

# KLÖVERN

**13 November 2002**

## **Interim Report, January – September 2002**

- **Profit after tax excluding items effecting comparability for the period amounted to SEK 5.5 m**
- **SEK 253 m new issue fully subscribed in July**
- **Acquisition of real estate enterprises Strandfastigheter and Strömfastigheter**

### **Profit**

Profit after tax excluding items affecting comparability for the period January-September amounted to SEK 5.5 m. Net profit was subject to costs attributable to the company's ongoing restructuring. Revenues in the same period were SEK 45.4 m; the operating surplus from real estate business was SEK 30.7 m. The net financial position for the first nine months of the year was SEK -15.8 m. Revenues were SEK 45.2 m and profit after tax SEK 9.2 m in the third quarter.

### **Cash flow and financial position**

Cash flow for the period was SEK 81.2 m; at the end of the period, the equity ratio was 18.4% at the end of the period, equivalent to 21.5% after full conversion. The closing balance of liquid funds was SEK 159 m; the closing balance of interest-bearing liabilities was SEK 1,295 m.

### **Operations**

Klövern is a newly founded real estate corporation, with an emphasis on high-yielding properties in large and medium-sized towns outside major city regions. Klövern intends to expand by acquiring real estate holdings and enterprises with the intention of achieving sufficient size to lay the foundations for effective management and leadership in a number of locations. Klövern will also achieve sufficient operational size and stock market

capitalisation to create the right prospects for its share to become an attractive investment alternative for players on the stock market.

## **Adcore becomes Klöver**

Plans to realign Adcore AB's business from consulting to real estate, to change corporate name to Klöver AB, and at the same time, to spin off wholly owned subsidiary Adcore Consulting AB to the shareholders, were announced in May. Additionally, a reverse 250:1 split and guaranteed preferential rights issue were also consummated. An extraordinary general meeting on 18 June 2002 made the necessary resolutions for these actions, with the prospectus published at the end of June. The reverse split was completed in late June, with the SEK 253 m new issue implemented in July and August. Coincident with the spin-off, Adcore Consulting AB changed corporate name to Connecta AB.

## **Real estate operations**

Coincident with its restructuring, Klöver acquired a property holding of 60 properties with aggregate lettable floor-space of some 241,000 sq. m. for SEK 1,251 m. Commercial premises comprise 95% of total rental values, and housing 5%. The profits from these properties have been consolidated into Klöver's accounts from 1 July 2002. Rental revenues amounted to SEK 45.2 m in the period July – September 2002; property costs were SEK 14.5 m. Thus the operating surplus emerged at SEK 30.7 m. As of 30 September, vacancies in the holding amount to 11% of rental values.

## **New Board of Directors**

On 2 September, a Board comprising the members elected at the EGM on 18 June 2002, Stefan Dahlbo, Erik Paulsson, Ole Oftedal and Lars Evander became active, with Stefan Dahlbo as Chairman.

## **Acquisitions of Strandfastigheter and Strömfastigheter**

On 23 August 2002, Klöver announced its planned acquisition of Strandfastigheter and Strömfastigheter, located in the Swedish cities of Nyköping and Norrköping respectively. Utilising its authorisation from a shareholders' meeting on 24 September 2002, and pursuant to shareholders' meeting authorisation and the screening of these enterprises, the Board has decided to acquire Strandfastigheter and Strömfastigheter through private placements of 16 million class B shares.

## **EGM, 24 September 2002**

An EGM on 24 September resolved to amend the Articles of Association, implying the share capital minimum and maximum being changed to SEK 100,000,000 and SEK 400,000,000 respectively. The EGM resolved to authorise the Board to resolve on new issues of a maximum of 16 million class B shares on one or more occasions, and in accordance with or waiving shareholders' preferential rights, in the period until the next Annual General Meeting, with each share having a nominal value of SEK 5. Payment for these new shares will be possible in kind, through set-off or cash payments for those real estate enterprises/properties reviewed in proposals submitted to the shareholders on 23 August 2002, as stated in press releases.

## **New management team**

As a consequence of Klöverns acquisition of Strandfastigheter, Strandfastigheters current CEO Gustaf Hermelin, 46, will be appointed as Klöverns CEO. Mr. Hermelin has been active in property development in senior executive positions since 1987, has been Strandfastigheters CEO since its foundation in 1993 and has participated in the corporate development of Strandfastigheter and Strömfastigheter since inception.

Anders Lundquist, 39, has been appointed CFO, and joins Klövern from a post as CFO of retailer Synoptik Sweden. Previously, Mr. Lundquist was Director of Corporate Communications of Wihlborgs Fastigheter AB and CFO of NK Cityfastigheter.

Caesar Åfors, 43, has been appointed Finance manager, and joins Klövern from Strandfastigheter. Mr. Åfors has a broad-based banking and real estate background.

Thomas Nilsson, 51, has been appointed Real Estate manager, and joins Klövern from Strandfastigheter. Mr Nilsson has extensive experience of the development and management of property and of real estate enterprises.

## **Compulsory redemption process, Adcore Stockholm AB**

The compulsory redemption of Adcore Stockholm AB (formerly Connecta AB) shares began in 2000. During spring 2002, the former Adcore made an offering to the minority shareholders of Adcore Stockholm AB, implying that some 50% of the remaining outstanding shares were acquired by Adcore for a price of SEK 25 per share. On 15 October 2002, the outcome of arbitration on this issue was announced. Klövern will be appealing against the arbitration board's decision at county court level. Klöverns Board considers that no further provisioning related to the arbitration board's findings is necessary.

## **Reporting and accounting principles, etc.**

Some amendments and additional information have been added to financial reporting as a consequence of Klöverns business realignment from consulting to real estate. Principally, these changes relate to Klöverns reporting being consistent with other real estate corporations listed on the Stockholm Stock Exchange. Identical accounting and calculation principles have been employed in the preparation of this Interim Report as in Klöverns prospectus of 26 June 2002. However, all historical information up to 30 June 2002 inclusive is attributable to the former Adcore's consulting business. Further explanatory comments to the Income Statement, Balance Sheet and key figures have been provided.

## Reporting schedule

Financial Statement, January-December 2002  
Annual Report, 2002  
Annual General Meeting, 2003

18 February 2003  
March 2003  
23 april 2003

This Interim Report has not been subject to specific review by the company's auditors.

The Board  
Klövern AB (publ)

Stockholm, Sweden, 13 November 2002

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*Klövern is a listed real estate corporation active on the Swedish property market through acquiring, developing, managing and divesting properties and real estate enterprises, focusing on high returns on equity. The book value of its properties is SEK 1.3 billion; its annualised rental income is SEK 180 m.*

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Summary Income Statement SEK m	2002	2001	2002	2001	Yr. 2001
	3 mth. <sup>1)</sup>	3 mth. <sup>2)</sup>	9 mth. <sup>3)</sup>	9 mth. <sup>2)</sup>	12 mth. <sup>2)</sup>
	Jul. - Sep.	Jul. - Sep.	Jan. - Sep.	Jan. - Sep.	Jan. - Dec.
Net sales	45.2	173.0	45.4	925.4	1,062.4
Property costs	-14.5	-	-14.5	-	-
Other operating costs	-3.8	-227.1	-9.7	-1,118.5	-1,257.7
<b>Gross profit</b>	<b>26.9</b>	<b>-54.1</b>	<b>21.2</b>	<b>-193.1</b>	<b>-195.3</b>
Items affecting comparability	-3.3	-160.7	151.4	-1,889.7	-582.6
Goodwill amortisation	-	-1.8	-	-46.6	-48.4
Goodwill write-downs	-	-	-	-	-1,299.3
<b>Operating profit</b>	<b>23.6</b>	<b>-216.6</b>	<b>172.6</b>	<b>-2,129.4</b>	<b>-2,125.7</b>
Interest income	0.9	0.1	1.5	1.8	3.3
Interest costs	-15.4	-	-17.3	-	-
<b>Profit after financial items</b>	<b>9.2</b>	<b>-216.5</b>	<b>156.9</b>	<b>-2,127.6</b>	<b>-2,122.4</b>
Current tax	-	-	-	-1.2	-
Deferred tax	-	-	-	-0.5	-75.9
<b>Net profit</b>	<b>9.2</b>	<b>-216.5</b>	<b>156.9</b>	<b>-2,129.3</b>	<b>-2,198.3</b>

1) Values for Q3 2002 mainly comprise Klöver AB's real estate business

2) Values for 2001 include the former Adcore group's consulting business

3) The values for Q1-3 2002 include Klöver AB's real estate business for Q3 and for the parent company (formerly Adcore AB) in Q1-2.

<b>Balance Sheet</b>			
<b>SEK m</b>	<b>2002-09-30 <sup>1)</sup></b>	<b>2001-09-30 <sup>2)</sup></b>	<b>2001-12-31 <sup>2)</sup></b>
<b>Fixed assets</b>			
Deferred income taxes recoverable	198.1	268.6	197.8
Equipment	1.0	47.0	29.0
Intangible fixed assets	0.7	36.3	33.3
<b>Total fixed assets</b>	<b>199.8</b>	<b>351.9</b>	<b>260.1</b>
<b>Current assets</b>			
Properties	1,250.6	0.0	0.0
Current receivables	26.7	292.2	131.5
Liquid funds	159.3	9.6	78.1
<b>Total current assets</b>	<b>1,436.6</b>	<b>301.8</b>	<b>209.6</b>
<b>TOTAL ASSETS</b>	<b>1,636.4</b>	<b>653.7</b>	<b>469.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity	301.5	160.4	124.9
Provisions	24.6	39.6	81.4
Convertible subordinated debenture	50.0	0.0	0.0
Interest-bearing liabilities	1,244.5	33.4	70.8
Non-interest bearing liabilities	15.8	420.3	192.6
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,636.4</b>	<b>653.7</b>	<b>469.7</b>

<b>Change in shareholders' equity</b>	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Non-restricted equity</b>	<b>Total</b>
<b>Opening balance, 1 Jan. 2002</b>	<b>57.6</b>	<b>2,298.7</b>	<b>-2,297.7</b>	<b>58.6</b>
New issue	115.1	138.2		<b>253.3</b>
Other, net	-46.1	-2 395.1	2,273.9	<b>-167.3</b>
Net profit			156.9	<b>156.9</b>
<b>Closing balance, 30 September 2002</b>	<b>126.6</b>	<b>41.8</b>	<b>133.1</b>	<b>301.5</b>

1) The values for 30.9.2002 include Klöver AB's business

2) Values for 2001 include the former Adcore group's consulting business

<b>Cash Flow Statement SEK m</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>
	<b>9 mth. <sup>1)</sup></b>	<b>9 mth. <sup>2)</sup></b>	<b>12 mth. <sup>2)</sup></b>
	<b>Jan. - Sep.</b>	<b>Jan. - Sep.</b>	<b>Jan. - Dec.</b>
<b>Ongoing operations</b>			
Operating profit, in cash terms	22.6	-290.7	-298.9
Financial items	-15.8		3.3
Income tax paid	0.0		-1.9
<b>Cash flow from ongoing operations before change in working capital</b>	<b>6.8</b>	<b>-290.7</b>	<b>-297.5</b>
<b>Change in working capital</b>			
Accounts receivable			69.0
Property acquisitions	-1,250.6		
Current receivables	104.8		-216.6
Current liabilities	-176.8		127.8
<b>Total change in working capital</b>	<b>-1,322.6</b>	<b>62.4</b>	<b>-19.8</b>
<b>Cash flow from ongoing operations</b>	<b>-1,315.8</b>	<b>-228.3</b>	<b>-317.3</b>
<b>Investment activity</b>			
Investments in goodwill, additional purchase price			-40.1
Acquisitions of subsidiaries and operations			-115.8
New issue coincident with acquisitions			67.6
Divestments of subsidiaries			-31.2
Acquisitions of intangible fixed assets			-10.2
Acquisitions of tangible fixed assets	-1.9		18.7
<b>Cash flow from investment activity</b>	<b>-1.9</b>	<b>-138.7</b>	<b>-111.0</b>
<b>Financing activity</b>			
New issue reduced with costs therefore	232.0		157.5
Change in long-term liabilities	1,223.7		29.3
Change in long-term receivables			18.4
Change in current liabilities	-56.8		44.4
Change in current receivables			26.9
Option premiums received			28.5
<b>Cash flow from financing activity</b>	<b>1,398.9</b>	<b>175.1</b>	<b>305.0</b>
<b>Cash flow for the period</b>	<b>81.2</b>	<b>-191.9</b>	<b>-123.3</b>
Liquid funds, opening balance	78.1	201.5	201.5
<b>Liquid funds, closing balance</b>	<b>159.3</b>	<b>9.6</b>	<b>78.1</b>

1) The values for Q1-3 2002 include Klöver AB's real estate business for Q3 and for the parent company (formerly Adcore AB) in Q1-2.

2) Values for 2001 include the former Adcore group's consulting business

<b>Key figures</b>	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>Yr. 2001</b>
	<b>3 mth. <sup>1)</sup></b>	<b>9 mth. <sup>3)</sup></b>	<b>9 mth. <sup>2)</sup></b>	<b>12 mth. <sup>2)</sup></b>
	<b>Jul. - Sep.</b>	<b>Jan. - Sep.</b>	<b>Jan. - Sep.</b>	<b>Jan. - Dec.</b>
Return on equity before conversion, %	3.0	52.0	neg	neg
Return on equity after conversion, %	2.9	44.9	neg	neg
Equity ratio at end of period before conversion, %	18.4	18.4	25	27
Equity ratio at end of period after conversion, %	21.5	21.5	25	27
Earnings per share before dilution and conversion, SEK	0.59	0.41	-14.15	-9.33
Earnings per share after dilution and conversion, SEK	0.34	0.38	-12.83	-8.81
Visible shareholders' equity per share before dilution effects and conversion, closing balance, SEK	11.92	11.92	1.06	0.22
Visible shareholders' equity per share after dilution effects and conversion, closing balance, SEK	11.76	11.76	0.94	0.21
Number of shares before dilution and conversion, closing balance, million	25.3	25.3	151.9	575.7
Number of shares after dilution and conversion, closing balance, million	29.9	29.9	171.2	592.4
Average number of shares before dilution and conversion, million	15.6	382.6	150.5	235.6
Average number of shares after dilution and conversion, million	18.1	411.9	166.0	249.6

1) Values for Q3 2002 mainly comprise Klöver AB's real estate business

2) Values for 2001 include the former Adcore group's consulting business

3) The values for Q1-3 2002 include Klöver AB's real estate business for Q3 and for the parent company (formerly Adcore AB) in Q1-2.