

KLÖVERN

INTERIM REPORT JANUARY–JUNE 2007

- Income totalled SEK 614 million (375)
- Net profit for the period increased to SEK 659 million (315)
- Earnings per share increased to SEK 3.96 (2.61)
- Property sales amounted to SEK 732 million (247) with a realised change of value of SEK 126 million (23)
- The full-year forecast is adjusted upwards; profit, excluding tax and changes in value, is expected to exceed SEK 375 million. Previous forecast was SEK 325 million.

Statement by the CEO

Conversion and focus yield strong development of profit

The past quarter has been characterised by three things: continued geographical focus, rising demand for premises and conversion of the property stock to add value. At the beginning of April Klöverndivested all of its properties in Eskilstuna and Kalmar with a realised change in value of SEK 122 million. After the divestment ten geographical units remain in markets with large potential and in which Klöverndiwishes to expand, either through investment or further acquisitions.

”We see continued positive development on the rental side. Existing clients need larger premises and the demand from new tenants is large, which means that the occupancy rate has risen by one percentage unit for the third quarter in a row”, comments Klöverndi’s CEO, Gustaf Hermelin.

The unrealised change in the value of properties continues to be high, which is partly the result of Klöverndi’s business model which is based on acquiring properties that can be developed and improved to add value and rented out.



Klöverndi’s head office, Ana 13 in Nyköping

Profit

Net profit for the period amounted to SEK 659 million (315). This improvement is mainly due to an increase in unrealised changes in value and a considerably larger property portfolio. The profit include realised changes in value from the divestment of properties for SEK 126 million (23) and unrealised changes in property values totalling SEK 438 million (152). Net financial income was SEK –70 million (–54), of which the change in the value of financial instruments and securities accounted for SEK 70 million (21).

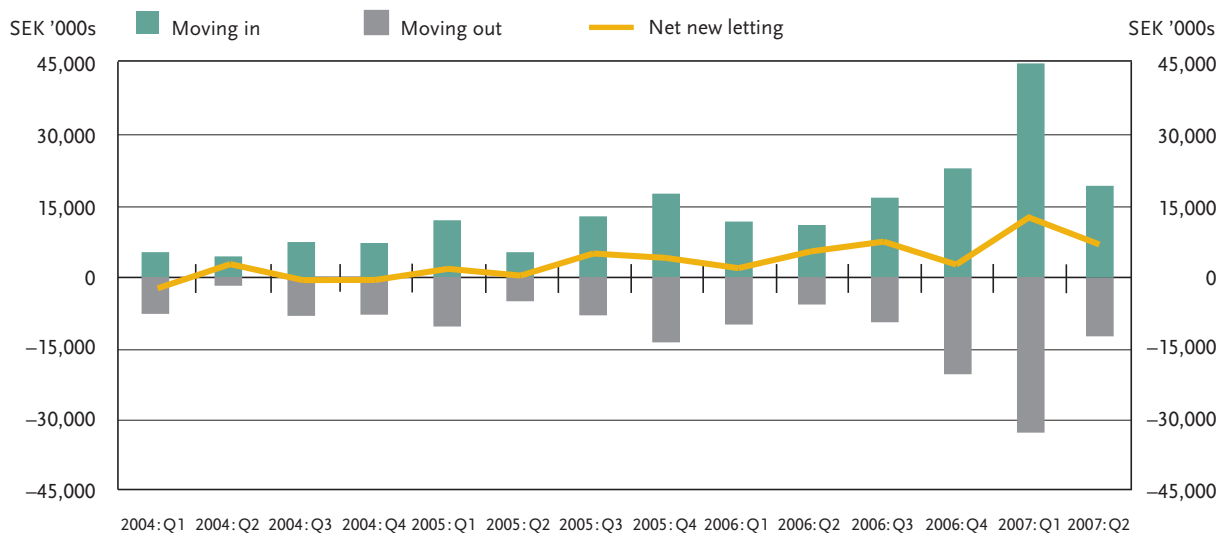
Cash flow and financial position

The cash flow for the period was SEK 38 million (–65). The equity ratio at the end of the period was 38.0 per cent (34.3). Equity increased to SEK 4,319 million (3,868). Liquid funds amounted to SEK 134 million (95) and interest-bearing liabilities totalled SEK 6,429 million (6,878).

Income and property costs

Income during the period increased to SEK 614 million (375), of which rental income amounted to SEK 580 million (364). This increase is mainly due to a larger property portfolio than previously. Rental income included

Net new letting



Continued positive net new letting: Net new letting for the first half of 2007 amounted to SEK 19 million on a full-year basis.

Cover page photos: Svånghjulet 1 in Täby
Helena and Svante at Klöverndi’s unit in Täby

lump-sum payments of SEK –33 million from vacating tenants. Other income, consisting of service sales to customers who are not tenants and income from rental guarantees, amounted to SEK 34 million (11) of which rental guarantees was SEK 24 million (5). Property costs amounted to SEK –223 million (–154). The operating surplus was SEK 391 million (221), corresponding to an operating margin of 64 per cent (59).

A high level of business activity was sustained during the second quarter of the year as well, rental levels were raised and the number of enquiries about rentals has risen even more compared to the previous quarter. The net change in rental income from new and vacating tenants continued to be positive and amounted during the second quarter to SEK 6 million (5). Compared to the beginning of the quarter the occupancy rate also rose by one percentage unit to 86 per cent. The diagram of net new lettings displays current changes for new and vacating tenants. This means that it does not include the impact of tenants moving out during the respective quarter after making lump-sum payments.

Second quarter 2007

Net profit for the second quarter amounted to SEK 359 million (132). Total income amounted to SEK 284 million (193), of which rental income accounted for SEK 268 million (186) and other income SEK 16 million (7). Profit include realised changes in value from property sales of 126 million (10) and unrealised changes in value from properties of SEK 144 million (40). The operating surplus amounted to SEK 185 million (118), net financial income was SEK –1 million (–23), of which the change in the value of financial instruments and securities accounted for SEK 68 million (17). The cash flow for the quarter was SEK 110 million (–48).

Property holdings

On 30 June 2007, Klöver's property portfolio consisted of 189 properties, which is 16 less than compared with the beginning of the year. The total rental value was SEK 1,235 million (1,276) and the fair value of the properties was SEK 10,841 million (10,701). The total lettable area was 1,344 thousand square metres (1,436).

PROPERTY PORTFOLIO 30.06.2007

Type of premises	No. of properties	Area, '000 sq.m.	Rental value, SEKm	Economic occupancy rate,% ²⁾
Offices	82	618	679	84
Industry/warehouse	60	494	265	86
Retail	27	74	94	92
Education/lab/health care/recreation	8	99	113	86
Restaurant/hotel	5	44	38	94
Residential	1	15	12	99
Other ¹⁾	6	—	34	88
Total	189	1,344	1,235	86

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

²⁾ Effects of rental guarantees are not included in the economic occupancy rate.

CONTRACT STRUCTURE 30.06.2007

Maturity year ¹⁾	No. of contracts	Area, '000 sq.m.	Contract value, SEKm	Share of contract-value,%
Commercial premises				
2007	410	150	164	15
2008	780	279	253	24
2009	418	201	207	20
2010	282	193	155	15
2011	74	57	57	5
2012–	90	161	181	17
Sum	2,054	1,041	1,017	96
Residential	168	14	13	1
Sum	2,222	1,055	1,030	97
Garages/parking spaces	1,383	—	28	3
Total	3,605	1,055	1,058	100

¹⁾ The average contract time per 30 June 2007 was 2.8 years.

Acquisitions and investments

Klöver did not acquire any properties during the first half of 2007. In the corresponding period last year, 15 properties were acquired totalling SEK 574 million. Investment in refurbishment during the period totalled SEK 293 million (82) for properties mainly in Kista, Linköping, Nyköping and Örebro.

Property sales

During the period 16 (10) properties have been sold at a total sales price of SEK 732 million (247), leading to a realised change in value amounting to SEK 126 million (23). Of the properties sold, totalling approximately 92,000 square metres (36,000), eleven were situated in Kalmar, four in Eskilstuna and one in Norrköping.

Valuation of properties

Every quarter Klöver 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 Klöver's annual report for 2006 for a detailed description of valuation principles.

Unrealised changes in value of properties

On 30 June 2007, the fair value of Klöver's properties was SEK 10,841 million. The unrealised change in value during the period was SEK 438 million (152).

Financing

At the end of the period, interest-bearing liabilities amounted to SEK 6,429 million, compared with SEK 6,878 million at the beginning of the year. The average interest rate was 4.5 per cent (4.1) and the average fixed interest term was 1.8 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 3.9 years (4.3). 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 related to Stibor 30 and 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 Klöver's financial instruments and securities, which are reported under net financial income, amounted to SEK 70 million (21). A potential future rise in short-term interest rates of 0.25 percentage units from today's level would increase Klöver's average interest rate by 0.14 percentage points. A rise in the same rates by one percentage unit would raise Klöver's average interest rate by 0.50 percentage points.

INTEREST RATE AND LOAN MATURITY STRUCTURE 30.06.2007

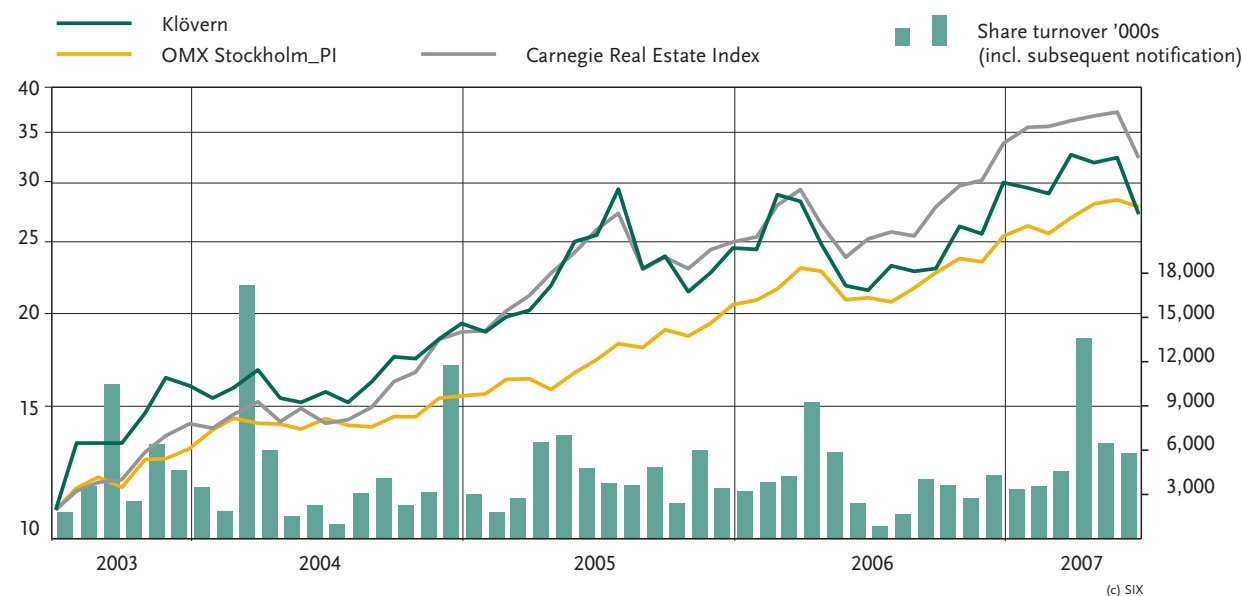
Year	Interest rate maturity structure		Loan maturity structure	
	Interest maturity, SEKm	Average interest rate, %	Credit agreements, SEKm	Utilised, SEKm
Variable ¹⁾	4,378	4.3	—	—
2007	124	4.7	333	183
2008	533	5.1	183	183
2009	54	5.2	132	132
2010	32	3.8	2,514	2,307
2011	308	6.5	2,133	1,583
2012–	1,000	4.4	2,409	2,041
Total	6,429	4.5	7,704	6,429

¹⁾ 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 OMX Nordic Exchange in Stockholm, medium-sized companies. The closing price as at 29 June 2007 – the last trading day of the quarter – was SEK 27.70 per share, which corresponds to a market capitalisation of SEK 4.5 billion.

The Klöver share



Per 29 June 2007 the total number of shares held in Klöver was 166,544,326 divided among approximately 32,300 owners.

MAJOR SHAREHOLDERS 29.06.2007

	No. of shares, million	Holdings and voting rights, %
AB Skakel	17.5	10.5
Arvid Svensson Invest	17.0	10.2
Lantbrukarnas Riksförbund	16.7	10.0
Investment AB Öresund	11.3	6.8
Länsförsäkringar Fonder	9.8	5.9
Skandia Liv	7.2	4.3
Brinova Inter AB	6.2	3.7
HQ Fonder	5.7	3.4
FGCS NV Dutch Residents	5.4	3.2
Länsförsäkringar Södermanland	3.7	2.2
Total, major shareholders	100.5	60.2
Other shareholders	66.0	39.8
Total, all shareholders	166.5	100.0

Central administration

The costs of central administration during the period amounted to SEK 34 million (25). Of this amount, SEK 9 million consisted of an arbitration settlement to Kommanditaktieselskapet Pakhus D+E resulting from a dispute about a guarantee for a subsidiary in former Adcore undertaking in 2000.

Parent company

The operation of the parent company involves functions for the group as a whole as well as ownership issues, operation and management of the group's subsidiaries. Net profit in the parent company amounted to SEK 101 million (-15). On 30 June liquid funds in the parent company amounted to SEK 68 million, compared to SEK 13 million at the beginning of the year.

Sale of shares in Dagon

In connection with the divestment by Klöver in April of properties in Kalmar and Eskilstuna to the listed property company Dagon AB, Klöver received shares in Dagon for SEK 30 million. During June Klöver sold all the shares in Dagon for SEK 30 million.

Tax situation

At the end of the 2006 financial year, the scope consisting of established tax loss carry forwards and additional depreciation basis for tax purposes in addition to book basis, on equipment and goodwill, which serves as the basis for the deferred tax asset, has been entirely used up. The scope for tax depreciation on properties and for utilizing existing tax loss carry forwards means that current tax is expected to be relatively low. During the period the deferred tax payment amounted to SEK 190 million. The reported tax payment deviates from the nominal 28 per cent as divestments of properties has taken place free of tax in company form and profits of approximately SEK 126 million will not attract tax. In connection with the divestments it has been possible to recover previously deferred tax. This amounted to SEK 12 million.

Substantial risks and uncertainty factors

Klöver's substantial risks and uncertainty factors were described on pages 42–45 in the annual report for 2006. No substantial changes have taken place since then.

Transactions with related parties

During the period Klöver has sold properties totalling SEK 707 million to Dagon. One of the members of Klöver's board, Lars Rosvall, is also a member of the board of Dagon AB. Lars Rosvall did not participate in Klöver's decision to sell properties to Dagon. In connection with the acquisition of properties in Västerås during 2004 from Arvid Svensson AB, rental agreements were included where Arvid Svensson AB was the tenant. The CEO of Arvid Svensson AB is Fredrik Svensson who is also a member of the board of Klöver. During the period Arvid Svensson AB has made lump-sum payments to Klöver totalling SEK 19 million in the course of redemption of a rental agreement. The board is of the opinion that the transaction took place on prevailing market terms.

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 reports 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

Changes in Klöver's executive management

On 2 July Britt-Marie Einar took over the post of Finance manager in Klöver. On the same date Mattias Rickardson assumed the post of head of transactions and analysis and Per-Gunnar Sabel became the head of Klöver's unit in Kista. The previous head of Klöver's Kista unit, Tomas Hermansson, leaves his position at the end of July to become CEO of Bonnier Cityfastigheter. Anders Lundquist, Chief Financial Officer and vice CEO will be leaving his post during the autumn to take up a position as CFO at Niam.

Outlook for 2007

The full-year forecast is adjusted upwards; profit, excluding tax and changes in value, is expected to exceed SEK 375 million. Previous forecast was SEK 325 million.

Calendar 2007

Interim Report
January–September 2007

Tuesday 23 October

Reports are available on Klöver's website, 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.

The board and the CEO hereby affirm that the interim report for the first six months gives a fair survey of the operations of the company and the group, its standing and its earnings and also describes any substantial risks or uncertainty factors that the company and the companies belonging to the group may face.

Nyköping 13 July 2007
Klöver AB
The Board of Directors

Stefan Dahlbo
Chairman of the Board

Gustaf Hermelin
CEO, Board Member

Lars Holmgren
Board Member

Anna-Greta Lundh
Board Member

Johan Piehl
Board Member

Lars Rosvall
Board Member

Fredrik Svensson
Board Member

Consolidated income statement

SEKm	2007 3 months Apr–Jun	2006 3 months Apr–Jun	2007 6 months Jan–Jun	2006 6 months Jan–Jun	2006 12 months Jan–Dec	Rolling 12 months Jul–Jun
Rental income	267.8	186.3	579.5	363.7	807.6	1,023.4
Other income ¹⁾	16.0	6.6	34.3	11.1	35.4	58.6
Total income	283.8	192.9	613.8	374.8	843.0	1,082.0
Property costs	–98.8	–75.4	–222.9	–154.3	–338.8	–407.4
Operating surplus	185.0	117.5	390.9	220.5	504.2	674.6
Changes in value of properties, realised ²⁾	126.1	9.7	126.1	23.1	45.0	148.0
Changes in value of properties, unrealised	143.9	39.8	438.2	151.8	217.0	503.4
Depreciation of equipments	–0.7	–0.8	–1.5	–1.3	–2.7	–2.9
Central administration	–20.2	–11.5	–34.0	–24.9	–49.3	–58.4
Operating profit	434.1	154.7	919.7	369.2	714.2	1,264.7
Financial income	0.8	0.4	1.6	0.8	2.3	3.1
Financial costs	–69.8	–39.6	–142.2	–76.2	–173.2	–239.2
Changes in value of financial items, unrealised	67.7	6.7	70.1	11.0	27.6	86.7
Changes in value of securities, realised	0.0	0.0	0.0	0.0	5.2	5.2
Changes in value of securities, unrealised	0.0	10.0	0.0	10.0	16.4	6.4
Profit after financial items	432.8	132.2	849.2	314.8	592.5	1,126.9
Profit before tax	432.8	132.2	849.2	314.8	592.5	1,126.9
Current tax ³⁾	0.0	0.0	0.0	0.0	–15.8	–15.8
Deferred tax	–73.5	0.0	–190.1	0.0	54.0	–136.1
Net profit for the period	359.3	132.2	659.1	314.8	630.7	975.0
Earnings per share, SEK	2.16	1.10	3.96	2.61	5.04	6.57
Number of shares outstanding at end of period, millions	166.5	120.4	166.5	120.4	166.5	166.5
Average number of shares, millions	166.5	120.4	166.5	120.4	125.2	148.3

There are no outstanding warrants or convertibles.

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

²⁾ The amount for 2007 is after commitment of SEK 15 million in connection with divestment of properties.

³⁾ Current tax of SEK –15.8 million refers to tax in subsidiaries which was prohibited to equalise profit by group contributions during 2006.

Consolidated Balance Sheets

SEKm	30.06.2007	30.06.2006	31.12.2006
Assets			
Investment properties	10,841.3	6,551.9	10,700.9
Machinery and equipment	13.6	12.8	14.0
Deferred tax claim	142.9	279.0	333.0
Short-term receivables etc.	223.7	152.2	140.7
Blocked accounts ¹⁾	4.0	3.8	3.9
Liquid funds	133.6	76.6	95.4
Total assets	11,359.1	7,076.3	11,287.9
Shareholders' equity & liabilities			
Shareholders' equity	4,319.1	2,458.8	3,868.2
Provisions	4.3	7.1	6.8
Interest-bearing liabilities	6,429.3	4,346.5	6,877.8
Accounts payable	70.0	39.5	113.1
Other liabilities	185.6	15.2	186.9
Accrued expenses and prepaid income	350.8	209.2	235.1
Total shareholders' equity & liabilities	11,359.1	7,076.3	11,287.9

¹⁾ 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	Total shareholders' equity
Shareholders' equity 01.01.2006	2,264.4
Dividend	-120.4
New issue	1,093.5
Net profit for the year	630.7
Shareholders' equity 12.31.2006	3,868.2
Dividend	-208.2
Net profit for the period	659.1
Shareholders' equity 30.06.2007	4,319.1

Consolidated cash-flow statements

SEKm	2007 3 months Apr–Jun	2006 3 months Apr–Jun	2007 6 months Jan–Jun	2006 6 months Jan–Jun	2006 12 months Jan–Dec	Rolling 12 months Jul–Jun
Current operations						
Profit after financial items excluding depreciation and changes in value	95.9	66.8	216.3	120.2	284.0	380.1
Realised changes in value, properties	126.1	9.7	126.1	23.1	45.0	148.0
Income tax paid	0.0	0.0	-0.2	0.0	-0.3	-0.3
Cash flow from current operations before change in working capital	222.0	76.5	342.2	143.3	328.7	527.8
Change in working capital						
Change in operating receivables	36.0	-0.2	-12.8	-33.9	0.6	21.7
Change in operating liabilities	88.2	-15.6	71.6	15.5	111.8	167.7
Total change in working capital	124.2	-15.8	58.8	-18.4	112.4	189.4
Cash flow from current operations	346.2	60.7	401.0	124.9	441.1	717.2
Investment operations						
Divestment of properties	590.5	120.4	590.5	223.8	302.6	669.3
Acquisition of and investment in properties ¹⁾	-222.5	-553.8	-292.8	-656.1	-3,725.2	-3,361.9
Acquisition of tangible fixed assets	-0.3	-8.8	-1.1	-9.1	-11.8	-3.8
Change in amounts in blocked accounts	-4.0	0.0	-0.1	12.5	12.5	-0.1
Cash flow from investment operations	363.7	-442.2	296.5	-428.9	-3,421.9	-2,696.5
Financing operations						
Change in long-term liabilities	-391.7	453.5	-451.1	359.7	3,050.1	2,239.3
Realised changes in value of securities	0.0	0.0	0.0	0.0	5.2	5.2
Dividend	-208.2	-120.4	-208.2	-120.4	-120.4	-208.2
Cash flow from financing operations	-599.9	333.1	-659.3	239.3	2,934.9	2,036.3
Cash flow for the period	110.0	-48.4	38.2	-64.7	-45.9	57.0
Liquid funds at the beginning of the period	23.6	125.0	95.4	141.3	141.3	76.6
Liquid funds at the end of the period	133.6	76.6	133.6	76.6	95.4	133.6

¹⁾ 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 Apr–Jun	2006 3 months Apr–Jun	2007 6 months Jan–Jun	2006 6 months Jan–Jun	2006 12 months Jan–Dec	Rolling 12 months Jul–Jun
Return on equity, %	8.5	5.4	16.1	13.3	20.6	28.8
Return on total capital, %	3.8	2.3	8.1	5.4	8.0	13.7
Equity ratio, %	38.0	34.7	38.0	34.7	34.3	38.0
Interest coverage ratio, times	7.2	4.3	7.0	5.1	4.4	5.7
Equity per share, SEK	25.9	20.4	25.9	20.4	23.2	25.9
Debt-equity ratio, times	1.5	1.8	1.5	1.8	1.8	1.5
Economic occupancy rate, %	86	84	86	84	84	86
Operating margin, %	65	61	64	59	60	62

Statement of income, parent company

SEK m	2007 6 months Jan–Jun	2006 6 months Jan–Jun	2006 12 months Jan–Dec
Net sales	55.3	34.0	79.1
Cost of services sold	–35.8	–24.0	–50.0
Gross profit	19.5	10.0	29.1
Depreciation, machinery and equipment	–0.6	–0.4	–0.9
Central administration costs	–34.0	–24.1	–49.3
Operating profit	–15.1	–14.5	–21.1
Result from shares and participation rights	305.3	0.0	21.6
Interest income	0.9	0.3	4.1
Interest expense	–0.5	–0.4	–0.5
Profit after financial items	290.6	–14.6	4.1
Profit before tax	290.6	–14.6	4.1
Current tax	0.0	0.0	0.0
Deferred tax	–190.1	0.0	54.0
Net profit for the period	100.5	–14.6	58.1

Balance sheet, parent company

SEKm	30.06.2007	30.06.2006	31.12.2006
Assets			
Machinery and equipment	4.1	2.7	3.6
Shares and participation	319.9	183.3	212.3
Receivables on group companies	3,352.9	1,596.6	3,180.5
Deferred tax asset	142.9	279.0	333.0
Short-term receivables etc.	4.2	49.9	8.9
Liquid assets	68.2	12.5	12.8
Total assets	3,892.2	2,124.0	3,751.1
Shareholders equity and liabilities			
Share capital	2,977.7	1,746.7	3,085.3
Provisions	4.3	7.7	6.8
Liabilities to group contributions	857.3	332.7	623.1
Accounts payable	3.0	4.5	9.2
Other liabilities	10.9	9.2	7.0
Accrued expenses and prepaid income	39.0	23.2	19.7
Total shareholders equity and liabilities	3,892.2	2,124.0	3,751.1

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 total 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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