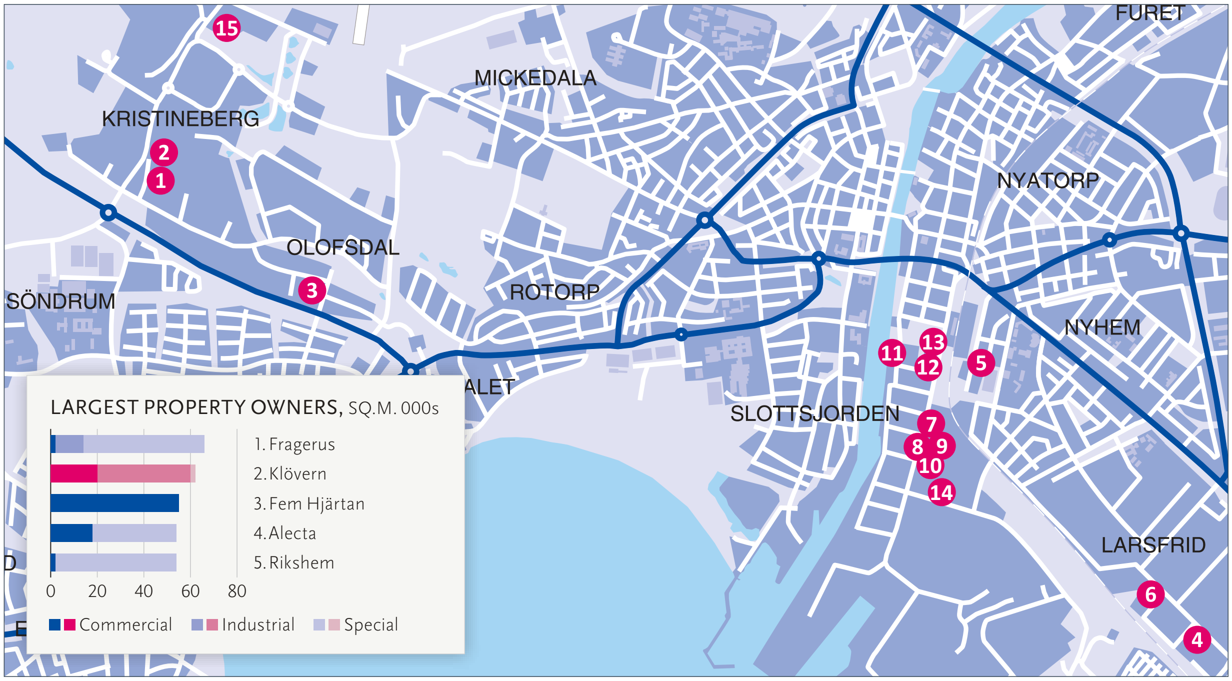
GOTHENBURG *(incl Lerum, Mölndal and Partille)*

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1–2	Gamlestaden 39:13[1]	Slakthusg. 8, Gothenburg		1963/1963	Industry/ warehouse	4,920	5,942	328		11,190	11.4	90	39
3–4	Hästägaren 3[1]	Idrottsv.14–16, Mölndal		2002/2002	Industry/ warehouse	9,022	39,042			48,064	38.4	100	173.4
5	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	22,097				22,097	21.7	100	93.8
6	Lexby 11:236	Laxfiskev. 4B, Partille		2007/2007	Industry/ warehouse		14,756			14,756	10	100	70.2
7	Mellby 5:120	Ögärdesv. 19, Partille		1990/1990	Office	3,256	1,836			5,092	5.4	88	26.7
8	Stockrosen 7	Norra Åg. 32, Mölndal		1947/1997	Office	3,004	1,718			4,722	5.3	88	31.6
9	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	Industry/ warehouse	318	7,273			7,591	5.3	97	18.4
10	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,921	155			2,076	1.7	100	8.4
11	Sävenäs 170:14	von Utfallsg. 16B–C, Gothenburg		1991/1991	Office	5,290				5,290	4.9	99	25.2
12	Tingstadsvassen 27:2	Tackjärnsg. 1, Gothenburg	S	1962/1962	Office	2,758			1,110	3,868	3.1	100	10.7
13	Tuve 86:2	Hildedalsg. 1, Gothenburg	S	2007/2007	Industry/ warehouse		5,301			5,301	4.6	100	24.7
14	Tynnered 1:15	Femvägsskälet 4, Gothenburg	S	1979/1979	Industry/ warehouse		2,600			2,600	2.5	100	16.6
15	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	2,159	1,325			3,484	4.5	84	13.1
16	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,631	4,775	310	1,270	15,986	14	90	60.4
–	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	1.5	100	0
–	Berg 1:91	Täljstensv., Lerum		Plot	Other*						0	0	0.7
–	Fodret 14	Kungegårdsg. 1, Norrlandsg. 6C, Alingsås		Plot	Other*						0	0	0
–	Tollestorp 7:6	Tollestorpsv. 2A–F, Lerum		1990/1990	Industry/ warehouse		3,235			3,235	1.8	63	9
–	Ugglum 9:243	Industriv., Partille		Plot	Other*						0	0	3.3
–	Ölslanda 10:81	Hantverksv. 21, Lerum		1990/1990	Office	1,716				1,716	0.8	100	4.1
–	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*				3,234	3,234	2.3	100	0
	TOTAL GOTHENBURG					66,593	88,018	638	6,509	161,758	139.2	96	629.3

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

Halmstad



HALMSTAD

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Eketånga 24:37	Kristinebergsv. 18–20, Halmstad		1989/1990	Industry/ warehouse	746	960		10	1,716	0.8	76	6.3
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Industry/ warehouse	2,007	3,317			5,324	2.8	48	17
3	Eketånga 5:417	Industriv. 1, Halmstad		1962/1962	Industry/ warehouse	396	3,168			3,564	1.5	93	8.9
4	Fläkten 1	Svetsareg. 16, Halmstad	S	1974/1974	Industry/ warehouse		12,679			12,679	5.7	50	17
5	Fotbollen 17	Bolmeng 11, Halmstad		1929/1929	Office	480				480	0.4	100	0
6	Fregatten 7	Svetsareg. 8, Halmstad		1978/1978	Office	1,517				1,517	1	100	5.4
7	Halmstad 2:25	Stationsg. 37, Halmstad		Plot	Other*						0	0	0
8–10	Halmstad 2:28[1]	Stationsg. 37, Halmstad		1920/1929	Industry/ warehouse	2,316	9,567	2,351	200	14,434	14.3	97	58.8
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Office	2,943				2,943	2.2	64	13.7
12	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Industry/ warehouse	183	1,148		75	1,406	0.5	24	2.7
13	Orkanen 2	Stationsg. 50, Halmstad		1948/1948	Industry/ warehouse		1,300			1,300	0.4	0	1.3
14	Ostkupan 3	Stålverksg. 1, Halmstad		1950/1950	Office	7,021	5,619			12,640	5.4	95	28.2
15	Slåttern 2	Kundv. 15, Halmstad		2008/2008	Retail			3,616		3,616	3.6	100	19.8
	TOTAL HALMSTAD					17,609	37,758	5,967	285	61,619	38.6	82	179.1

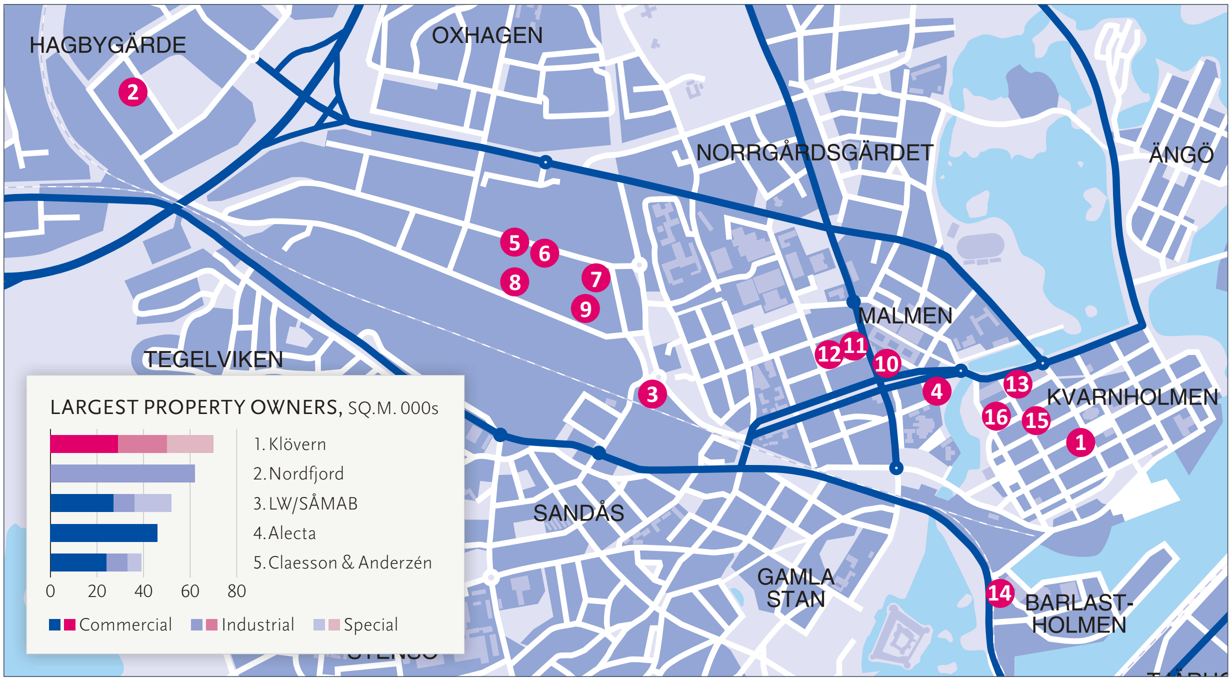
* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
TOTAL SOUTH REGION	154,131	292,423	41,471	37,540	525,565	367,2	89	1,622,1
TOTAL KLÖVERN	1,149,915	946,317	206,428	320,999	2,623,659	2,569,9	90	12,474,5

EAST REGION

Kalmar



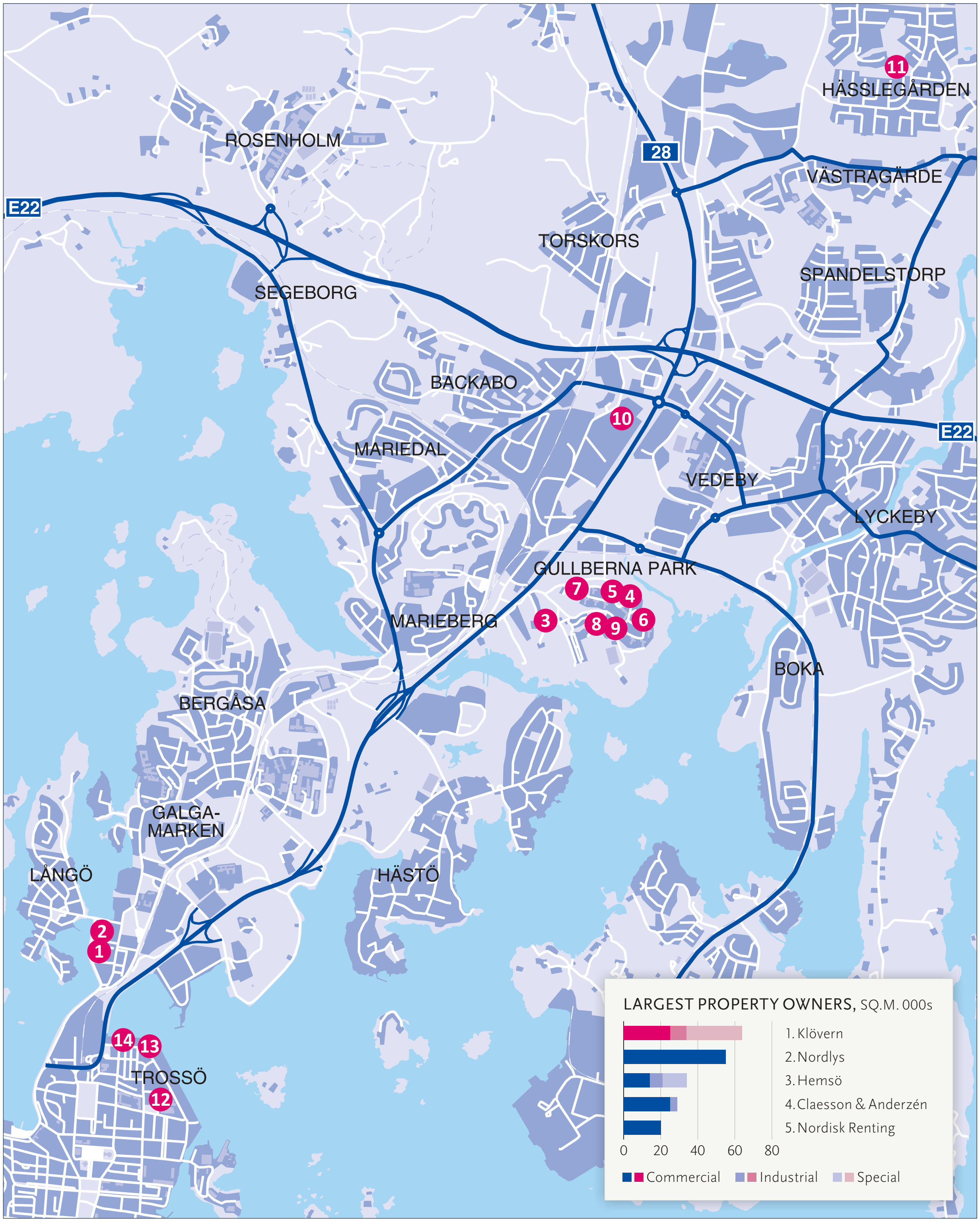
KALMAR

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Retail	771	100	817	182	1,870	2.8	96	20.4
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Industry/ warehouse	1,153	9,723			10,876	6.8	97	21.7
3	Fredriksdal 1	Lorensbergsleden 1, 3, Kalmar		1975/1975	Other*	750	1,108		1,640	3,498	2.7	93	0
4	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Office	1,530	404		1,095	3,029	3	99	19.6
5–9	Gumsen 31[1]	Verkstadsg. 3, Kalmar		1950/1960	Industry/ warehouse	6,171	11,580	1,153	6,115	25,019	13.8	90	39.7
10	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Office	3,989	1,093	615	1,091	6,788	7	90	13.9
11	Korpen 18	Fabriksg. 31, Kalmar		1976/1976	Office	2,072	70		1,402	3,544	4.1	95	26.1
12	Korpen 20	Fabriksg. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,383	101		3,898	6,382	7.6	88	0
13	Lärlingen 5	Kaggensg 40, 42, 44, Strömg. 7, Kalmar		1960/1960	Office	3,404	311	805	48	4,568	5.2	99	30.2
14	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Office	1,663			596	2,259	3.4	100	10.8
15	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Retail	567	21	748		1,336	2	98	14.6
16	Tenngjutaren 1	Strömg. 2, Larmg. 40, Kalmar		1974/1979	Office	1,286	68		297	1,651	1.9	100	12.7
	TOTAL KALMAR					25,739	24,579	4,138	16,364	70,820	60.3	94	209.7

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

Karlskrona


HÄSSLEGÅRDEN
11
ROSENHOLM
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VÄSTRAGÄRDE
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TORSKORS
SPANDELSTORP
SEGEBORG
BACKABO
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E22
MARIEDAL
VEDEBY
LYCKEBY
GULLBERNA PARK
7
5
4
3
8
9
6
MARIEBERG
BOKA
BERGÅSA
GALGA-
MARKEN
LÅNGÖ
HÄSTÖ
2
1
14
13
TROSSÖ
12
LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Klövern
2. Nordlys
3. Hemsö
4. Claesson & Anderzén
5. Nordisk Renting
0
20
40
60
80
Commercial
Industrial
Special

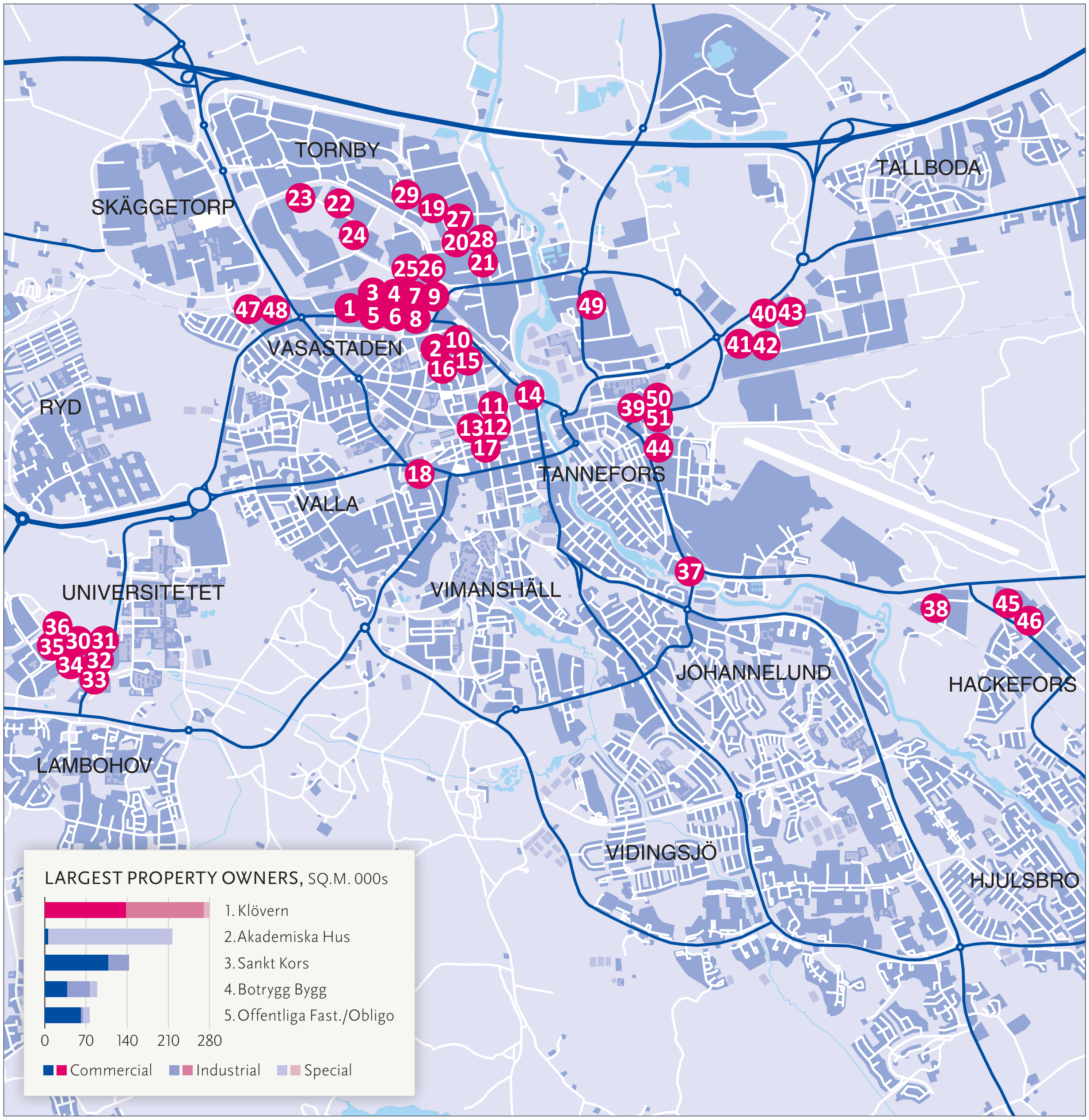
KARLSKRONA *(incl Växjö)*

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Fregatten 16	Långg. 7, Karlskrona		1980/1980	Other*				5,935	5,935	6.2	100	0
2	Garvaren 26	Långg. 11, Karlskrona		1974/1974	Industry/ warehouse		3,625			3,625	1.9	100	7.7
3	Gullbernahult 1	Koloniv. etc., Gullberna Park, Karlskrona		Plot	Other*						0	100	0
4	Gullbernahult 12	Adonisv. Gullberna Park, Karlskrona		Plot	Other*						0	0	1.5
5	Gullbernahult 13	Adonisv. Gullberna Park, Karlskrona		Plot	Other*						0	0	1.5
6	Gullbernahult 21	Storören, Måsskär, Gullberna Park, Karlskrona		1961/1961	Other*	650	176		5,307	6,133	5.8	95	6.4
7	Gullbernahult 26	Ljungskär, Tvegölja, Gullberna Park, Karlskrona		1956/1956	Other*	1,719	1,784	650	8,736	12,889	11.6	99	19.3
8	Gullbernahult 31	Koloniv. 58, 60, 62, Karlskrona		1993/1993	Other*		105		4,201	4,306	4.4	100	27.8
9	Gullbernahult 82	Flaggskär, Söderskär, Gullberna Park, Karlskrona		1958/1958	Office	3,012	1,477	733	2,077	7,299	4.2	73	18.7
10	Hammaren 1	Gullbernav. 22, Karlskrona		1974/1974	Office	4,296	1,082			5,378	3.5	100	11.7
11	Pimpinellan 1	Väderg. 9, Karlskrona		2009/2009	Other*				960	960	2.4	100	0
12	Psilander 60	Ölandsg. 1, Karlskrona		1939/1995	Office	14,470				14,470	13.5	100	94.5
13	Skeppsbron 1	Skeppsbrokajen 4a, 4b, 6, Karlskrona		2012/2012	Office	2,727		280		3,007	8	100	44.8
14	Skeppsbron 2	Landbron 3, Östra Hamng. 2, 4, Karlskrona		Plot	Office	200	200			400	1	0	0
–	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.3	100	42.8
–	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Industry/ warehouse		5,300			5,300	3.3	100	19.5
	TOTAL KARLSKRONA					35,274	13,749	1,663	27,216	77,902	74.1	97	296.2

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

Acquisition during 2013

Linköping


TORNBY
SKÄGGETORP
TALLBODA
VASASTADEN
RYD
VALLA
TANNEFORS
UNIVERSITETET
VIMANSHÄLL
JOHANNELUND
HACKEFORS
LAMBOHOV
VIDINGSJÖ
HJULSBRO
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1 3 4 7 9 5 6 8 47 48 49 40 43 41 42
2 10 16 15 11 13 12 17 14 39 50 51 44 18
37 38 45 46 36 35 30 31 34 32 33
LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Klövern
2. Akademiska Hus
3. Sankt Kors
4. Botrygg Bygg
5. Offentliga Fast./Obligo
0 70 140 210 280
Commercial Industrial Special

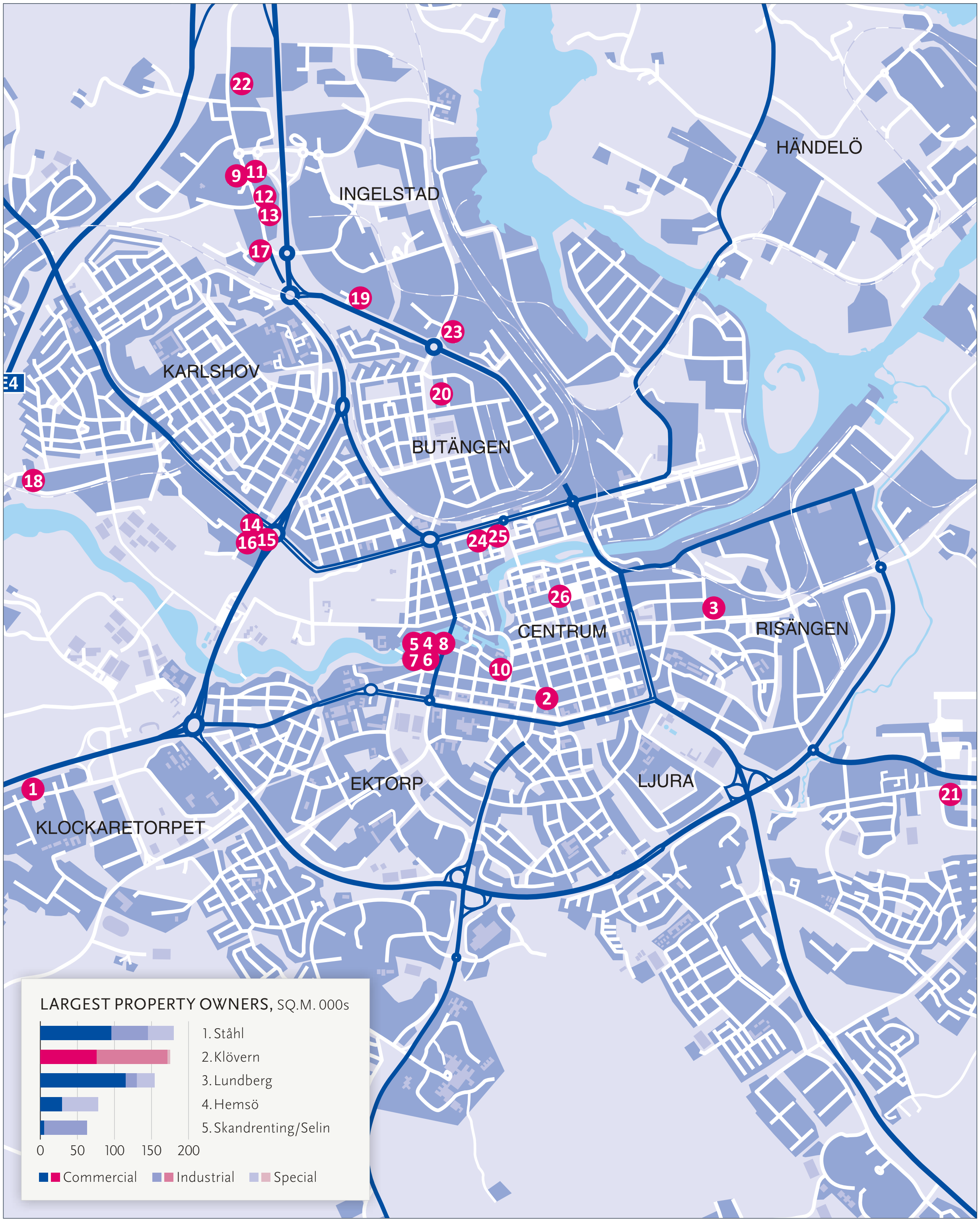
LINKÖPING

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Ackordet 10	Industrig. 15, Linköping		1954/1954	Retail	953	88	3,331		4,372	4.2	86	20.7
2	Amor 1	Platensg. 26, Linköping		1929/1990	Office	3,292				3,292	4.6	100	29.8
3	Antennen 15	Mellang. 9, Linköping		1986/1986	Office	7,345	3,027	972	464	11,808	8	68	33.6
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office						0	0	0
5	Antennen 23	Industrig. 11A–C, Linköping		1986/1986	Office						0	0	19
6	Antennen 24	Industrig. 11A–C, Linköping		1947/1972	Office						0	0	4.2
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	Industry/ warehouse	930	1,873			2,803	1.1	98	8.8
8	Antennen 6	Industrig. 9, Linköping		1954/1988	Industry/ warehouse						0	0	0
9	Antennen 9	Alkag. 4–6, Linköping		1948/1988	Office	3,798	2,494			6,292	4.7	94	22.8
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A–D, Linköping		1929/1959	Office	3,640	345	95	271	4,351	4.9	84	26.5
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,181	165		257	7,603	8.6	69	45.4
12	Brevduvan 20	Åg.31, S:t Larsg. 24, Linköping		1990/1990	Office	3,404	72	509	38	4,023	5.6	100	40.2
13	Brevduvan 21	Klosterg. 19, Åg. 33–37, Linköping		1991/1991	Office	8,938	68	348	234	9,588	12.6	100	85.9
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1–3, Linköping		1958/1992	Office	5,816	55	1,528	3,047	10,446	14.7	98	90.2
15	Bävern 13	Hertig Karlsg. 2 A–C, 4 A–B, Linköping		1981/1981	Office	5,496	395			5,891	7.4	90	38.6
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				996	996	0.8	98	0
17	Dahlian 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Retail	1,778	319	2,249	298	4,644	8.2	99	47.6
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,298				6,298	9.3	99	41.2
19	Galgen 3	Gillbergag. 23, 25, Linköping		1975/1975	Retail	1,340	1,059	1,409	96	3,904	2.7	88	16.9
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	Industry/ warehouse	4,625	9,438	440	422	14,925	6.6	71	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A–D, Roxeng. 18, Linköping		1946/1960	Office	3,674	590			4,264	3.3	94	18.4
22	Glasberget 1	Attorpsg. 7–23, Linköping		1989/1992	Office	7,138	895		1,575	9,608	8	83	44.5
23	Glasbiten 1	Attorpsg. 2, Linköping		1977/1977	Industry/ warehouse		4,160			4,160	4.2	100	16.4
24	Glasbiten 7	Roxtorpsg. 9, Linköping		1973/1989	Industry/ warehouse	2,021	9,591			11,612	11.2	89	42.2
25–26	Glasblåsaren 7[1]	Tornbyv. 1, Linköping		1929/1929	Retail	3,449	804	5,191	794	10,238	12.8	82	75.4
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	Industry/ warehouse	1,024	1,897		360	3,281	1.6	73	10
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,772		310		2,082	2.1	99	10.9
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,449	75			1,524	1.2	46	6.3
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,720	166			3,886	4.1	82	24.4
31–33	Idéläran 1[1]	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping		1986/1999	Office	15,604	15		22	15,641	21.7	97	105.1
34	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5	100	0
35–36	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping		1990/2001	Office	20,777	684	670	345	22,476	26.2	80	158.9
37	Kvarnen 4	Stationsgatan 14,16,18, Linköping		1935/1955	Retail	2,003	907	2,205		5,115	3.4	72	17
38	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	Industry/ warehouse	140	14,750			14,890	5.8	88	32.3
39	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	Industry/ warehouse		635			635	0.2	100	2.8
40	Magneten 2	Finnög. 12, Linköping	S	1980/1980	Industry/ warehouse	102	6,127			6,229	3.5	98	20.5
41	Masugnen 1	Torvingeg. 1, Linköping		1975/1975	Retail		391	663		1,054	0.7	100	3.6
42	Masugnen 2	Torvingeg. 3, Linköping		1972/1977	Industry/ warehouse		3,461			3,461	2.3	100	8.4
43	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	Industry/ warehouse						0	0	0
44	Mekanikern 22	G Tanneforsv. 17A, Vimarkg. 1, 3, 5, 7, 9, Linköping		1947/1998	Industry/ warehouse	5,219	12,762		2,962	20,943	13.9	97	44.4
45	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	Industry/ warehouse		11,209			11,209	5.2	75	30.1
46	Navhålet 3	Låsblecksg. 5, Linköping		1991/1991	Industry/ warehouse	2,778	3,684			6,462	3.8	88	19.8
47–48	Oboisten 2[1]	Barhällsg. 1, 10, Linköping		1952/1952	Industry/ warehouse	73	8,993	568		9,634	3.4	83	21.2
49	Paletten 1	Gumpekullav. 8, Ottarg. 3, Linköping		1980/1980	Office	5,339	341		8	5,688	5.3	9	24.6
50	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	Industry/ warehouse		1,071			1,071	0.5	100	4.6
51	Tannefors 1:90	Hagalundsv. 3B, Linköping		Plot	Other*						0	0	0
	TOTAL LINKÖPING					141,116	102,606	20,488	16,915	281,125	253.4	89	1,354.3

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

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

Norrköping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CENTRUM
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RISÄNGEN
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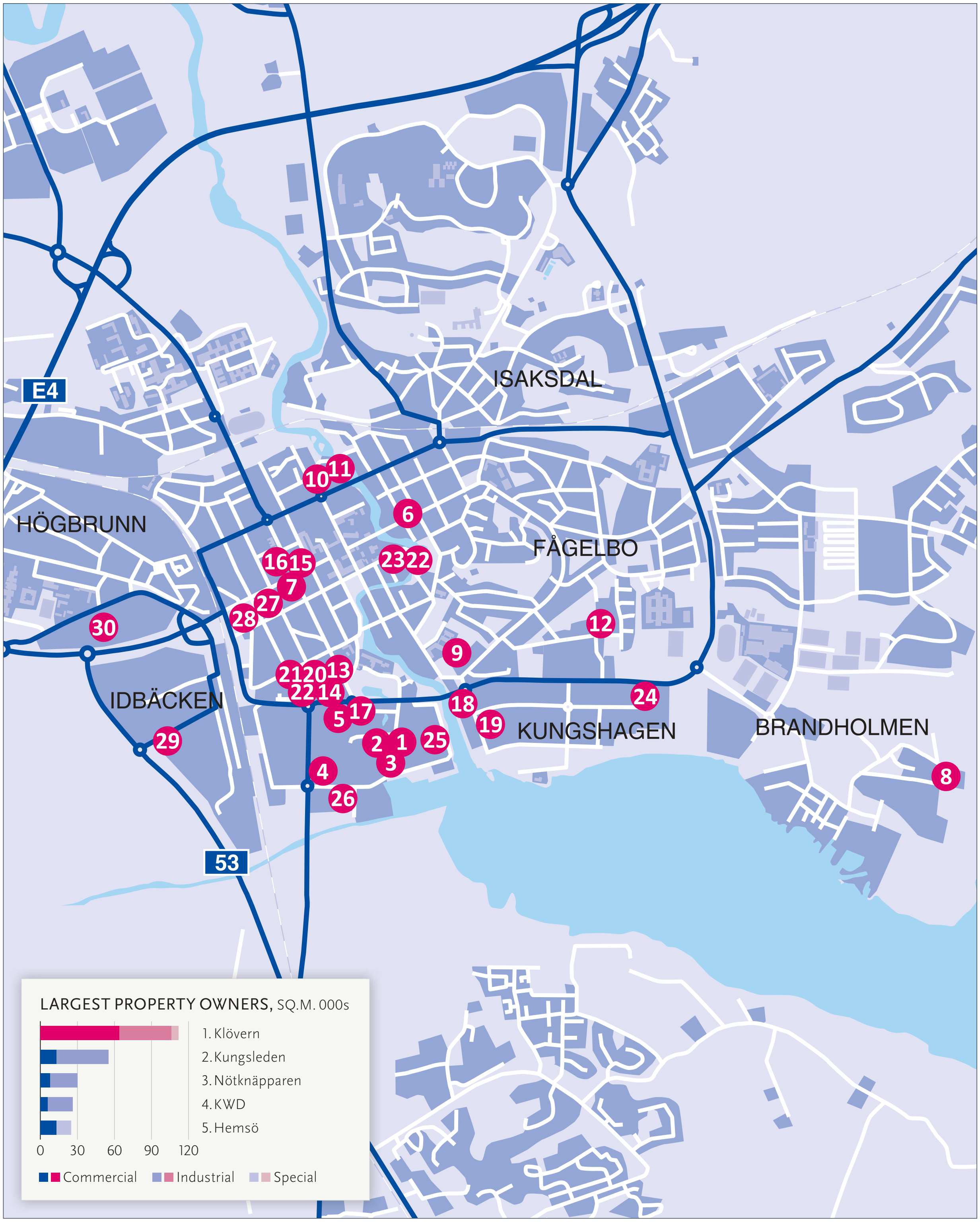
2
EKTORP
LJURA
1
KLOCKARETORPET
21
LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Ståhl
2. Klövern
3. Lundberg
4. Hemsö
5. Skandrenting/Selin
0
50
100
150
200
Commercial
Industrial
Special

NORRKÖPING

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58			1,204	1.2	94	4
2	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	3,114	143	1,364	266	4,887	7.7	92	51.1
3	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	3,091	1,666		130	4,887	4.4	97	12.5
4–7	Kopparhammaren 2[1]	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	24,065	4,246	1,096	7,264	36,671	38.8	85	166.4
8	Kopparhammaren 7	Kungsg. 56, N Grytsg. 2,4,6, Norrköping		1929/1929	Office	3,377	121		990	4,488	8.7	95	0
9	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	4,090	2,897			6,987	5.6	100	42.2
10	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.5	100	75.4
11	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Industry/ warehouse	755	2,623	610		3,988	3	98	15.9
12	Malmen 6	Kopparg. 10, Norrköping		1963/1963	Industry/ warehouse		6,900			6,900	2.1	0	19.7
13	Malmen 8	Kopparg. 10, Norrköping		Plot	Other*						0.9	100	1.5
14–16	Omformaren 7[1]	Hagag. 10, Norrköping		1951/1968	Industry/ warehouse	85	4,760	4,178	3,065	12,088	7.7	98	21.3
17	Platinan 1	Platinag. 1, Norrköping		1988/1988	Retail			4,375		4,375	3.4	100	14.4
18	Regulatorn 3	Kabelv. 15, Norrköping		1996/1996	Industry/ warehouse	1,325	2,287	580	513	4,705	3	38	14.9
19	Reläet 9	Ståthögav. 48, Norrköping		1960/1993	Industry/ warehouse	5,348	22,196	1,621	2,978	32,143	17.5	69	82.7
20	Ritsaren 10	Industrig. 7–9, Masking. 23, Norrköping		1964/1986	Retail	586	209	4,851		5,646	4.8	98	18.4
21	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	4,346	1,453			5,799	5.9	96	22.9
22	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Industry/ warehouse		6,866			6,866	3.1	100	31.8
23	Statorn 10	Malmg. 4, Norrköping		1938/1978	Industry/ warehouse	1,747	1,758	1,085	61	4,651	3.8	97	14.9
24	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,603	226	2,571	810	12,210	14.2	92	69.8
25	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office						0	0	0
26	Svärdet 8	Hospitalsg. 17 etc., Norrköping		1967/1976	Office	7,638	15	365		8,018	12.5	100	56.6
–	Nejlikan 13	Fredsg. 30, 32, Katrineholm		1951/1951	Other*	19	56		2,491	2,566	2.8	100	0
	TOTAL NORRKÖPING					77,484	58,480	22,696	20,184	178,844	166.6	89	736.4

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Nyköping


E4
53
HÖGBRUNN
ISAKSDAL
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BRANDHOLMEN
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LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Klövern
2. Kungsleden
3. Nötknäpparen
4. KWD
5. Hemsö
0
30
60
90
120
Commercial
Industrial
Special

NYKÖPING

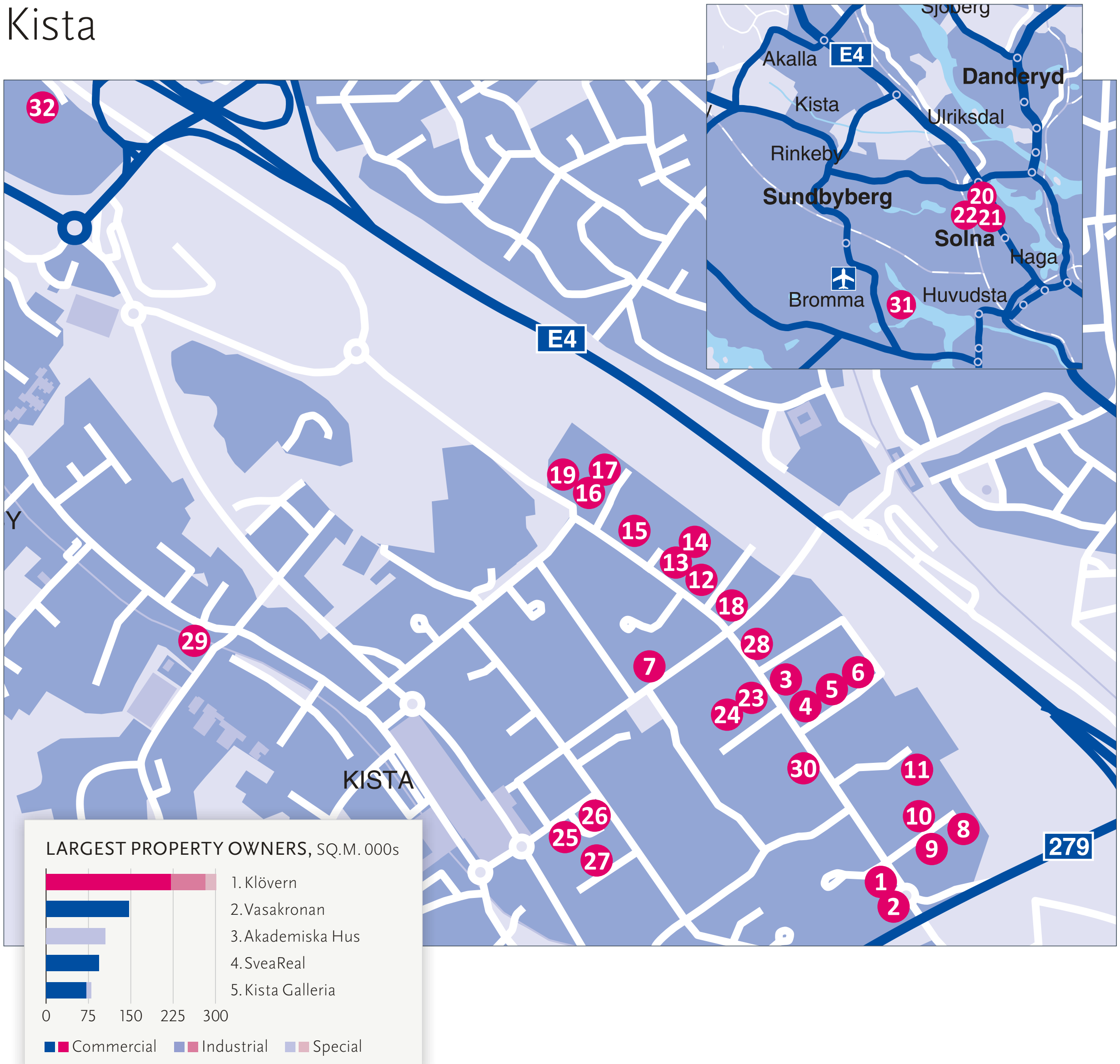
No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1–3	Ana 11[1]	Gästabudsv. 2 etc., Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,492	12,875		5,014	31,381	23	75	98.2
4	Ana 12	Spelhagsvgäen 1, Nyköping		1984/1984	Industry/ warehouse		2,710	520		3,230	1.9	61	9.1
5	Ana 13	Nyckelv. 14, Nyköping		Plot	Other*						0	0	0.7
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Retail	400		802	681	1,883	2	91	14
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping		1929/1987	Retail	170	19	1,531	856	2,576	3.6	100	27.9
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Industry/ warehouse	251	7,453		97	7,801	3.9	99	23.1
9	Brädgården 3	Folkkungav. 1, Nyköping		Plot	Other*						0.2	88	0
10–11	Fors 11[1]	Repslagareg. 43, Nyköping		1929/1987	Office	8,658	2,052	506		11,216	12.3	90	52.9
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.7	100	0
13	Glödlampan 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Retail	243		570		813	1	98	2.8
14	Glödlampan 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535				535	0.8	100	2
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Retail	475		691		1,166	1.7	99	12.7
16	Hotellet 18	Brunnsg. 35, Nyköping		1940/1940	Retail			487	335	822	0.7	100	4.1
17	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	1	100	5.5
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg 4, 6, Nyköping		1929/1989	Other*	380		325	693	1,398	1.6	97	8.5
19	Lansen 13	Gasverksv. 2, Ö Längdg. 5 , 7, Nyköping		1977/1991	Office	3,887		2,410		6,297	6.5	91	35.1
20–21	Mjölkflaskan 8[1]	Bagareg. 3 A–C, Fruängsg. 4, Kungsg. 16, Nyköping		1929/1940	Other*	2,477	833	157	4,999	8,466	8.9	87	0
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,926	10	270		2,206	3	97	13.7
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,638	205			1,843	1.8	93	13.8
24	Skölden 2	Gasverksv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.7	93	9.3
25	Spelhagen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Industry/ warehouse		5,747			5,747	1.5	46	7.8
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Retail			1,280		1,280	1.4	100	10.9
27–28	Standard 17[1]	V Storg. 2–6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping		1969/1993	Office	3,057	72	2,944	550	6,623	10.3	100	73.1
29	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Retail	338	2,160	2,420		4,918	3.4	100	13.4
30	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.4	100	0
–	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Industry/ warehouse	647	1,830	819	1,423	4,719	3.7	85	13.7
–	Fabrikatet 4	Materialv. 3, Nyköping		Plot	Other*						0	0	0.5
–	Fabrikatet 5	Materialv. 3, Nyköping		Plot	Other*						0	0	0.3
	TOTAL NYKÖPING					41,181	36,056	15,732	20,308	113,277	103.0	89	453.1

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
TOTAL EAST REGION	320,794	235,470	64,717	100,987	721,968	657.4	90	3,049.7
TOTAL KLÖVERN	1,149,915	946,317	206,428	320,999	2,623,659	2,569.9	90	12,474.5

STOCKHOLM REGION

Kista

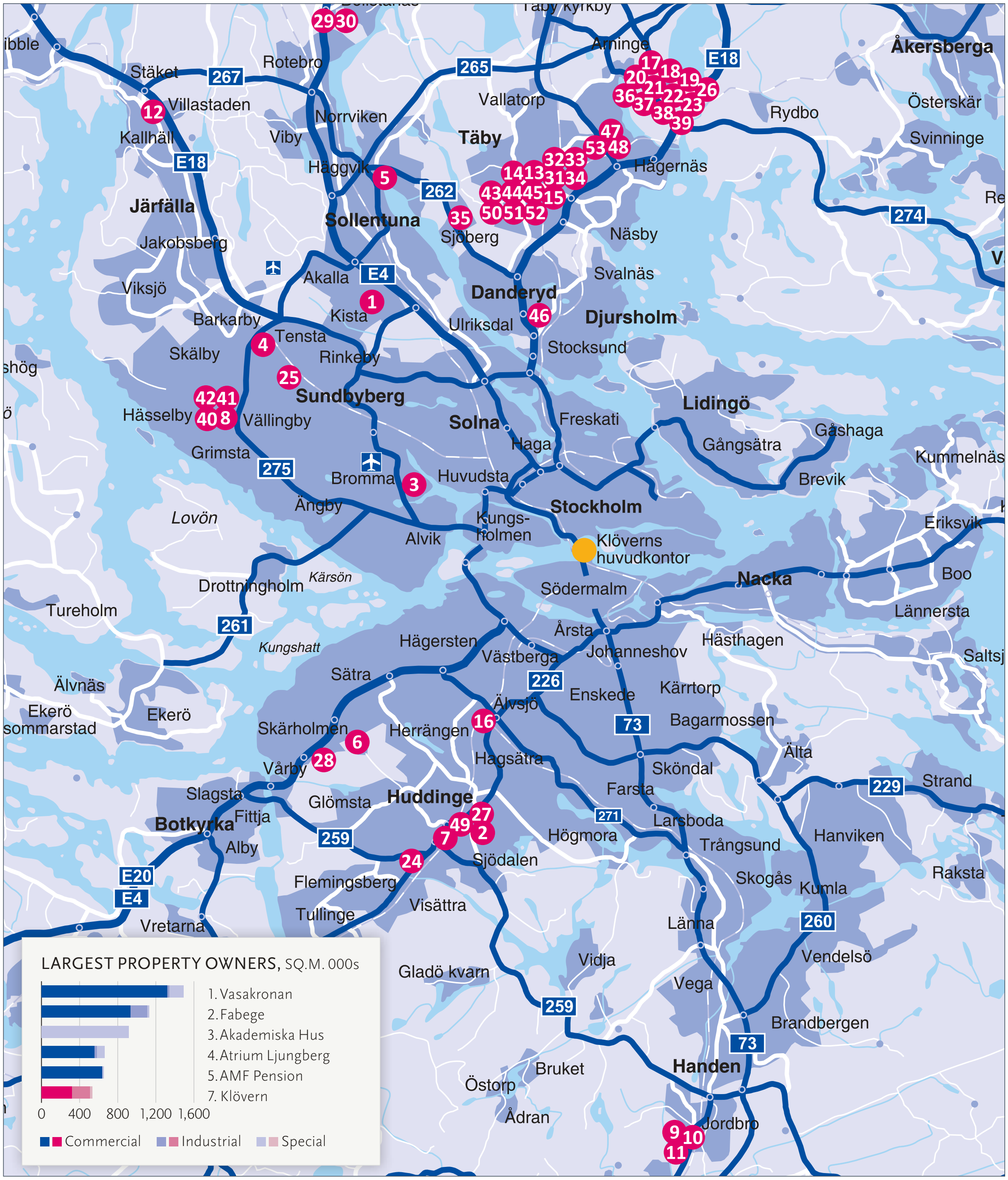


KISTA

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Alptanäs 2	Torshamnsg. 7, 7A, 9, Haukadalsg. 1, Stockholm	S	1981/1981	Office	3,030				3,030	2.3	56	19.3
2	Alptanäs 3	Torshamnsg. 1, 3, 5, Stockholm	S	Plot	Other*						0.5	100	1.2
3	Borg 1	Torshamnsg. 16, Stockholm	S	1977/1977	Office	1,411				1,411	0.8	6	0
4	Borg 2	Strömög. 3, Stockholm	S	1981/1981	Industry/ warehouse		4,655			4,655	5.2	100	27.4
5	Borg 3	Strömög. 5, Stockholm	S	1978/1978	Industry/ warehouse		1,837			1,837	2.2	100	11.9
6	Borg 6	Strömög. 7, Vågög. 8, Stockholm	S	1980/1980	Industry/ warehouse	1,208	5,104	105		6,417	6.7	97	41.6
7	Borgarfjord 4	Kistagången 10, Torshamnsg. 31–33, Stockholm	S	1983/1983	Office	15,470			6	15,476	19.1	100	135
8	Geysir 1	Österög. 4, Stockholm	S	1979/1979	Industry/ warehouse		5,110			5,110	5.4	100	34.8
9	Geysir 2	Österög. 2, Stockholm	S	1980/1980	Industry/ warehouse	2,250	5,097	165		7,512	7.4	90	39.4
10	Gullfoss 3	Österög. 1, 3, Stockholm	S	1979/1983	Office	5,526	1,993			7,519	11.3	90	49.6
11	Gullfoss 5	Viderög. 6, Stockholm	S	1979/1983	Office	3,477				3,477	2.3	23	18.5
12	Helgafjäll 1	Torshamnsg. 22, 24 A–D, 26 A–B, Stockholm	S	1979/1979	Office	10,673	1,572			12,245	23.3	98	79.3
13–14	Helgafjäll 2[1]	Torshamnsg. 28 A–B, 30 A–E, 32 A–D, 34 A–B, Stockholm	S	1981/1981	Office	25,366	1,528		53	26,947	29.5	64	164
15	Helgafjäll 3	Torshamnsg. 36, 38, 40, Stockholm	S	1980/1990	Industry/ warehouse	3,965	10,502			14,467	25.1	100	91.6
16–17	Helgafjäll 4[1]	Torshamnsg. 42, 44, 46, Stockholm	S	1998/1998	Office	16,778	225			17,003	34.1	100	218
18	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Stockholm	S	1978/1988	Office	13,987	262	1,567	267	16,083	23.9	90	160
19	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Stockholm		2001/2002	Office	24,414	30		6	24,450	49.1	100	329
20–22	Hilton 3[1]	Gustav III:s Boulevard 40–46, Stockholm		2003/2003	Office	17,546	669	261	6	18,482	49.8	93	418.6
23–24	Isafjord 1[1]	Grönlandsgången 6, Torshamnsg. 21, 23, Stockholm		1976/2008	Office	64,896			9,237	74,133	142.6	100	918
25	Knarrarnäs 3	Färög. 5, 7, Stockholm	S	1985/1985	Office	6,921	234			7,155	15	100	81.5
26	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Stockholm	S	1985/1985	Office	6,573	1,024	488		8,085	6.9	61	64.9
27	Knarrarnäs 9	Knarrarnäsg. 15, Stockholm	S	1984/1986	Office	4,748	119		3	4,870	9.9	93	63
28	Lidarände 1	Torshamnsg. 18, Stockholm		1979/2008	Industry/ warehouse	2,855	16,406	685		19,946	31.1	96	165.2
29	Röros 1	Norgeg. 1, Stockholm	S	1985/1985	Office	2,888	28			2,916	4.2	71	17.9
30	Skaftå 1	Torshamnsg. 19, Stockholm		Plot	Other*						0	0	0
31	Slaggteglet 2	Voltav. 4, Stockholm		1929/1975	Office	1,775	205			1,980	2.1	90	11.9
32	Varmvattnet 3	Esbog.8, Stockholm	S	1977/1977	Industry/ warehouse		14,757			14,757	12.8	100	80
	TOTAL KISTA					235,757	71,357	3,271	9,578	319,963	522.6	94	3,241.6

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

GREATER STOCKHOLM



The ranking refers to the County of Stockholm, including Kista.

GREATER STOCKHOLM

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Kista												
2	Brynjan 5	Solfagrav. 33, 35, Huddinge		1965/1965	Industry/warehouse	758	1,603	192		2,553	2.5	73	11
3	Båglampan 35	Ranhammarsv.21, Stockholm		1967/1967	Industry/warehouse		7,318	537		7,855	7.2	98	25.6
4	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778			3,673	4.2	100	26.5
5	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna		1988/1988	Office	2,600				2,600	3.2	100	17
6	Ellipsen 5	Ellipsv., Huddinge		1997/1997	Office	2,800				2,800	2.6	100	16.3
7	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600				1,600	3.2	100	21.1
8	Johannelund 7	Krossg. 10, 12, 14, 16, 18, Sorterarg. 23, Stockholm	S	1969/1969	Office	14,029	8,259	505	869	23,662	19.9	42	62.9
9	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Industry/warehouse		27,620		5	27,625	18.1	100	136.9
10	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Industry/warehouse						0	0	0
11	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Industry/warehouse						0	0	0
12	Kallhäll 9:36	Galgbacken 3, Järfälla		1993/1993	Industry/warehouse		5,150			5,150	4.1	0	0
13	Kannringen 1	Enhagsslingan 2, 4, Täby		1988/1988	Office	4,094				4,094	4.9	91	29.4
14	Kannringen 2	Enhagsslingan 6, 8, Täby		1991/1991	Office	1,972	34			2,006	2.6	99	14.1
15	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,501	332		1,374	14,207	18	97	90.4
16	Konsumenten 3	Konsumentv, Varuv. 7, Stockholm	S	1966/1966	Industry/warehouse		10,500			10,500	9.7	100	48
17	Linjalen 60	Måttbandsv. 12, Täby		1991/1991	Office	2,873	950			3,823	3.9	87	22.9
18	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Industry/warehouse		778			778	0.8	100	6.7
19	Linjalen 65	Måttbandsv. 8, 10, Täby		1989/1989	Retail		600	750		1,350	1.1	100	6.8
20	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Industry/warehouse		3,815	108		3,923	3.3	100	19.4
21	Linjalen 7	Måttbandsv. 4, Täby		1989/1989	Industry/warehouse		800			800	0.7	100	4.4
22	Linjalen 8	Måttbandsv. 6, Täby		1989/1989	Industry/warehouse		600			600	0.5	100	3.2
23	Lodet 2	Tumstocksv. 9, 11, Täby		1990/1990	Office	5,082	3,321	70	6	8,479	8.6	95	47.4
24	Luna 1	Lunas. 1, 3, 5, 7, Huddinge		1987/1990	Office	4,205	1,894		613	6,712	6.6	85	41.5
25	Mandelblomman 1	Kronofogdev. 54, Stockholm		1983/1983	Industry/warehouse	750	3,493	969	1,681	6,893	6.4	91	27
26	Mätstången 2	Linjalv. 6 A–B, Kundv. 5, Täby		1991/1991	Office	3,815				3,815	3.7	70	25.3
27	Opalen 40	Gymnasiev. 22, Huddinge		1985/1985	Office	770				770	1	100	5.7
28	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Industry/warehouse		1,529		1,407	2,936	2.7	82	22.7
29	Revisorn 3	Bergkällav. 31C, Sollentuna		1988/1988	Office	1,108	30			1,138	1	85	5.9
30	Ringpärmen 6	Bergkällav. 36, Sollentuna		1990/1990	Office	4,125	3,577			7,702	6.9	76	42.4
31	Roslags-Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Retail		530	2,181		2,711	3.1	100	11.3
32	Roslags-Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0	0	0
33	Roslags-Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0	0	0
34	Roslags-Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0	0	0
35	Sjöhjälten 2	Domherrev. 9, 11, Sollentuna		1991/1991	Office	3,209	182			3,391	4	82	21.7
36	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Industry/warehouse	197	630			827	0.8	100	5.4
37	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Industry/warehouse		1,634	258		1,892	1.8	100	11.9
38	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	1,010	554			1,564	1.6	100	17.4
39	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Industry/warehouse		960			960	0.5	100	5
40	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,974	1,388			11,362	9.2	68	35.6
41	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Retail	702	1,087	1,776	1,320	4,885	5.5	70	40.4
42	Stenmjölet 2	Siktg. 3A–3B, Stockholm	S	1960/1960	Retail	800	1,407	2,617		4,824	4.5	60	10.8
43	Svänghjulet 1	Enhagsslingan 23, 25, Täby		1990/1990	Other*	776	447	445	2,544	4,212	4.4	96	0
44	Svänghjulet 2	Enhagsslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12		1,323	2,995	3.8	100	18.9
45	Svänghjulet 3	Enhagsslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579			4,908	5.4	90	32.9
46	Timmerhuggaren 2	Vendev. 90, Täby		1969/1969	Office	6,751	2,340	1,225	265	10,581	14.9	93	74.6
47–48	Tryckaren 3[1]	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Office	1,585	1,426		585	3,596	3.3	82	15.9
49	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232			4,480	7.5	99	51.6
50	Ventilen 1	Enhagsslingan 1A–B, Täby		1987/1987	Office	2,103	675	219		2,997	3.2	93	15
51	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,411	455			2,866	2.9	73	16.8
52	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,335	228	337		1,900	1.5	65	8.3
53	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	756	12		399	1,167	1.2	87	6.7
	TOTAL GREATER STOCKHOLM					106,823	98,759	12,189	12,391	230,162	226.5	85	1,180.7

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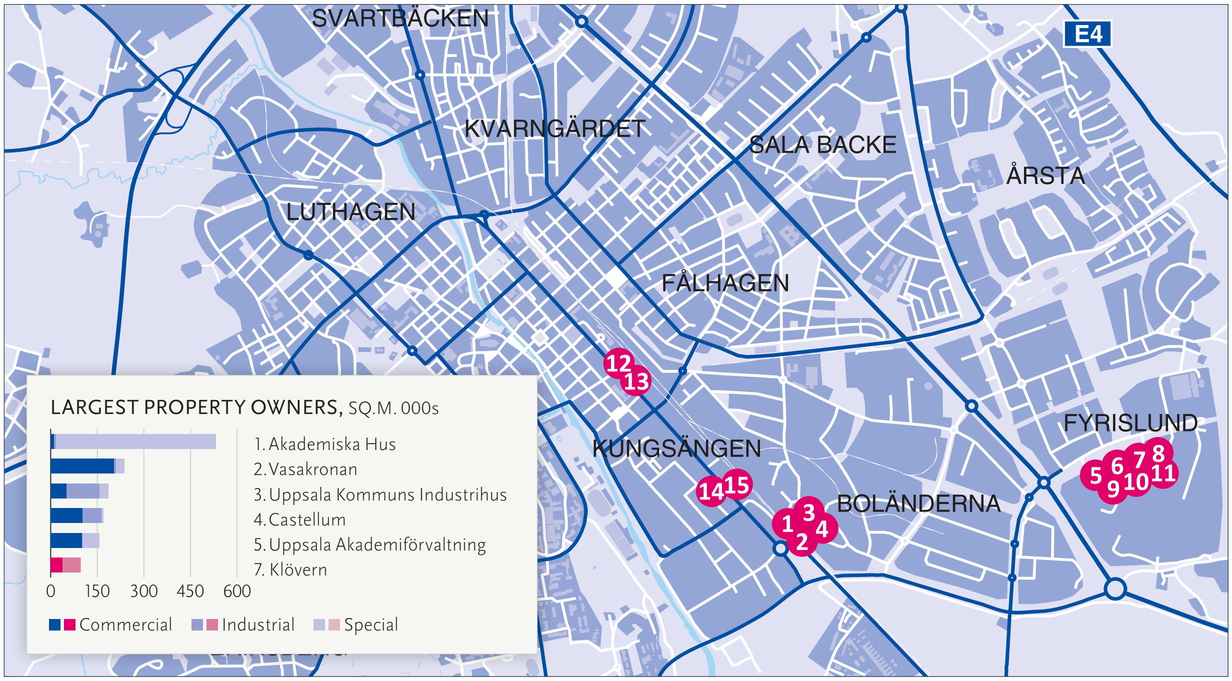
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

Uppsala



UPPSALA

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1–4	Boländerna 33:2[1]	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	18,645	371	86		19,102	26.6	86	143
5–11	Fyrislund 6:6[1]	Rapsg. 7, Uppsala		1921/2003	Other*	18,142	16,009	1,716	24,268	60,135	97.1	86	548.7
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office	5,624	1,597	591	952	8,764	10.1	50	67.4
13	Kungsängen 10:2	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office						0	0	6.3
14	Kungsängen 24:3	Kungsängsg. 70–74, Uppsala		1998/1998	Retail	696		5,665		6,361	9	100	53.6
15	Kungsängen 29:1	Vimpelg.2, Uppsala		1985/1985	Office	2,319	342	1,813		4,474	5.8	96	30
–	Fyrislund 6:15	Rapsg. 21, Uppsala		Tomt	Other*						0	0	0
	TOTAL UPPSALA					45,426	18,319	9,871	25,220	98,836	148.6	85	849.0

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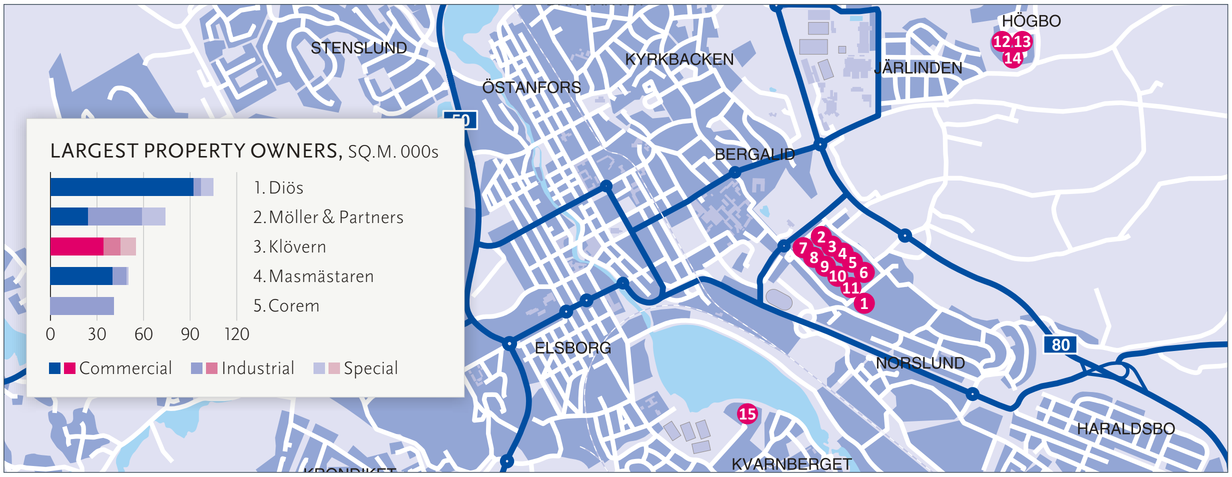
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

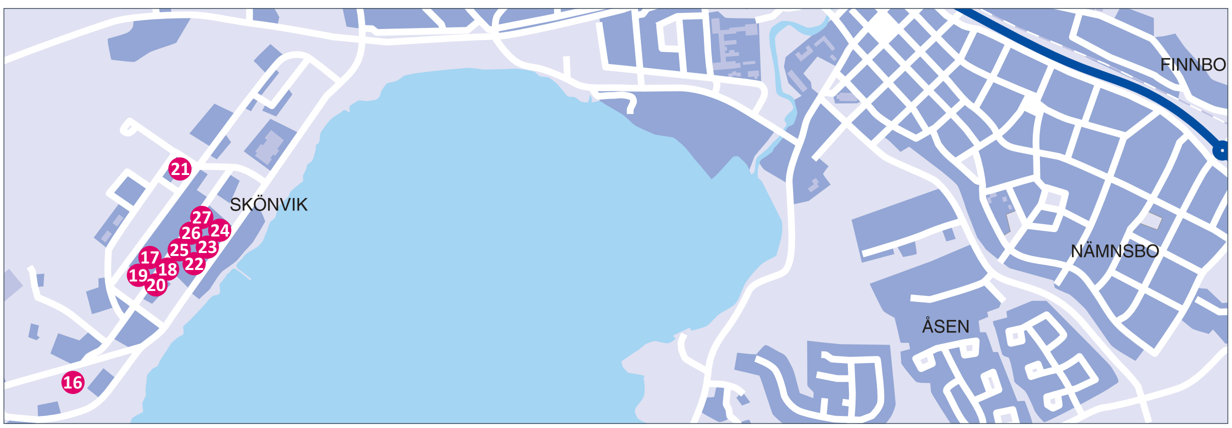
	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
TOTAL STOCKHOLM REGION	388,006	188,435	25,331	47,189	648,961	897.7	90	5,271.3
TOTAL KLÖVERN	1,149,915	946,317	206,428	320,999	2,623,659	2,569.9	90	12,474.5

CENTRAL/NORTH REGION

Falun



Säter

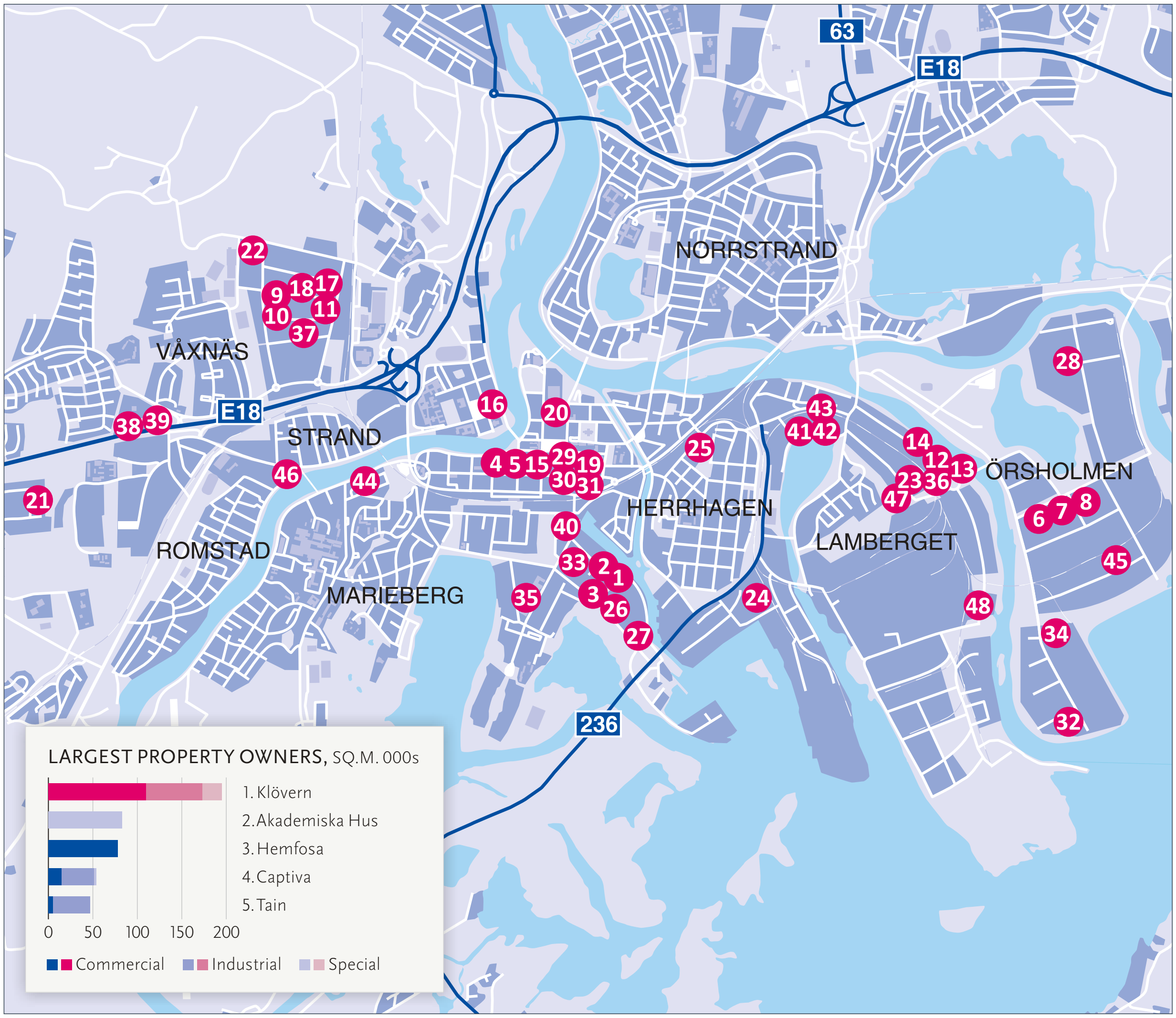


FALUN/SÄTER

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Falun 8:31	Surbrunnsv. 28, Falun		1941/1941	Industry/ warehouse		449			449	0.1	100	3.7
2–11	Falun 8:9[1]	Bataljonsv., Soldatv. etc, Falun		1908 etc.	Office	18,589	9,934	1,209	8,063	37,795	29.4	93	99.7
12–14	Högbo 1:22[1]	Högbo 5, 6, 11, 13, 15, Falun		1929/1929	Other*		145		5,556	5,701	6.7	99	5.4
15	Kvarnberget 1:6	Pelle Bergs Backe 3, Falun		1977/1977	Office	8,840	1,523	870	245	11,478	8.4	43	28.4
16	Skönvik 1:15	N. Uppfartsv., Jönshyttev. etc., Säter		1930/1930	Other*	4,825	5,030	3,953	28,739	42,547	36.5	90	0.7
17–20	Skönvik 1:17[1]	N. Uppfartsv., Jönshyttev. etc., Säter		1985/1985	Other*						0	0	0
21	Skönvik 1:21	N. Uppfartsv., Jönshyttev. etc., Säter		2010/2010	Other*						0	0	0.4
22–27	Skönvik 1:6[1]	N. Uppfartsv., Jönshyttev. etc., Säter		1929/1929	Other*						0	0	5.7
	TOTAL FALUN/SÄTER					32,254	17,081	6,032	42,603	97,970	81.1	87	144.0

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Karlstad

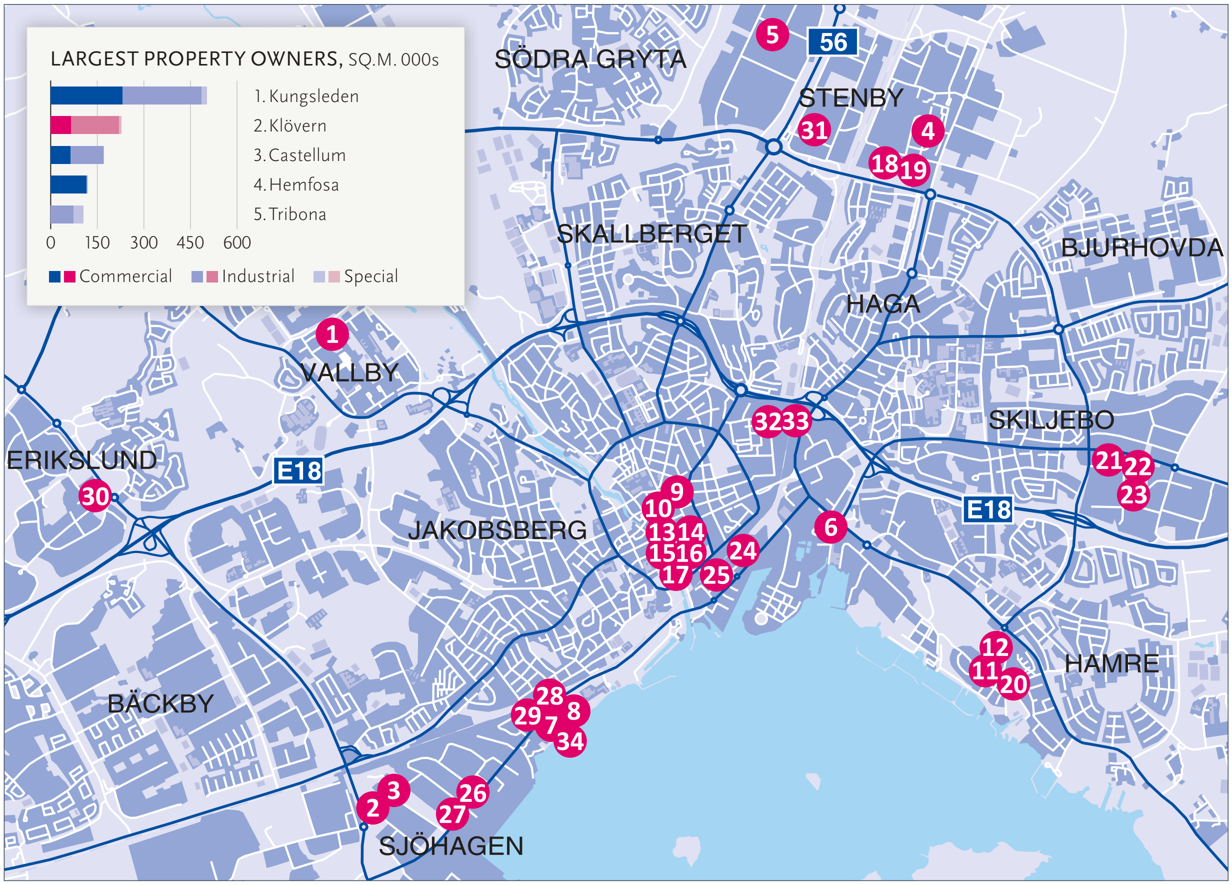

NORRSTRAND
VÅXNÄS
STRAND
ROMSTAD
MARIEBERG
HERRHAGEN
LAMBERGET
ÖRSHOLMEN
63
E18
236
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48
LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Klövern
2. Akademiska Hus
3. Hemfosa
4. Captiva
5. Tain
0 50 100 150 200
Commercial
Industrial
Special

KARLSTAD

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1–2	Barkassen 7[1]	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	11,714	53	569		12,336	17.7	93	109.8
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,867	289			7,156	9	83	54.4
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,800	3,600		40	7,440	7.9	97	34
5	Björnen 7	Järnvägsg. 7, Karlstad		1965/1965	Office	1,380	216	398	1,330	3,324	5.3	98	38
6	Blåsten 3	Stormg. 6, Karlstad		1975/1975	Industry/warehouse	473	1,615			2,088	1.4	89	3.8
7	Blåsten 4	Stormg. 8, Karlstad		1975/1979	Office	2,341				2,341	1.9	100	5.4
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	100	5.4
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Retail	729		861		1,590	1.2	100	5.4
10	Bromsen 13	Spärrg. 12, Karlstad		1967/1967	Retail						0	0	2
11	Bromsen 6	Ramg. 7, Karlstad		1967/1977	Industry/warehouse	1,660	1,742	204		3,606	3.3	100	8.1
12	Bälgen 10	Sågverksg. 35, Karlstad		1959/1988	Office						0	0	0
13	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office						0	0	12.5
14	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	2.3	100	3.2
15	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Retail	1,875	77	1,985	348	4,285	6.5	100	46.6
16	Ekorren 11	Malmtorgsg. 6, Karlstad		1929/1992	Office	3,986	501		2,068	6,555	7.5	85	33.5
17	Fjädern 14	Kolvg. 1, Karlstad		1966/1971	Retail	1,323	29	2,685		4,037	2.3	58	9.1
18	Fjädern 16	Bromsg. 4, Karlstad		1991/1991	Office	2,704		1,653		4,357	3.7	87	22.8
19	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	354	2,059	958	6,688	8.6	94	51.5
20	Gripen 11	Herrgårdsg. 20, Karlstad		1962/1986	Other*	1,508	3	162	2,715	4,388	5	94	0
21	Grästegen 2	Stråg. 3, Karlstad		1990/1990	Office	2,664	8		16	2,688	2.5	85	17.8
22	Gångjärnet 2	Blockg. 29, Karlstad	S	1964/1974	Industry/warehouse	158	2,814			2,972	2.1	100	7.6
23	Hammaren 21	Gjuterig. 27, 29, Karlstad		1990/1990	Industry/warehouse	774	1,172			1,946	1.3	87	6.3
24	Herrhagen 1:10	Hamnpirsg. 4, Karlstad	S	1986/1987	Other*		475		1,040	1,515	1.3	100	1.6
25	Hybelejen 17	Verkstadsg. 20, Karlstad		1929/1985	Office	2,905	54			2,959	2.8	99	0
26	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,869	726	477		10,072	14.7	88	99.4
27	Kanoten 9	Kanikenäsbanken 12, Karlstad		1990/1990	Office	8,894				8,894	9.3	100	65.8
28	Kulingen 4	Östanvindsg. 17, Karlstad		1976/1976	Industry/warehouse		7,640	450		8,090	4.8	98	15.5
29–30	Mercurius 3[1]	V Torgg. 10–12, Karlstad		1929/1939	Retail	711	74	1,820		2,605	3.7	90	29.7
31	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	2,910	96	344		3,350	5.1	88	31
32	Passadvinden 3	Regnvindsg. 17, Karlstad		1990/1990	Industry/warehouse	303	3,375			3,678	2.6	91	8.7
33	Pinassen 2	Tullhusg. , Karlstad		Plot	Other*					0	0.3	100	34
34	Regnvinden 1	Dagvindsg. 7, Karlstad		1981/2005	Industry/warehouse	4,711	5,286			9,997	7.4	96	38.7
35	Skepparen 15	Orrholmsg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,665	270	92	19,022	22,049	27	89	11.2
36	Släggan 13	Sågverksg. 20, Karlstad		1981/1981	Industry/warehouse	302	882	566		1,750	1.1	100	5
37	Spärren 7	Rattg. 6, Karlstad		1968/1968	Office	834	598	488		1,920	1.2	92	5.6
38	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	3,971	73		285	4,329	3	53	18.7
39	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	410	50	175		635	0.4	36	2
40	Styrmannen 5	Hamntorget 1–3, Karlstad		1991/1991	Office	6,931	267			7,198	8.8	100	60.4
41	Sågen 1	Faktorig. 13, Industrig. 1, Karlstad		1986/1986	Office	3,213				3,213	3	100	14.5
42	Sågen 2	Faktorig. 15v		1988/1988	Office	1,611				1,611	1.6	100	8.3
43	Sågen 9	Lantvärnsg. 8, Karlstad		1972/1972	Industry/warehouse	938	1,402			2,340	1.2	56	3.9
44	Sälgen 6	Älvg. 39, Karlstad		1929/1949	Office	1,574				1,574	2.1	100	10.5
45	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Industry/warehouse	303	12,854			13,157	7.8	94	20.1
46	Tvätten 3	Romstadsv. 2, Karlstad		1929/1986	Office	2,041	504			2,545	2.1	94	11.9
47	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Retail	984		990		1,974	1.3	63	5.8
48	Ugnen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.1	89	3.9
–	Uroxen 14	Kungsg. 28, Kristinehamn		1954/1954	Office	1,675	1,291		40	3,006	2.7	96	0
	TOTAL KARLSTAD					108,775	49,197	15,978	27,862	201,812	207.0	92	983.4

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Västerås


LARGEST PROPERTY OWNERS, SQ.M. 000s
1. Kungsleden
2. Klövern
3. Castellum
4. Hemfosa
5. Tribona
0
150
300
450
600
Commercial
Industrial
Special
SÖDRA GRYTA
STENBY
56
SKALLBERGET
BJURHOVDA
HAGA
VALLBY
SKILJEBO
ERIKSLUND
E18
JAKOBSBERG
E18
BÄCKBY
HAMRE
SJÖHAGEN
1
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VÄSTERÅS

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Allmogekulturen 5	Svalgången, Västerås		1966/1991	Retail	5,359	450	5,501	3,622	14,932	9.9	79	44.6
2	Bogserbåten 1	Saltängsv. 22, Västerås		Plot	Other*						0	0	1
3	Briggen 3	Saltängsv. 14, 16, Västerås		1963/1973	Industry/ warehouse	115	5,047			5,162	5.8	94	16.4
4	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås		1966/1990	Office	5,945				5,945	4.4	100	22.6
5	Friledningen 18	Elledningsg. 5B, Västerås		1988/1988	Industry/ warehouse		940			940	0.4	100	4.2
6	Gastuben 5	Björnöv. 8, Västerås		1943/1943	Retail			2,442		2,442	2.5	100	12.5
7	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås		1957/1962	Office	12,877	11,529	450	5,000	29,856	18.4	86	72.8
8	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Retail			2,992	8	3,000	1.2	100	8.1
9	Inge 10	Smedjeg. 8, Västerås		1939/1960	Retail	528	265	3,532	1,550	5,875	6.2	92	36.1
10	Klas 8	Smedjeg. 13, Västerås		1956/1956	Retail	1,506	146	2,196	1,624	5,472	8.7	95	36.5
11–12	Kryssen 3[1]	Regattag. 7–31, 33–53, Västerås		1940/1980	Industry/ warehouse	3,431	11,877	220	3,936	19,464	12.8	84	44.3
13–16	Leif 19[1]	Hantverkarg. 2, Västerås		1929/1964	Retail	5,605	720	12,815	1,755	20,895	33.4	91	196.4
17	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	1,783	183		2,311	4,277	5.3	99	36.9
18–19	Omformaren 6[1]	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Industry/ warehouse	2,267	6,956		638	9,861	6.3	67	33.6
20	Regattan 46	Regattag. 8–28 etc., Västerås		1940/1970	Industry/ warehouse	1,838	11,000	111		12,949	6.8	78	40.7
21	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627				1,627	1.2	100	5.5
22–23	Ringborren 15[1]	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Industry/ warehouse	4,563	13,299	447	690	18,999	13.9	76	57.3
24	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Industry/ warehouse	2,382	5,091	2,547		10,020	10.9	97	33.6
25	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Industry/ warehouse		3,213			3,213	0.5	0	2.5
26	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Industry/ warehouse	329	6,729			7,058	4.6	93	17.3
27	Skonerten 2	Saltängsv. 18, Västerås	S	1966/1986	Industry/ warehouse	265	4,455			4,720	1.9	12	17.6
28	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	755	134			889	0.8	70	3.9
29	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*		18		1,526	1,544	1.6	82	0
30	Traversföraren 3	Traversg. 4, Västerås		1990/1990	Retail			2,572		2,572	3.4	100	10.9
31	Turbinen 1	Stenbyg. 2–4, Västerås		1968/1986	Industry/ warehouse		17,757			17,757	8	100	54
32–33	Verkstaden 11[1]	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Industry/ warehouse	2,649	14,068	2,660	778	20,155	13.3	87	37.5
34	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450				1,450	1.5	90	6.6
–	Drotten 2	V Långg. 6, Köping		1988/1988	Office	2,365	1,100	8		3,473	4	98	17.6
–	Nifelhem 6	Stora Gatan 12, Köping		1967/1967	Retail	527	760	804	592	2,683	2.1	81	7.9
–	Valpen 3	Björkg. 5, 7, Eskilstuna		1992/1992	Other*				4,308	4,308	4.2	100	0
–	Vampyren 9	Kriebsensg. 8, Kungsg. 25, Eskilstuna		1969/1969	Retail	3,937	982	6,679	4,824	16,422	23.6	95	182.1
	TOTAL VÄSTERÅS					62,103	116,719	45,976	33,162	257,960	217.6	88	1,061.0

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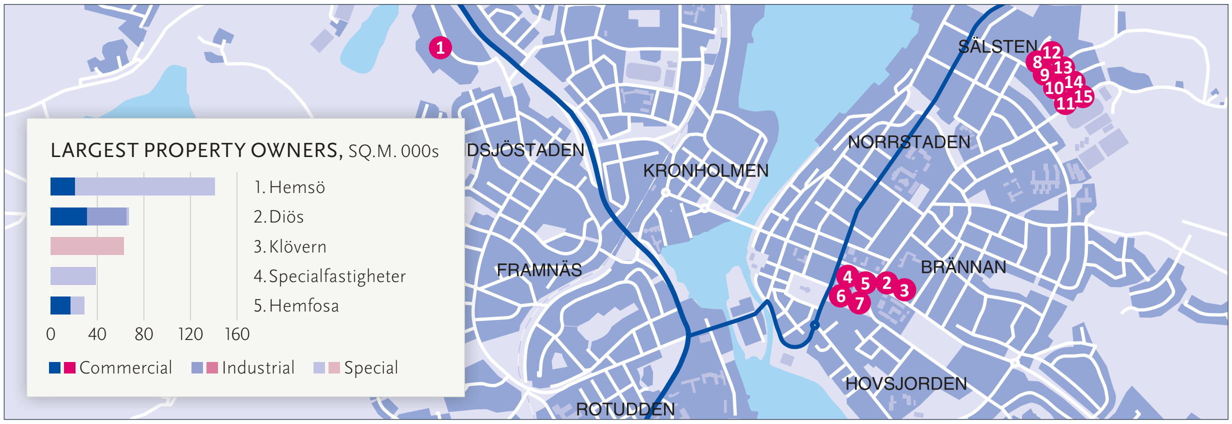
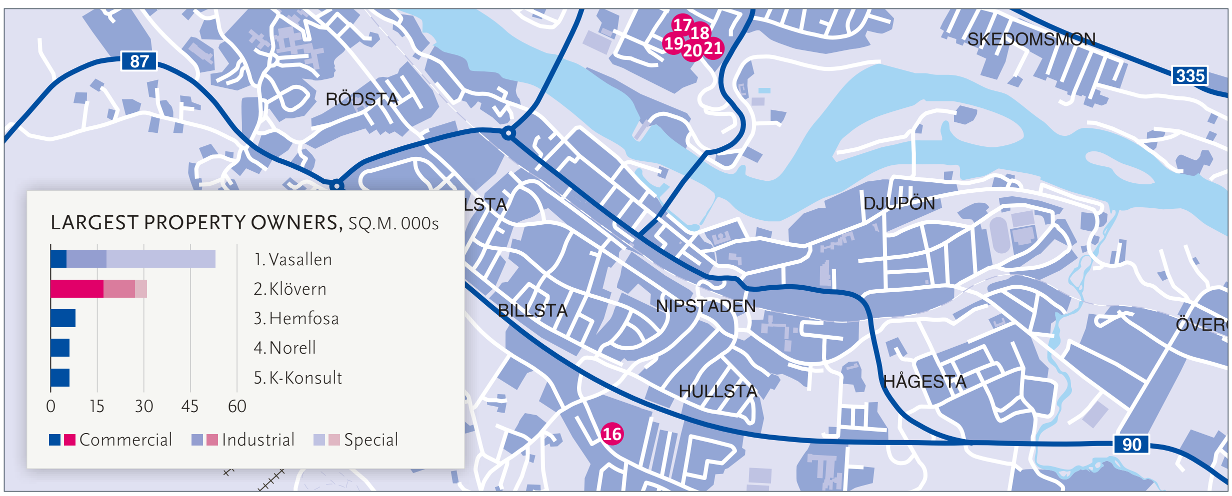
1) A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2013

Härnösand



Sollefteå

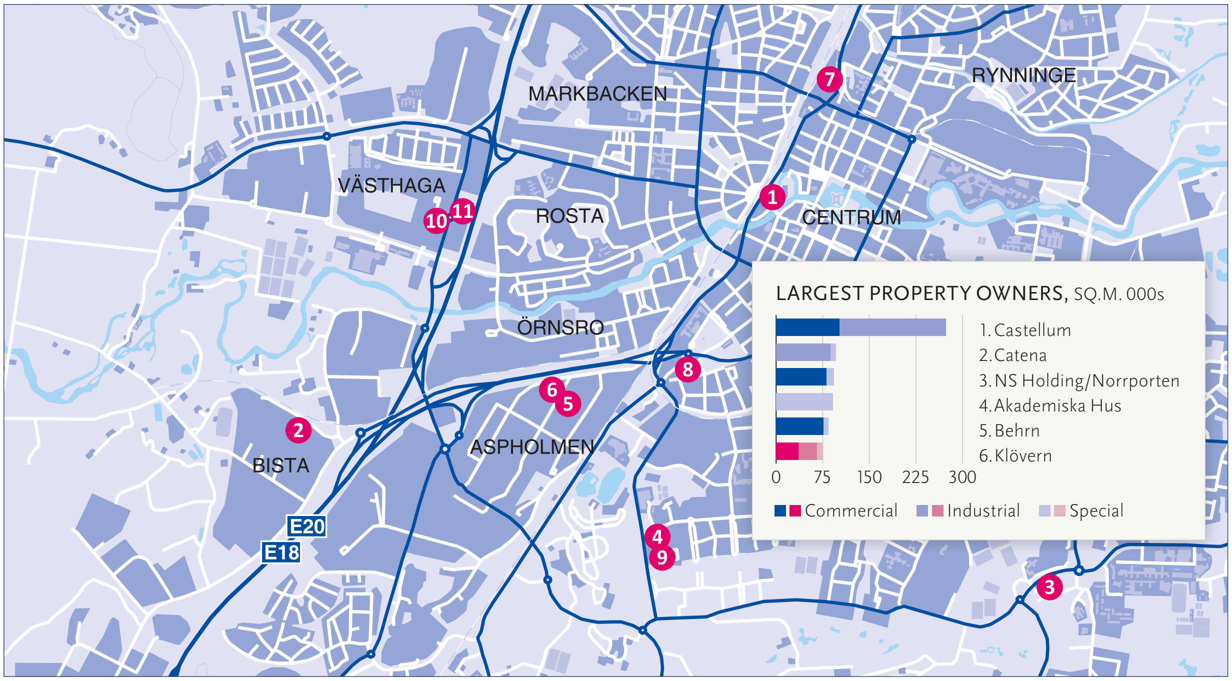


HÄRNÖSAND/SOLLEFTEÅ

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Cedern 1	Industrig. 5, Härnösand		1976/1976	Industry/warehouse		1,652		610	2,262	1.3	96	0
2–3	Seminariet 16[1]	Kastellg., Gånsviksv., Härnösand		1912/1960	Office	2,259	53		2,040	4,352	3.6	64	0
4–7	Ädelstenen 6[1]	Brunnshusg, Nybrog, Trädgårdsg, Gånsviksv, Härnösand		1912/1947	Other*	10,349	1,082		15,314	26,745	23.4	85	0
8–15	Ön 2:41[1]	Kusthöjden, Sälstensgränd, Officersgränd, Härnösand		1944/1975	Office	19,770	7,026	315	2,378	29,489	24.9	89	31.3
16	Föraren 3	Söderleden 3, Sollefteå		1949/1949	Industry/warehouse		1,284			1,284	0.5	100	0
17–21	Remsle 13:64[1]	Nipan, Sollefteå		1929/1929	Office	16,914	7,692	2,360	2,649	29,615	20.9	98	50.5
	TOTAL HÄRNÖSAND/SOLLEFTEÅ					49,292	18,789	2,675	22,991	93,747	74.6	89	81.8

* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.
1) A property can consist of a number of jointly administered properties or several large buildings.

Örebro



ÖREBRO

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
1	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302			2,819	4.2	100	22.6
2	Bleckslagaren 2	Handelsg. 5, Örebro		1969/2007	Industry/ warehouse		18,842			18,842	10.7	100	53.9
3	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,002		136	164	5,302	7.1	89	28.8
4	Fåraherden 1	Riag. 1,3, Örebro		1992/1992	Office	1,765	5		752	2,522	3.1	100	18.7
5	Importören 2	Skvadronv. 5, Örebro		1970/1970	Industry/ warehouse	1,055	1,510			2,565	1.3	75	7.5
6	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Industry/ warehouse	1,306	4,025	3,428	1,549	10,308	6.7	94	27.1
7	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	1,964	2,462	9	4,683	9,118	8.6	99	0
8	Oxbacken 7	Krontorpsg. 1, Örebro		1981/1988	Office	2,942				2,942	4.4	100	14.9
9	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931				931	1	100	0
10	Vindhjulet 3	Tunnlandsg. 1, 3 ,5, Örebro		1970/1970	Office	17,078	972		962	19,012	18	99	79
11	Vindrutan 1	Västhagag. 3, Örebro		1975/1992	Retail		85	675	555	1,315	2.2	100	8.7
	TOTAL ÖREBRO					34,560	28,203	4,248	8,665	75,676	67.3	97	261.2

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

Acquisition during 2013

	Area, sq.m. Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
TOTAL CENTRAL/NORTH REGION	286,984	229,989	74,909	135,283	727,165	647.6	90	2,531.4
TOTAL KLÖVERN	1,149,915	946,317	206,428	320,999	2,623,659	2,569.9	90	12,474.5

FIVE-YEAR REVIEW AND KEY RATIOS

Statement of Income, SEK m	2013	2012	2011	2010	2009
Income	2,220	1,948	1,364	1,243	1,254
Property costs	–828	–733	–507	–498	–474
Operating surplus	**1,392**	**1,215**	**857**	**745**	**780**
Central administration	–78	–86	–71	–64	–66
Net financial income	–678	–605	–358	–242	–221
Profit from property management	**636**	**524**	**428**	**439**	**493**
Shares of profit in associated companies	5	–	–	–	–
Change in value, properties	–28	–33	435	298	–231
Change in value, derivatives	337	–175	–225	23	34
Change in value, financial assets	71	10	–	–	–
Impairment of goodwill	–34	–95	–	–	–
Profit before tax	**987**	**231**	**638**	**760**	**296**
Current tax	–1	–2	0	–4	–9
Deferred tax	–178	110	–173	–151	–50
Net profit	**808**	**339**	**465**	**605**	**237**
Other comprehensive income	–2	–	–	–	–
Comprehensive income	**806**	**339**	**465**	**605**	**237**

Balance Sheet, SEKm	2013	2012	2011	2010	2009
Goodwill	255	289	–	–	–
Investment properties	24,059	22,624	14,880	13,493	12,032
Machinery and equipment	12	14	8	9	10
Participation rights in associated companies	488	–	–	–	–
Deferred tax asset	–	–	–	–	48
Financial assets at fair value via statement of income	32	330	–	–	–
Other receivables	300	163	94	129	83
Liquid funds	84	375	11	36	24
Total assets	**25,230**	**23,795**	**14,993**	**13,667**	**12,197**
Shareholders' equity and liabilities					
Shareholders' equity	7,198	6,696	4,740	4,516	4,112
Deferred tax liability	861	681	276	103	–
Interest-bearing liabilities	16,163	15,229	9,345	8,517	7,646
Derivatives	144	432	242	13	31
Accounts payable	193	158	49	157	104
Other liabilities	132	140	34	53	15
Accrued expenses and deferred income	539	459	307	308	289
Total shareholders' equity and liabilities	**25,230**	**23,795**	**14,993**	**13,667**	**12,197**

Statements of Cash Flow, SEKm	2013	2012	2011	2010	2009
Cash flow from current operations	657	712	341	507	490
Cash flow from investment operations	–1,625	–2,457	–953	–1,165	–373
Cash flow from financing operations	677	2 109	587	670	–160
Cash flow for the year	–291	364	–25	12	–43
Liquid funds at beginning of year	375	11	36	24	67
Liquid funds at year-end	84	375	11	36	24

Key ratios, share	2013	2012	2011	2010	2009
Market capitalization, outstanding shares, SEK million	7,527	6,670	4,165	5 467	3,682
Number of common shares outstanding at year-end, million	166.5	161.5	160.8	160.8	160.8
Number of preference shares outstanding at year-end, million	18.5	18.5	–	–	–
Average number of common shares outstanding, million	166.3	158.9	160.8	160.8	160.8
Average number of preference shares outstanding, million	18.5	11.8	–	–	–
Total number of registered common shares at year-end, million	166.5	166.5	166.5	166.5	166.5
Total number of registered preference shares at year-end, million	18.5	18.5	–	–	–
Number of shareholders	35,818	31,651	27,213	27,754	29,943
Foreign ownership, %	17	18	16	17	14
Share price common share at year-end, SEK	28.50	25.60	25.90	34.00	22.90
Share price preference share at year-end, SEK	150.00	136.75	–	–	–
Dividend, common share, SEK	1.50[1]	1.50	1.25	1.50	1.25
Dividend, preference share, SEK	10.00[1]	10.00	10	–	–
Yield, common share[2], %	5.3[1]	5.9	4.8	4.4	5.5
Yield, preference share[2], %	6.7[1]	7.3	–	–	–
Total return, common share[3], %	17.2	3.7	–19.4	54	31.3
Dividend in relation to profit from property management, %	68[1]	83	79	55	41
Price change, common share, %	11.3	–1.2	–23.8	48.5	25.8
Earnings per common share, SEK	3.75	1.24	2.89	3.76	1.48
Earnings per preference share, SEK	10.00	7.52	–	–	–
Price/earnings per common share (P/E ratio)	8	21	9	9	15
Equity per share, SEK	38.90	37.18	29.48	28.08	25.57
Cash flow per share, SEK	–1.57	1.97	–0.16	0.07	–0.27
Properties' book value per share, SEK	129.99	122.24	92.54	83.91	74.83

1) Based on proposed dividend.
2) Based on proposed dividend for the immediately preceding financial year, %.
3) Price movements and dividend paid during the year, %.

Key ratios, property	2013	2012	2011	2010	2009
Number of properties	402	387	255	250	217
Lettable area, 000 sq.m.	2,624	2,529	1,561	1,528	1,392
Rental value, SEKm	2,570	2,468	1,554	1,486	1,385
Fair value of properties, SEKm	24,059	22,624	14,880	13,493	12,032
Yield, valuation, SEKm	7.2	7.2	7.1	7.2	7.2
Economic occupancy rate, %	90	88	89	89	89
Area-based occupancy rate, %	82	81	80	79	80
Average lease contract term, years	3.5	3.4	2.8	2.8	3.0
Operating margin, %	63	62	63	60	62

Key ratios, financial	2013	2012	2011	2010	2009
Return on equity, %	11.6	5.8	10.1	14.0	5.8
Equity ratio, %	28.5	28.1	31.6	33.0	33.7
Adjusted equity ratio, %	31.4	31.9	35.8	35.1	35.4
Leverage, %	65	64	63	63	63
Leverage, properties, %	57	59	63	63	64
Interest coverage ratio, multiples	1.9	1.9	2.2	2.8	3.2
Average interest, %	4.3	4.3	4.2	3.6	2.7
Average period of fixed interest, years	2.7	3.0	2.7	2.4	3.2
Average period of tied-up capital, years	2.0	2.2	1.9	2.0	1.8
Interest-bearing liabilities, SEKm	16,163	15,229	9,345	8,517	7,646

DEFINITIONS

PROPERTIES

AREA-BASED OCCUPANCY RATE Area let in relation to total lettable area.

CONTRACT VALUE Rent of premises, index and rent supplement according to the lease contract.

DEVELOPMENT PROPERTIES Properties with ongoing or planned refurbishment or extension projects, which entail a higher standard or use of the premises.

ECONOMIC OCCUPANCY RATE Rental income in relation to rental value at year-end.

INVESTMENT PROPERTIES Properties currently and actively managed.

NET MOVING-IN The contract value of tenants moving in less the contract value of vacating tenants.

OPERATING MARGIN Operating surplus as a percentage of total income.

OPERATING SURPLUS Total income less rent losses, operation and maintenance costs, property administration, site leasehold rent and property tax.

OTHER COSTS Costs which are not directly attributable to normal property operation.

OTHER INCOME Income from rental guarantees and redemption of leases.

PROPERTY COSTS Refers to direct property costs such as for electricity, water, heating, repairs, maintenance, tenant adaptations, site lease rent and property taxes.

PROPERTY TYPE Principal use of a property with respect to type of premises. A particular property category may therefore contain smaller areas intended for other uses than the principal use.

PROFIT FROM PROPERTY MANAGEMENT Profit before changes in value and tax

REALIZED CHANGES IN VALUE Property sales after deduction of properties' most recent fair value and selling expenses.

RENTAL INCOME Charged rents, plus billed compensation for heating and property tax.

RENTAL VALUE Rental income, plus estimated market rent for space not rented.

REQUIRED YIELD Property valuations' required return on residual value.

TENANT TURNOVER RATE Contract value of vacating tenants during the year in relation to the average contract value during the year.

TOTAL INCOME Total of rental and other income.

UNREALIZED CHANGES IN VALUE, PROPERTIES Change in the fair value of the property portfolio after deduction of investments made.

VALUE ADDED FROM IMPROVEMENT Sale price less invested capital.

FINANCIAL

ADJUSTED EQUITY RATIO Reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liability exceeding five per cent of the difference between tax value and fair value of the properties in relation to reported total assets at the end of the period.

EQUITY RATIO Reported shareholders' equity in relation to total assets at year-end.

INTEREST COVERAGE RATIO Profit from property management, excluding financial costs, in relation to financial costs.

LEVERAGE Interest-bearing liabilities after deduction for the market value of listed shareholding and liquid funds in relation to the fair value of the properties at the end of the period.

LEVERAGE, PROPERTIES Interest-bearing liabilities with collateral in properties in relation to the fair value of the properties at the end of the period.

RETURN ON EQUITY Net profit as a percentage of average shareholders' equity.

THE SHARE

DIVIDEND YIELD Dividend during the respective year in relation to the share price at the end of the same financial year.

EARNINGS PER COMMON SHARE Profit for the period after deduction for earnings for preference shares in relation to the average number of outstanding common shares.

EARNINGS PER PREFERENCE SHARE The period's accumulated share of annual dividend of SEK 10 per preference share on the basis of the number of outstanding preference shares at the end of every quarter.

EQUITY PER SHARE Equity in relation to the number of outstanding common and preference shares on closing date. Preference shares have, in connection with the liquidation of the company, a priority right to SEK 150 of equity together with the period's share of accumulated entitlement to annual dividend of SEK 10.

P/E RATIO The share price at year-end in relation to earnings per share.

SHARE TURNOVER RATE Total turnover of number of shares in relation to number of outstanding shares.

TOTAL RETURN The share price development and paid dividend in relation to the share price at the beginning of the year.

PERSONNEL

STAFF TURNOVER The number of permanent employees that were employed at the beginning of the year and left during the year in relation to the number of permanent employees at the beginning of the year.

VALUE ADDED PER EMPLOYEE Profit from property management plus wage costs including wage overheads divided by the average number of employees

CALCULATION OF KEY RATIOS 2013

Economic occupancy rate, %	= 100 x	Lease contract value, SEKm	2,318	=	90
		Rental value, SEKm	2,570		
Operating margin, %	= 100 x	Operating surplus, SEKm	1,392	=	63
		Income, SEKm	2,220		
Return on equity, %	= 100 x	Net profit, SEKm	808	=	11.6
		Average shareholders´equity, SEKm	6,957		
Leverage, properties, %	= 100 x	Interest-bearing liabilities, properties, SEKm	13,663	=	57
		Fair value of properties, SEKm	24,059		
Equity ratio, %	= 100 x	Equity, SEKm	7,198	=	28.5
		Total assets, SEKm	25,230		
Dividend yield common share, %	= 100 x	Dividend, SEK	1.50	=	5.3
		Share price at the end of the previous year, SEK	28.50		
Total return common share, %	= 100 x	Share price development and paid dividend, SEK	(2.90+1.50)	=	17.2
		Share price at beginning of the year, SEK	25.60		

2014 ANNUAL GENERAL MEETING

Shareholders of Klövern AB are warmly welcomed to the Annual General Meeting at 4 pm on Wednesday, 23 April 2014 at Kistamässan. The notice of the meeting, proposed dividend and information about notification of participation is available on Klövern's website, www.klovern.se.

CALENDAR

Interim report January to March	Wednesday, 23 April 2014
Interim report, January to June	Thursday, 10 July 2014
Interim report, January to September	Wednesday, 22 October 2014
Year-end report 2014	Wednesday, 11 February 2015

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The latest information about vacant premises, the share, financial statistics and a lot more can be found on Klövern's website, www.klovern.se

Cover pictures:
Front page. The property Fyrislund 6:6 building 14 in Uppsala
Back page. The property Fors 11 in Nyköping

Klövern's annual report has been produced by Klövern in collaboration with Intellecta Corporate. The photographs have mainly been taken by Måns Berg and Per-Erik Adamsson. The picture of Glasbiten 7, page 38, has been taken by Katja Kircher; the picture belongs to Östergötland County Council. Forum Fastighets Ekonomi AB has contributed to the Market section. Bygg-statistik AB has contributed with the figure on the largest property owners in the respective unit.

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2013 During the year, Klövern has taken possession of 23 properties for a total of SEK 1,020 million. These acquisitions have taken place in all four regions. Among other properties, a large logistIcs facility was acquired in Jordbro, south of Stockholm, with a lettable area of 28,000 sq.m. In December, two properties were acquired in the Gothenburg area, consisting of 9,800 sq.m. Klövern has also announced that it intends to conceptualize the business centres under the common brand name of First Office. Concentration of the property portfolio has continued during the year and altogether Klövern has sold 12 properties for SEK 387 million. The property value was SEK 24,059 million.

2012 Rutger Arnhult became CEO in January 2012. During the year, Klövern has acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon in March. With the purchase of Dagon, Klövern became established in new expansive markets, in the Öresund region and Gothenburg. Eleven properties were acquired for a total of SEK 543 million. The property value was SEK 22,624 million.

2011 During the year, Klövern acquired eight properties at a price of SEK 315 million and sold five properties for a total of SEK 48 million. At the beginning of December, a public offer was made to purchase all shares in Dagon AB (publ). Gustaf Hermelin resigned as CEO at the year-end. The property value was SEK 14,880 million.

2010 Klövern acquired a large property portfolio of 37 properties with a total area of 157,000 sq.m. Of the properties, 31 were located in Linköping, four in Norrköping and two in Örebro. The purchase price was SEK 1,055 million. Klövern sold a total of nine properties to a value of SEK 368 million and acquired an additional property for SEK 12 million. The property value was SEK 13,493 million.

2009 Kistamässan was completed in May and the first sod was cut for the adjacent Victoria Tower. Klövern sold four properties in Karlstad, Linköping and Nyköping for SEK 162 million and acquired five properties in Borås, Kista and Nyköping, as well as 17 site leaseholds in Karlstad for a total of SEK 179 million. The property value was SEK 12,032 million.

2008 Kistamässan opened at the beginning of September. Three properties in Karlstad, Kista and Nyköping were sold for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. The property value was SEK 11,895 million.

2007 Klövern concluded an agreement to construct the new Kistamässan and renegotiated and entered into new leases with Ericsson for around 50,000 sq.m. The Kalmar and Eskilstuna units and an additional twelve properties were sold for a price of SEK 1,236 million. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for a value of almost SEK 1 billion. The property value was SEK 12,154 million.

2006 Klövern's investment in Science and Business Parks was reinforced by acquisition of Pfizer's head office in Uppsala for SEK 235 million. In June, seven properties were acquired in Nyköping for SEK 245 million. At the end of 2006, Klövern acquired 46 properties in Kista and Täby for over SEK 4 billion. The property value was SEK 10,701 million.

2005 A total of 36 properties were sold for SEK 557 million. Klövern acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. The property value was SEK 5,968 million.

2004 In January, Klövern became established in Borås through acquisition of properties for SEK 210 million. During the year, establishment also took place in Västerås through acquisition of a total of 41 properties with a value of SEK 1 billion. Sales of a total of 20 properties for SEK 307 million. The property value was SEK 4,193 million.

2003 Klövern is listed on the stock exchange's O list. In August, properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. During the year, 15 properties were sold at unprioritized locations for SEK 185 million. The property value was SEK 2,890 million.

2002 The then IT company Adcore's business was split up and Adcore AB's name was changed to Klövern AB with the focus on real estate. Klövern acquired its first portfolio consisting of Post properties for SEK 1.3 billion. During the year, properties were acquired in Nyköping and Norrköping. In December, Gustaf Hermelin became CEO. The property value was SEK 1,876 million.

KLÖVERN

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