

KLÖVERN

Klövern hedges interest on the debt portfolio

The historically low interest levels for long rates have led Klöverner to hedge interest on the debt portfolio by entering into new interest rate swap agreements for SEK 2.8 billion. With these new agreements, more than 50 per cent of Klöverner's portfolio has fixed base interest rate.

The interest swaps mean that variable loans with the corresponding volume will be reported as interest fixed. With the new agreements, Klöverner's total holding of fixed loans amounts to SEK 4 billion, of which SEK 200 million mature in 2009, SEK 1.4bn in 2015, SEK 1.4bn in 2016 and SEK 1bn in 2017. Besides interest swaps, Klöverner has derivatives in the form of interest caps corresponding to a volume of SEK 3,829 million. The debt portfolio totalled SEK 7,645 million on 31 December 2008.

"The new swap agreements reduce the interest risk in the debt portfolio by fixing base interests at a historically low interest level. It is worth giving up some of the profit today to ensure benefits tomorrow", says Gustaf Hermelin.

In the current situation, these agreements lead to an increase in Klöverner's interest expense of around SEK 50 million to around SEK 270 million on an annual basis. When the economy starts to pick up again, it is likely that short market rates will rise and the swaps can give a positive effect on income. During 2008, interest expense totalled approximately SEK 350 million.

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Klövern is a real estate company committed to working closely with customers to meet their needs of premises and services in Swedish growth regions. Klöverner has business units in ten cities: Borås, Karlstad, Kista, Linköping, Norrköping, Nyköping, Täby, Uppsala, Västerås and Örebro. As at 31 December 2008, the value of the properties totalled approximately SEK 11.9 billion and the rental value on an annual basis is approximately SEK 1.4 billion. The Klöverner share is listed on OMX Nordic Exchange in Stockholm for medium-sized companies.

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