



# KLÖVERN

## INTERIM REPORT JANUARY–MARCH 2007

- Income increased to SEK 330 million (182)
- Net profit for the period increased to SEK 300 million (183)
- Earnings per share increased to SEK 1.80 (1.52)
- The occupancy ratio increased from 84 to 85 per cent

# Statement by the CEO

## Net new letting reaches record high

The first quarter has been characterised by an increase in the number of tenants moving in, which, despite the relatively high number of tenants moving out, contributed to net new letting rising to SEK 12 million. The occupancy rate rose from 84 to 85 per cent during the same period. Unrealised changes in the value of properties amounted to SEK 294 million, a result of successful letting operations and, to a certain extent, lower required returns on the market.

“The strong economy is generating a high degree of activity in all markets where Klöver has operations. I am pleased to report that we have noted an increased demand for premises from both new and existing customers,” comments Klöver’s CEO, Gustaf Hermelin.



Helgafjäll 7 in Kista

## Earnings

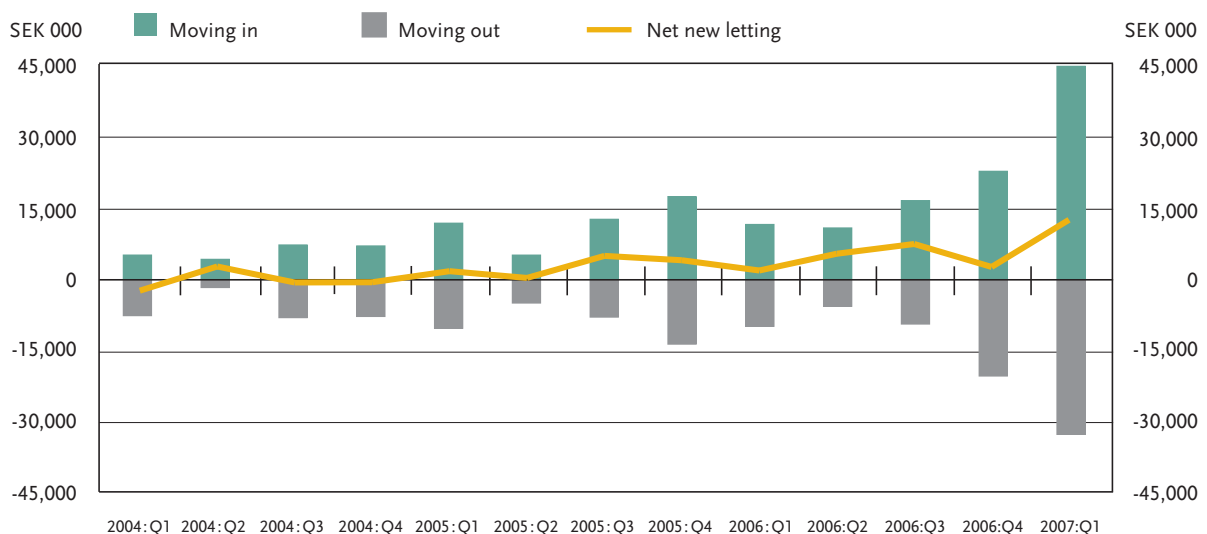
Net profit for the period totalled SEK 300 million (183). This improvement is mainly due to an increase in unrealised changes in value and a considerably larger portfolio of properties. Income amounted to SEK 330 million (182) and operating surplus was SEK 206 million (103). The profit includes realised changes in value from property sales at SEK 0 million (13) and unrealised changes in value of properties at SEK 294 million (112). Net financial income was SEK –69 million (–32), of which changes in value from interest caps and interest swaps

accounted for SEK 2 million (4). The deferred tax cost for the period amounted to SEK 117 million (0).

## Cash flow and financial position

The cash flow for the period was SEK –72 million (–16). The equity ratio at the end of the period was 36.2 per cent, compared with 34.3 per cent at the beginning of the year. Equity increased to SEK 4,168 million, compared with SEK 3,868 million at the beginning of the year. Liquid funds amounted to SEK 24 million (95) and interest-bearing liabilities totalled SEK 6,818 million (6,878).

## Net new letting



**Net new letting reaches record high:** During the first quarter of 2007, net new letting amounted to SEK 12 million on a full-year basis.

**Cover page photos:** Ripples on the water  
Anders and Maria at Klöver’s head office  
Paletten 1 in Linköping

## Income and property costs

Income during the period increased to SEK 330 million (182), of which rental income amounted to SEK 312 million (177). This increase is mainly due to a larger property portfolio. Rental income included lump-sum payments of SEK 31 million from vacating tenants. Other income, consisting of service sales to customers who are not tenants and income from rental guarantees, amounted to SEK 18 million (5). Property costs amounted to SEK 124 million (79). The operating surplus was SEK 206 million (103), corresponding to an operating margin of 62 per cent (57).

The first quarter of the year was characterised by high demand and further examples of higher business activity in all Klöverns market segments. In the majority of the locations, this has had an impact in the form of higher rents for new leases, in comparison with the corresponding period last year. Net new leases during the first quarter of 2007 reached a high level and totalled SEK 12 million (2). The occupancy rate rose by one percentage point compared with the beginning of the year, to 85 per cent (84). The graph Net new letting shows current changes for new and vacating tenants. Accordingly, effects generated by the tenants who moved out during the respective quarter after making lump-sum payments are not included.

## Property holdings

At 31 March 2007, Klöverns property portfolio consisted of 205 properties, which is unchanged compared to the beginning of the year. The total rental value was SEK 1,301 million (1,276) and the fair value of the properties was SEK 11,066 million (10,701). The total lettable area was 1,437,000 square metres (1,437,000).

### PROPERTY PORTFOLIO 31.03.2007

Type of premises	No. of properties	Area, 000 sq.m.	Rental value, SEKm	Economic occupancy rate, % <sup>2)</sup>
Offices	90	660	702	83
Industry/warehouse	63	514	271	86
Retail	30	85	109	93
Education/lab/health care/recreation	10	114	127	86
Restaurant/hotel	5	46	39	86
Residential	1	18	15	92
Other <sup>1)</sup>	6	—	38	89
<b>Total</b>	<b>205</b>	<b>1,437</b>	<b>1,301</b>	<b>85</b>

<sup>1)</sup> Refers to leaseholds, garages, parking spaces, sign areas, sites and telecom masts.

<sup>2)</sup> Effects of rental guarantees are not included in the economic occupancy rate.

### CONTRACT STRUCTURE 31.03.2007

Maturity year <sup>1)</sup>	No. of contracts	Area, 000 sq.m.	Contract value, SEKm	Share of contract value, %
<b>Commercial premises</b>				
2007	793	218	169	15
2008	721	268	251	23
2009	433	219	221	20
2010	223	189	189	17
2011	74	62	61	6
2012–	83	155	172	15
<b>Sum</b>	<b>2,327</b>	<b>1,111</b>	<b>1,063</b>	<b>96</b>
Residential	214	18	14	1
<b>Sum</b>	<b>2,541</b>	<b>1,129</b>	<b>1,077</b>	<b>97</b>
Garages/parking spaces	1,531	—	31	3
<b>Total</b>	<b>4,072</b>	<b>1,129</b>	<b>1,108</b>	<b>100</b>

<sup>1)</sup> The average contract time as per 31 March 2007 was 3.0 years.

## Acquisitions and investments

Klöverns did not acquire any properties during the first quarter of the year. In the corresponding period last year, two properties were acquired. Investments in refurbishment during the period totalled SEK 70 million (29) for properties mainly in Kista, Linköping, Nyköping and Örebro.

## Property sales

Klöverns did not sell any properties during the first quarter of the year. In the corresponding period last year, six properties were sold, leading to a realised change in value of SEK 13 million.

## Valuation of properties

Every quarter Klöverns values 100 per cent of the property portfolio. 25 per cent of the valuations are carried out by an external valuation company and the remaining valuations are made internally. Accordingly, every property in the portfolio is valued externally during a rolling 12-month period. The external valuations have been made by DTZ Sweden. See Klöverns annual report for 2006 at [www.klovern.se](http://www.klovern.se) for a detailed description of valuation principles.

## Unrealised changes in value of properties

As per 31 March 2007, the fair value of Klöverns properties was SEK 11,066 million. The unrealised change in value during the period was SEK 294 million (112).

## Financing

At the end of the period, interest-bearing liabilities amounted to SEK 6,818 million, compared with SEK 6,878 million at the beginning of the year. The average interest rate was 4.3 per cent (4.1) and the average fixed interest period was 1.7 years (1.8). The loans, including variable loans, that mature during 2007 had at the end of the period an average fixed interest term of 7 days (10). The average period of tied-up capital was 4.1 years (4.2). A total of SEK 3,329 million of the variable loans has been interest capped at 4.0 per cent and 4.5 per cent respectively, related to Stibor 90 days. Of the interest caps, SEK 730 million mature in 2009, SEK 1,099 million in 2010, SEK 1,000 million in 2011 and SEK 500 million in 2012. During the period, the unrealised changes in value of Klöverns financial instruments and securities, which are reported under net financial income, amounted to SEK 2 million (4).

### INTEREST RATE AND LOAN MATURITY STRUCTURE 31.03.2007

Year	Interest maturity structure		Loan maturity structure	
	Interest maturity, SEKm	Average interest rate, %	Credit agreements, SEKm	Utilised, SEKm
Variable <sup>1)</sup>	4,782	4.0	—	—
2007	124	4.7	333	189
2008	533	5.1	183	183
2009	63	5.1	141	141
2010	8	3.6	2,550	2,332
2011	308	6.5	2,331	1,931
2016	1,000	4.4	2,409	2,042
<b>Total</b>	<b>6,818</b>	<b>4.3</b>	<b>7,947</b>	<b>6,818</b>

<sup>1)</sup> Variable loans are loans with a fixed interest term of 90 days or less. Of these loan amounts, interest caps have been provided for SEK 3,329 million.

## The share and shareholders

The Klöver share is listed on the Stockholm Stock Exchange's Nordic list for medium-sized companies. The closing price as at 30 March 2007 – the last trading day of the quarter – was SEK 32.70 per share, which corresponds to a total market capitalisation of SEK 5.4 billion.

As per 30 March 2007, there were 166,544,326 Klöver shares distributed among approximately 18,300 shareholders.

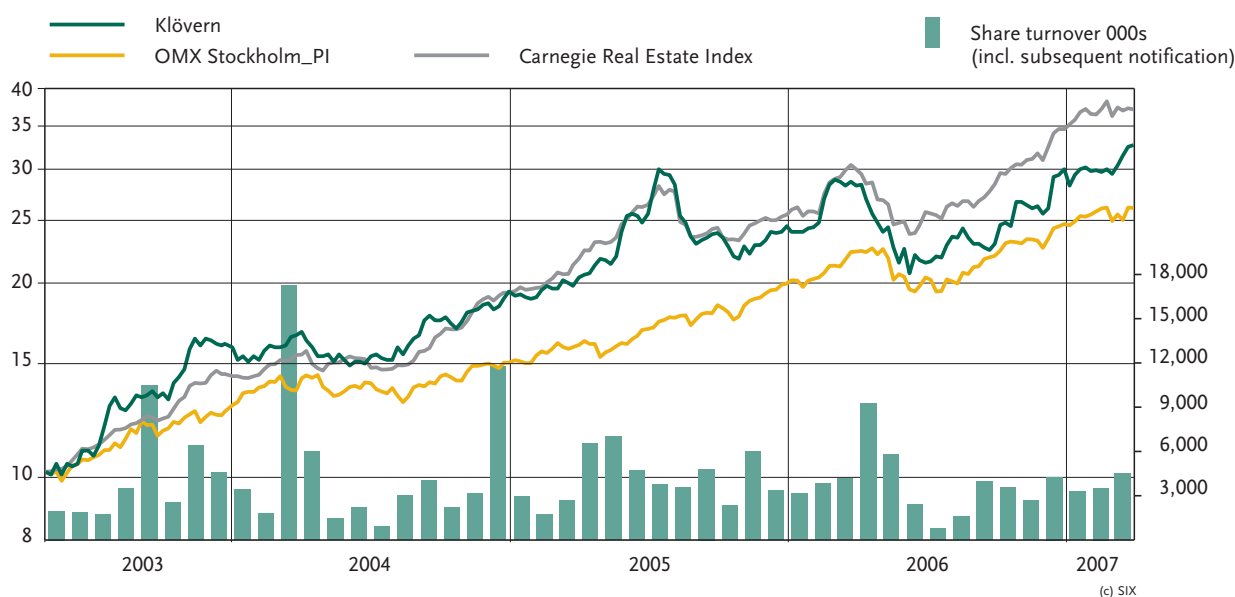
### MAJOR SHAREHOLDERS 30.03.2007

	No. of shares, million	Holding and votes, %
Fabege AB	47.6	28.6
Arvid Svensson Invest	17.0	10.2
Federation of Swedish Farmers (LRF)	16.7	10.0
Investment AB Öresund	8.7	5.2
Skandia Liv	7.5	4.5
Länsförsäkringar Fonder	6.8	4.1
Handelsbanken	5.0	3.0
HQ Fonder	3.8	2.3
Länsförsäkringar Södermanland	3.7	2.2
Gustaf Hermelin incl. companies/family	2.3	1.4
<b>Sum, major shareholders</b>	<b>119.1</b>	<b>71.5</b>
Other shareholders	47.4	28.5
<b>Total, all shareholders</b>	<b>166.5</b>	<b>100.0</b>

## Central administration

The costs of central administration during the period amounted to SEK 14 million (13). Of this amount, SEK 1 million (4) consists of fees to advisors in Klöverns taxation case for reconsideration of the tax assessment for 2003.

## The Klöver share



### Klövern continues developing Kista

During the first quarter of the year, Klöver signed a ten-year lease with Sollentunamässan for 14,000 sq.m. exhibition area in Kista. The project will start in April 2007, involving an estimated investment of SEK 130 million and the tenant will move in in August 2008. The agreement is conditional upon the approval of a new local development plan. Klöver has also signed new/renewed existing leases with Ericsson, Nokia and the restaurant Street for a total of 64,000 sq.m. The leases will involve investments totalling SEK 280 million during the period 2007–2008.

### Decisions at Klöver's Annual General Meeting on 28 March 2007

On 28 March 2007, the Annual General Meeting of Shareholders in Klöver AB decided to approve the board's proposal to pay a dividend of SEK 1.25 per share. The following board members were re-elected: Stefan Dahlbo (chairman), Gustaf Hermelin, Lars Holmgren, Anna-Greta Lundh, Johan Piehl, Lars Rosvall and Fredrik Svensson. The authorised firm of public accountants Ernst & Young AB has been reappointed for a period of four years, with the authorised public accountant Mikael Ikonen as auditor in charge. The principles for appointing the nominations committee were decided in accordance with the decisions taken at the Annual General Meeting in 2006. The board of directors was authorised to acquire and transfer own shares. Acquisitions may take place so that the number of shares, owned by the company at any point in time, corresponds to at the most 10 per cent of all of the shares issued by the company. The Annual General Meeting decided to invite shareholders to, brokerage-free, purchase or sell the number of shares required to achieve a holding equivalent to whole trading lots (a trading lot = 500 shares). It has been left to the board to decide on the period of the offer and the detailed terms and conditions.

### Fabege offers Klöver shares

Fabege has invited its shareholders to participate in an offer for the redemption of shares in Fabege with shares in Klöver as payment. The redemption offer will continue until 27 April 2007 and shares in Klöver will be distributed around 10 May 2007. This proceeding will mean that all Fabege's shares in Klöver will be distributed to Fabege's shareholders.

### Tax proceedings

At the end of the 2006 financial year, the scope for calculation of deferred tax claim has been entirely used up. The scope consisted of Klöver's established tax loss carry forwards and additional depreciation basis for tax purposes in addition to book basis. The opportunities to make tax depreciation on properties and for utilizing existing loss carry forwards means that current tax is expected to be relatively low though. During the first quarter of 2007, the deferred tax expense amounted to SEK 117 million.

### Accounting principles

This interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting*, which is in accordance with the requirements made in the Swedish Financial Accounting Standards Council's recommendation *RR 31 Interim reporting for groups*. The accounting principles applied in this interim report are those described in Klöver's annual report for 2006, note 1.

### Events after the end of the reporting period

#### *Klövern sells all properties in Kalmar and Eskilstuna*

Klövern AB has sold all its properties in Kalmar and Eskilstuna to the listed real estate company Dagon AB for SEK 707 million. The properties were vacated on 2 April 2007 and the sale will lead to a realised change in value of SEK 124 million, which will affect the second quarter earnings in 2007. The purchase price includes shares in Dagon for SEK 30 million. The sale, which concerns eleven properties in Kalmar and four properties in Eskilstuna with a total area of 89,000 sq.m., means that Klöver has left the property markets in Kalmar and Eskilstuna.

#### *Klövern and Pakhus reach settlement*

Klövern AB and Kommanditaktieselskapet Pakhus D+E have reached a settlement in a dispute over a guarantee commitment dating back to 2000 concerning a lease for a subsidiary of the company then known as Adcore AB (whose name was changed to Klöver AB in 2002). The settlement will affect Klöver's earnings the second quarter in 2007 by SEK 9 million.

### Outlook for 2007

The full-year forecast that Klöver's profit in 2007, excluding tax and changes in value will exceed SEK 325 million, still applies.

### Calendar 2007

Interim Report	
January–June 2007	Friday 13 July
Interim Report	
January–September 2007	Tuesday 23 October

Reports are available on Klöver's website, [www.klovern.se](http://www.klovern.se), where it is also possible to subscribe to annual reports, interim reports and press releases.

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

Nyköping, 25 April 2007

Gustaf Hermelin  
CEO

# Consolidated Income Statement

SEKm	2007 3 months Jan–Mar	2006 3 months Jan–Mar	2006 12 months Jan–Dec	Rolling 12 months Apr–Mar
Rental income	311.7	177.4	807.6	941.9
Other income <sup>1)</sup>	18.3	4.5	35.4	49.2
<b>Total income</b>	<b>330.0</b>	<b>181.9</b>	<b>843.0</b>	<b>991.1</b>
Property costs	–124.1	–78.9	–338.8	–384.0
<b>Operating surplus</b>	<b>205.9</b>	<b>103.0</b>	<b>504.2</b>	<b>607.1</b>
Changes in value of properties, realised	0.0	13.4	45.0	31.6
Changes in value of properties, unrealised	294.3	112.0	217.0	399.3
Depreciation of equipment	–0.8	–0.5	–2.7	–3.0
Central administration	–13.8	–13.4	–49.3	–49.7
<b>Operating profit</b>	<b>485.6</b>	<b>214.5</b>	<b>714.2</b>	<b>985.3</b>
Financial income	0.8	0.4	2.3	2.7
Financial costs	–72.4	–36.6	–173.2	–209.0
Changes in value of financial items, unrealised	2.4	4.3	27.6	25.7
Changes in value of securities, realised	0.0	0.0	5.2	5.2
Changes in value of securities, unrealised	0.0	0.0	16.4	16.4
<b>Profit after financial items</b>	<b>416.4</b>	<b>182.6</b>	<b>592.5</b>	<b>826.3</b>
<b>Profit before tax</b>	<b>416.4</b>	<b>182.6</b>	<b>592.5</b>	<b>826.3</b>
Current tax <sup>2)</sup>	0.0	0.0	–15.8	–15.8
Deferred tax	–116.6	0.0	54.0	–62.6
<b>Net profit for the period</b>	<b>299.8</b>	<b>182.6</b>	<b>630.7</b>	<b>747.9</b>
Earnings per share, SEK	1.80	1.52	5.04	5.47
Number of shares outstanding at the end of the period, million	166.5	120.4	166.5	166.5
Average number of shares, million	166.5	120.4	125.2	136.8

There are no outstanding warrants or convertibles.

<sup>1)</sup> Other income consists of income from customers who are not tenants and income from rental guarantees.

<sup>2)</sup> Current tax of SEK –15.8 million refers to subsidiaries who have been prohibited to equalise profit by group contributions during 2006.



## Consolidated Balance Sheets

SEKm	31.03.2007	31.03.2006	31.12.2006
<b>Assets</b>			
Investment properties	11,065.6	6,078.7	10,700.9
Machinery and equipment	14.0	4.7	14.0
Deferred tax claim	216.4	279.0	333.0
Short-term receivables etc	191.9	135.4	140.7
Blocked accounts <sup>1)</sup>	0.0	3.8	3.9
Liquid funds	23.6	125.0	95.4
<b>Total assets</b>	<b>11,511.5</b>	<b>6,626.6</b>	<b>11,287.9</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	4,168.0	2,447.0	3,868.2
Provisions	6.9	6.9	6.8
Interest-bearing liabilities	6,818.4	3,893.8	6,877.8
Accounts payable	45.7	36.8	113.1
Other liabilities	189.7	6.1	186.9
Accrued expenses and prepaid income	282.8	236.0	235.1
<b>Total shareholders' equity and liabilities</b>	<b>11,511.5</b>	<b>6,626.6</b>	<b>11,287.9</b>

<sup>1)</sup> Consists of amounts in blocked accounts as collateral for repayment of loans or to be used for financing of investments in properties.

## Consolidated Statement of Changes in Shareholders' Equity

SEKm	Shareholders' equity
<b>Shareholders' equity 01.01.2006</b>	<b>2,264.4</b>
Dividend	-120.4
New issue	1,093.5
Net profit for the year	630.7
<b>Shareholders' equity 31.12.2006</b>	<b>3,868.2</b>
Net profit for the period	299.8
<b>Shareholders' equity 31.03.2007</b>	<b>4,168.0</b>

## Consolidated Cash Flow Statements

SEKm	2007 3 months Jan–Mar	2006 3 months Jan–Mar	2006 12 months Jan–Dec	Rolling 12 months Apr–Mar
<b>Current operations</b>				
Profit after financial items excluding depreciation and changes in value	120.4	53.4	284.0	351.0
Realised changes in value, properties	0.0	13.4	45.0	31.6
Income tax paid	–0.2	0.0	–0.3	–0.5
<b>Cash flow from current operations before change in working capital</b>	<b>120.2</b>	<b>66.8</b>	<b>328.7</b>	<b>382.1</b>
<b>Change in working capital</b>				
Change in operating receivables	–48.8	–33.7	0.6	–14.5
Change in operating liabilities	–16.6	31.1	111.8	64.1
<b>Total change in working capital</b>	<b>–65.4</b>	<b>–2.6</b>	<b>112.4</b>	<b>49.6</b>
<b>Cash flow from current operations</b>	<b>54.8</b>	<b>64.2</b>	<b>441.1</b>	<b>431.7</b>
<b>Investment operations</b>				
Sale of properties	0.0	103.4	302.6	199.2
Acquisition of and investment in properties <sup>1)</sup>	–70.3	–102.3	–3,725.2	–3,693.2
Acquisition of tangible fixed assets	–0.8	–0.3	–11.8	–12.3
Change in amounts in blocked accounts	3.9	12.5	12.5	3.9
<b>Cash flow from investment operations</b>	<b>–67.2</b>	<b>13.3</b>	<b>–3,421.9</b>	<b>–3,502.4</b>
<b>Financing operations</b>				
Change in long-term liabilities	–59.4	–93.8	3,050.1	3,084.5
Realised changes in value of securities	0.0	0.0	5.2	5.2
Dividend	0.0	0.0	–120.4	–120.4
<b>Cash flow from financing operations</b>	<b>–59.4</b>	<b>–93.8</b>	<b>2,934.9</b>	<b>2,969.3</b>
<b>Cash flow for the period</b>	<b>–71.8</b>	<b>–16.3</b>	<b>–45.9</b>	<b>–101.4</b>
Liquid funds at the beginning of the period	95.4	141.3	141.3	125.0
<b>Liquid funds at the end of the period</b>	<b>23.6</b>	<b>125.0</b>	<b>95.4</b>	<b>23.6</b>

<sup>1)</sup> The property acquisitions during the fourth quarter of 2006 were partly financed by non-cash issues on SEK 1,094 million. The amount is not included in the cash flow.

## Key financial indicators

	2007 3 months Jan–Mar	2006 3 months Jan–Mar	2006 12 months Jan–Dec	Rolling 12 months Apr–Mar
Return on equity, %	7.5	7.8	20.6	22.6
Return on total capital, %	4.3	3.3	8.0	10.9
Equity ratio, %	36.2	36.9	34.3	36.2
Interest coverage ratio, times	6.8	6.0	4.4	5.0
Equity per share, SEK	25.0	20.3	23.2	25.0
Debt-equity ratio, times	1.6	1.6	1.8	1.6
Economic occupancy rate, %	85	87	84	85
Operating margin, %	62	57	60	61



# Definitions

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

## **Debt-equity ratio**

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

## **Earnings per share**

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

## **Equity per share**

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

## **Equity ratio**

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

## **Interest coverage ratio**

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

## **Occupancy rate – economic**

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

## **Operating margin**

Operating surplus as a percentage of rental income.

## **Operating surplus**

Rental income minus rent discounts, rent losses, operating and maintenance expenses, site leasehold charges and property tax.

## **Realised change in value of properties**

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

## **Rental value**

Rental income plus assessed market value for unlet areas.

## **Return on equity**

Net profit in relation to average equity.

## **Return on total capital**

Operating profit in relation to average total balance sheet.

## **Unrealised change in value, properties**

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

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