

KLÖVERN

Green Bond

Investor Presentation

23 January 2019



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400,000

kWh self-produced
electricity from the sun

25 million

kWh in energy savings
2017

46%

Lower heat-consumption
than average according to
Energimyndigheten 2016



Among listed
real estate companies
in 2017



SUSTAINABLE
BRAND INDEX



WE SUPPORT

"Sustainable development offers a
framework to achieve social justice,
exercise environmental stewardship
and strengthen governance"

— Ban Ki-moon

Klövern's locally produced energy from the sun 2017 could:

Keep a 40W light
bulb on for **10
million hours**



Light up all residential
houses in Stockholm for
more than **three days**



With energy savings (2016-2017):

Run a residential
house for
364,124 days



Drive a Tesla **3,000**
times through
Sweden



The mean difference between Klöver's and average energy use for
heating and hot water in premises in 2016 can:

Heat **16,000**
apartments for a year



Reduce the CO₂
emissions in Stockholm
by **12,000 ton**

Transaction overview

Issuer:	Klöver AB (publ)
Instrument:	Senior Unsecured Green Bond. Stand alone documentation.
Volume:	Tap under the framework amount of SEK 2,500m (SEK 900m currently outstanding)
Nominal amount:	SEK 100,000. Minimum subscription of SEK 1,100,000
Coupon:	STIBOR 3m + 400 bps, no STIBOR floor. To be paid quarterly in arrears
Tap price:	Price corresponding to STIBOR 3m + [-] bps, no STIBOR floor
Maturity:	April 2022
Use of proceeds:	Proceeds are intended to be used in accordance with Klöver's Green Bond Framework to fund or refinance eligible green assets
Financial undertakings:	<ul style="list-style-type: none"> ▪ Equity ratio $\geq 20\%$ (on a consolidated basis) ▪ Interest coverage ratio $\geq 1.25x$ (on a consolidated basis)
General undertakings and other terms:	<ul style="list-style-type: none"> ▪ No substantial change of business ▪ Compliance with laws ▪ Disposal of assets ▪ Dealings with related parties ▪ Admission to trading within 6 months ▪ Cross payment default to other financial indebtedness exceeding SEK 50m
Put option:	Investor put option at 101% of par value if any of the following events occurs: <ul style="list-style-type: none"> ▪ Change of Control Event: 50% ownership threshold (with certain exceptions) ▪ Delisting Event: the Issuer's common shares are not listed and traded on Nasdaq Stockholm or any other Regulated market, etc. (with certain exceptions) ▪ Listing Failure: the Notes are not listed on the Nasdaq Stockholm exchange within 60 days after issue date, or are delisted
Call option:	The Issuer may redeem the Notes three months prior to Final Maturity Date at 100% of Nominal Value
Listing:	Nasdaq Stockholm Sustainable Bond List
Trustee:	Nordic Trustee & Agency AB (publ)
Isin:	SE0011063163
Joint bookrunners:	Danske Bank, Nordea and Swedbank

Agenda

1. Klöver in brief

2. Tenants

3. Recent transactions

4. Sustainability

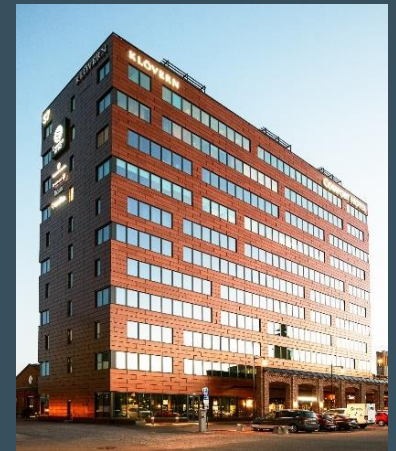
5. Project development

6. Financing

7. Green bond framework

8. Risk factors

Klövern in brief



Klövern in brief

403

Number of Properties

SEK 47.4 bn

Property Value

SEK 3.7 bn

Rental Value

2,779,000 sq.m.

Total Lettable Area

5,000

Number of Tenants

SEK 1.3 bn

Profit from Property Management*

46,900

Number of Shareholders

Klövern # 1

Among all listed real estate
(Sustainable brand index, 2017)

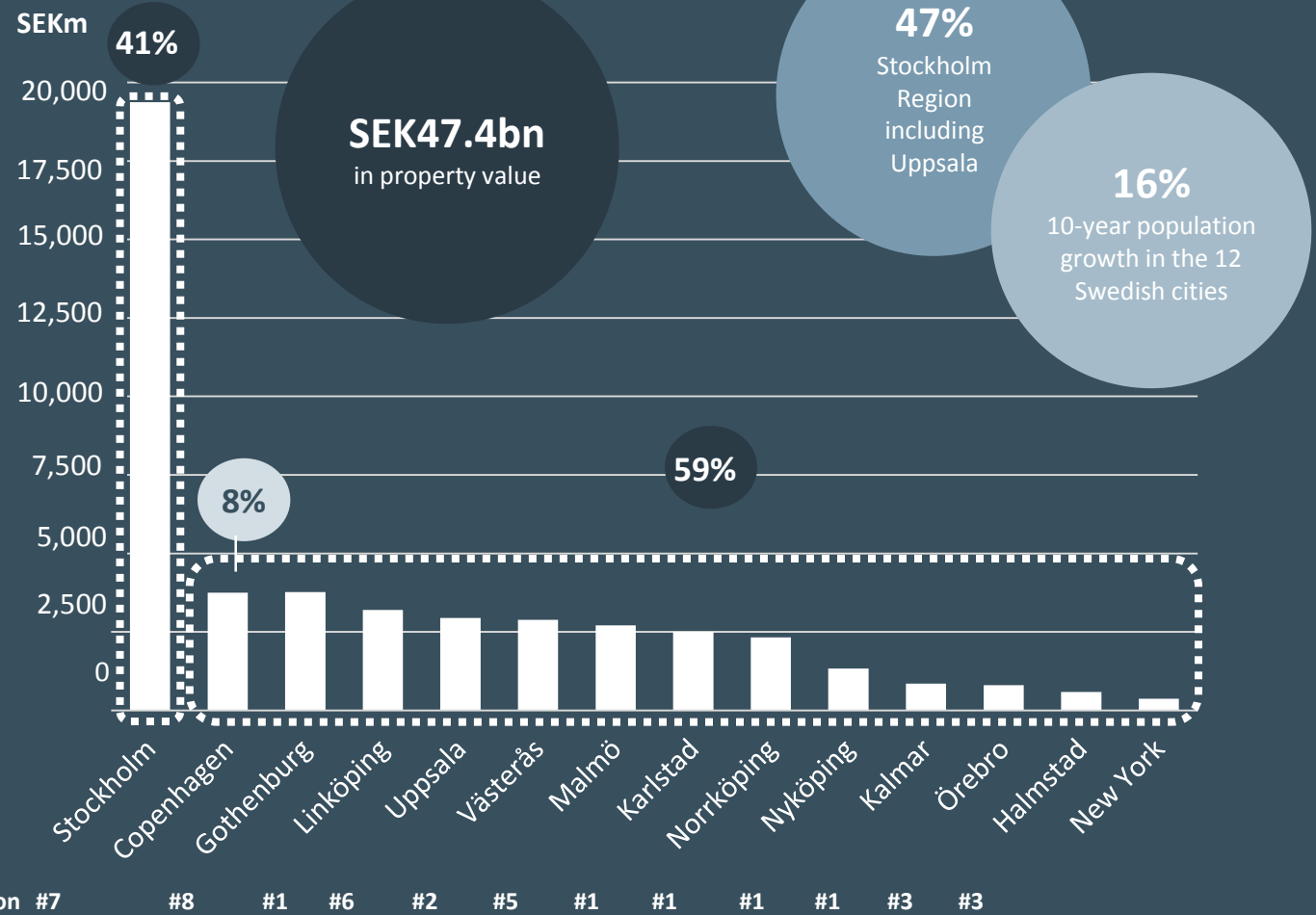
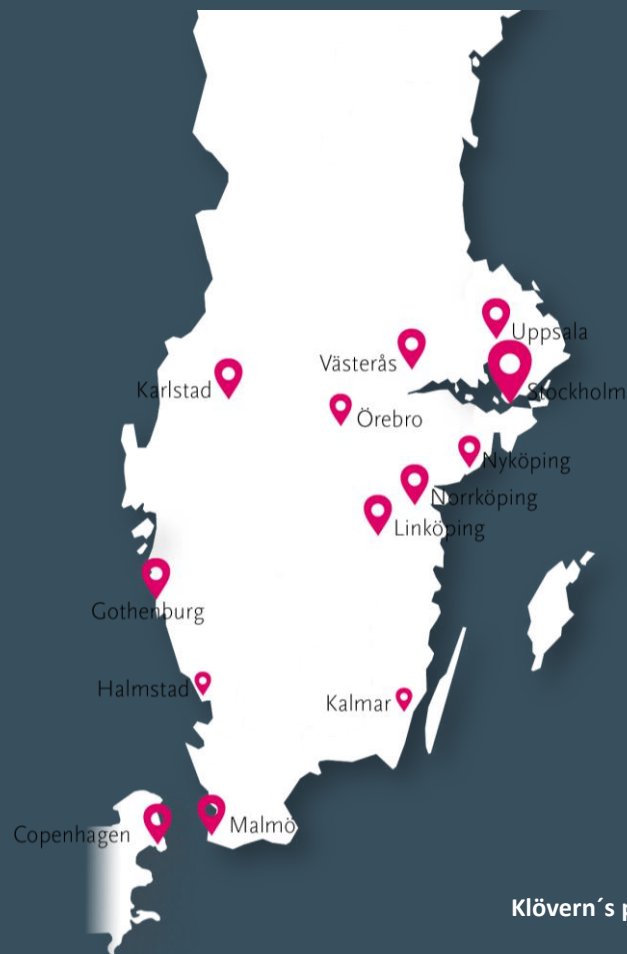
* Trailing 12 months

Sweden, Copenhagen and New York

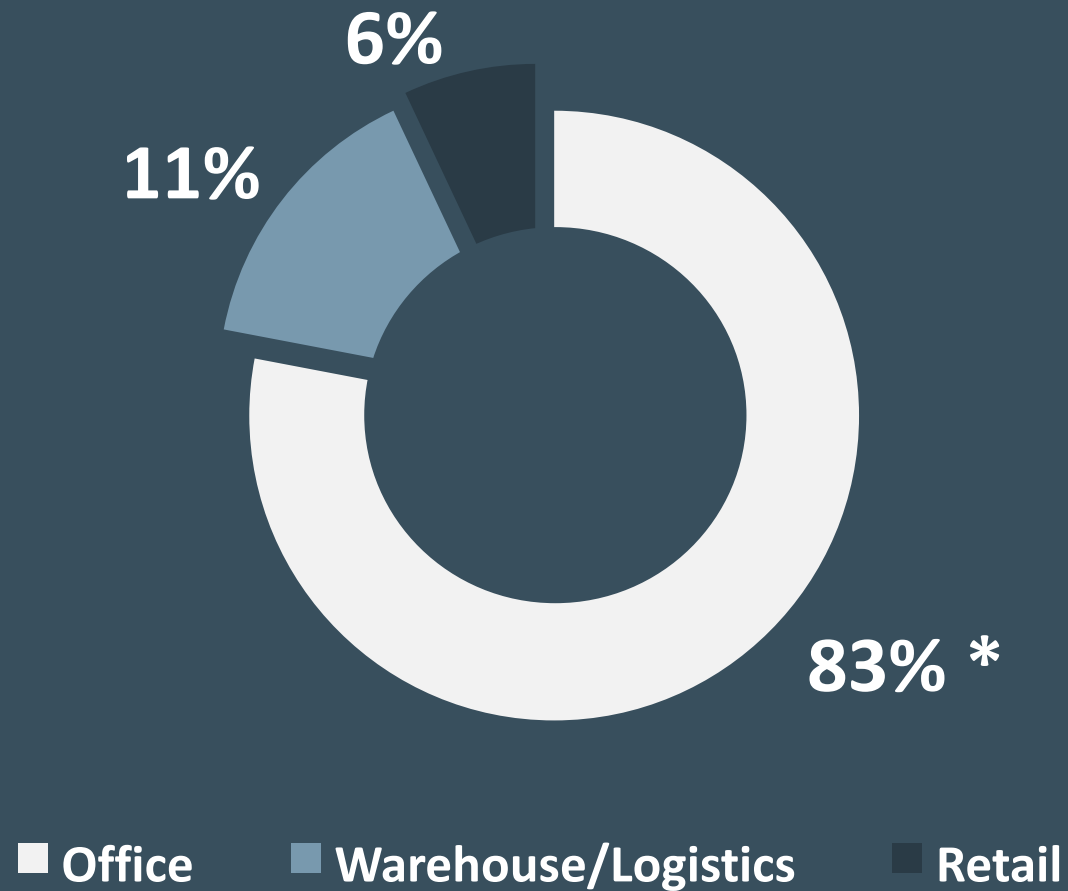
New York

Uppsala
Stockholm
Västerås
Norrköping
Linköping
Göteborg
Halmstad
Köpenhamn
Malmö
Karlstad
Nyköping
Kalmar

Property portfolio

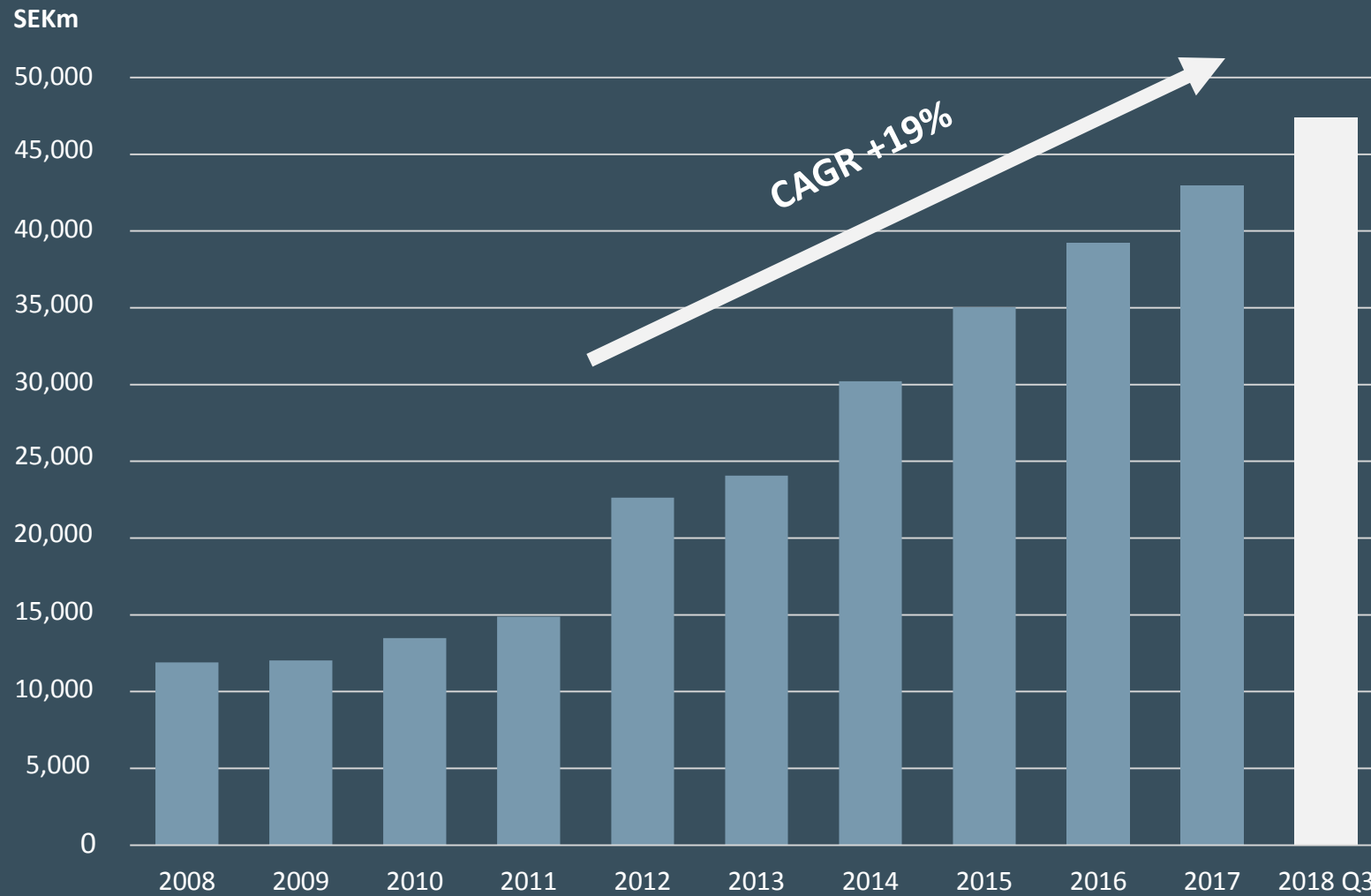


Property value by type of property



*Including Education/Healthcare/Other

Property value



Tenants

IBM

Baxter

Danske Bank

CODAN



Nestlé

Good Food, Good Life

Attendo

Swedbank

SAMSUNG



CLIMEON

CBS **COPENHAGEN
BUSINESS SCHOOL**
HANDELSHØJSKOLEN

NOVARTIS

EASYFAIRS
Visit the future



8,800

Number of Contracts

3.7 years

Average Remaining Lease Term

5,000

Number of Tenants

15 years

Average Total Lease Term (round estimate)



4.2 out of 5

Tenant Credit Rating**

1,321

Average Rent (SEK per sq.m.)*

18 years

Average Age of Properties***

92%

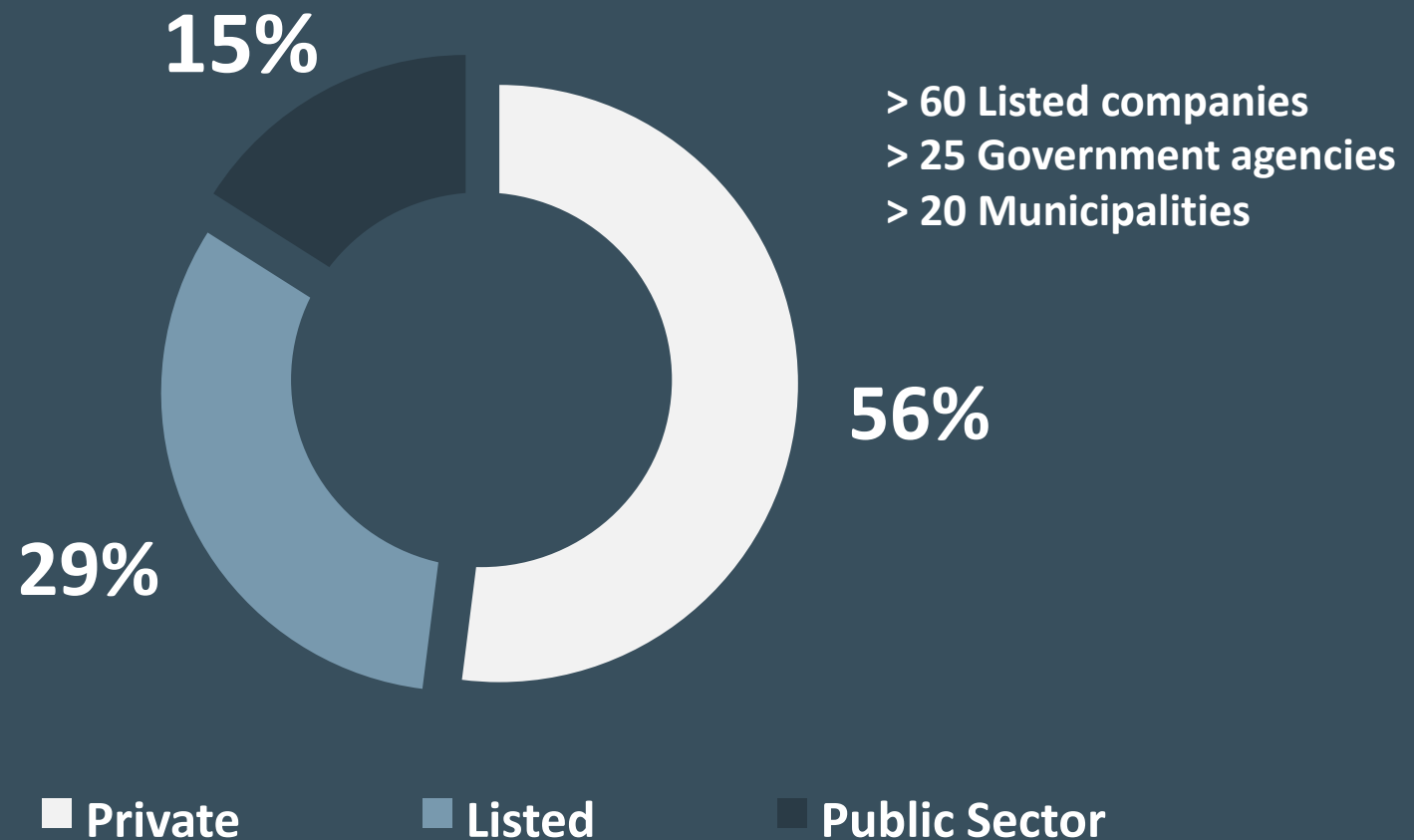
Economic Occupancy Rate*

* For investment properties

** UC Rating Institute

*** Based on property value

Contract value by customer category



Recent transactions

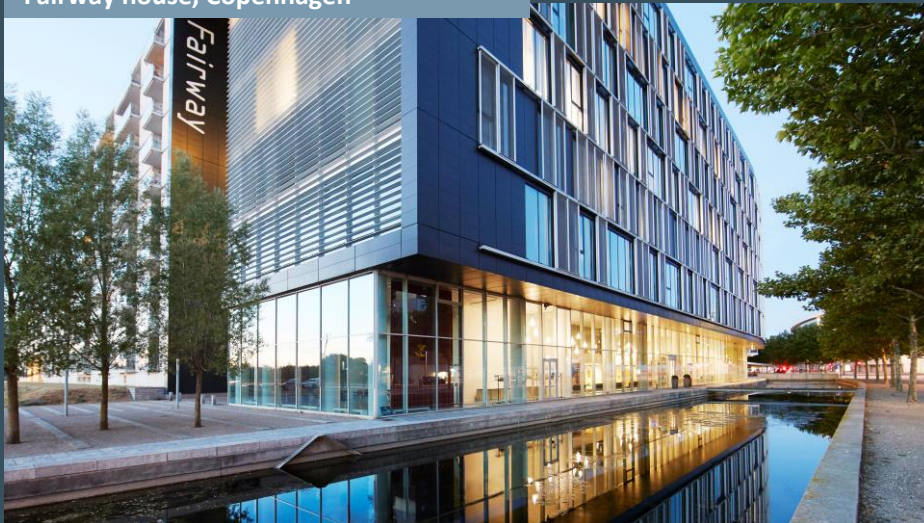
Stapelbädden 4, Malmö



Codan house, Copenhagen



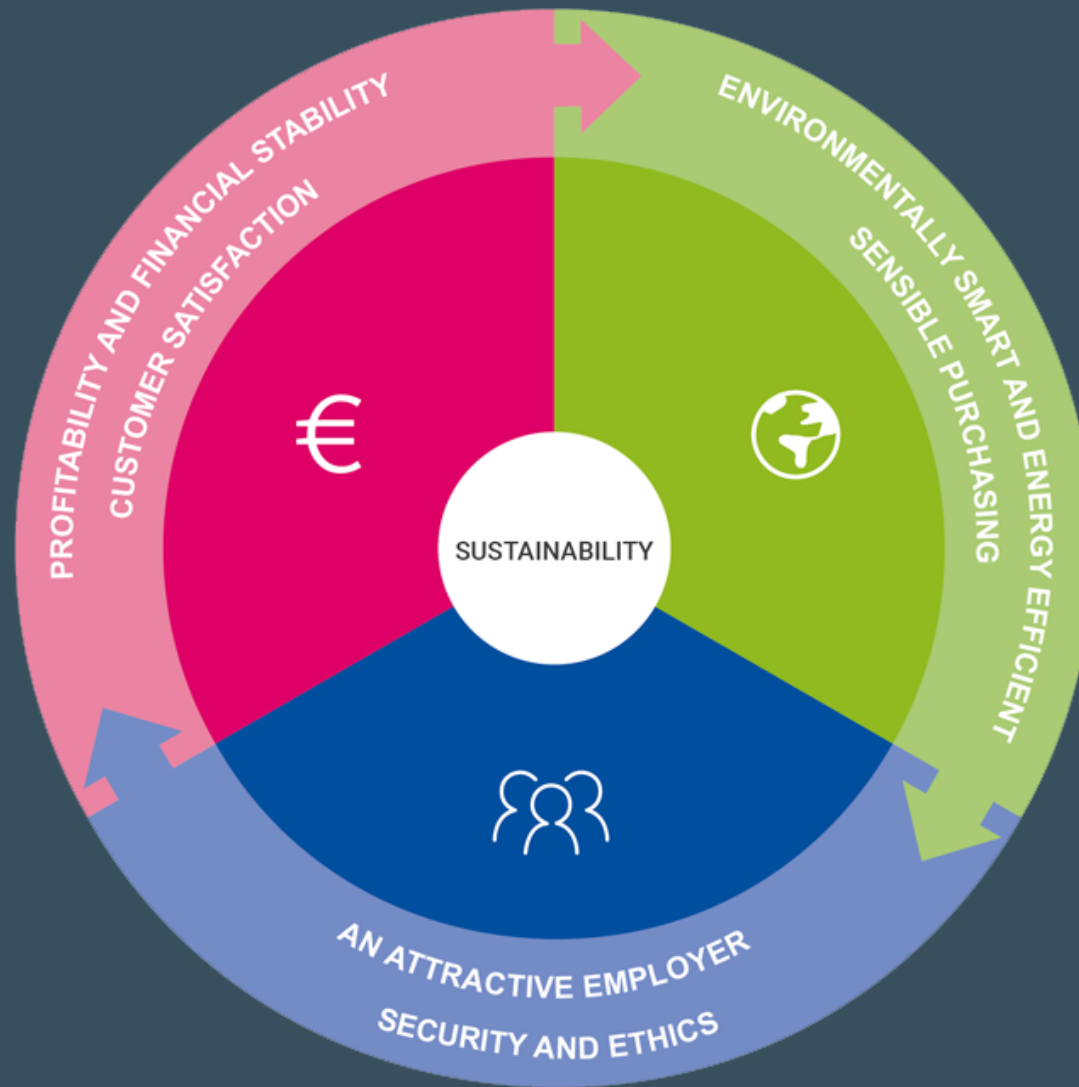
Fairway house, Copenhagen



Stapelbädden 2, Malmö



Sustainability



Sustainability goals

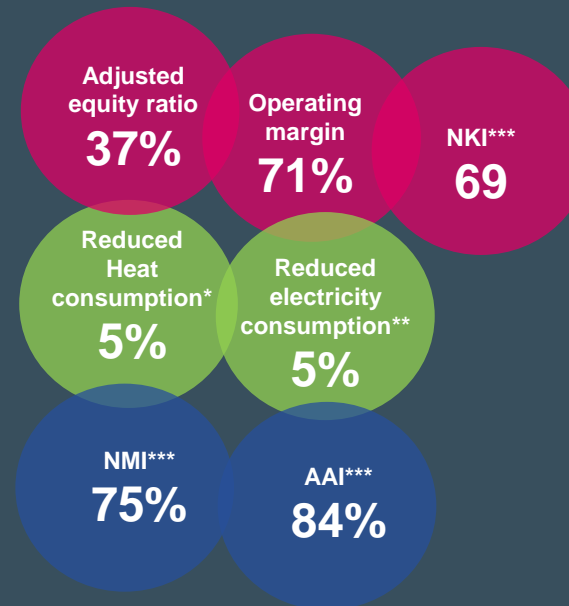


For Klöver, sustainable development means taking responsibility for the long-term economic, environmental and social impact of how we put our business concept and values into practice

Selected sustainability goals

- | | |
|---------------|--|
| ECONOMIC | <ul style="list-style-type: none"> The adjusted equity ratio shall in the long-term amount to 40 % The operating margin shall amount to at least 65% Satisfied Customer Index (NKI) shall in long term amount to at least 75 |
| ENVIRONMENTAL | <ul style="list-style-type: none"> Reduction in heat consumption by at least 6% during 2016-2018 Reduction in electricity consumption by at least 8% during 2016-2018 All new suppliers with framework agreements shall sign the code of conduct |
| SOCIAL | <ul style="list-style-type: none"> The Satisfied Employee Index (NMI) shall in the long-term amount to at least 75% The Attractive Employer Index (AAI) shall in the long-term amount to at least 80% All employees shall be trained in business ethics within 6 months from employment |

Outcome Q3 2018



Award 2017



Among listed real estate companies in 2017



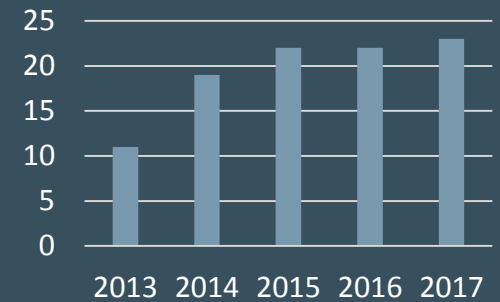
* Heat consumption decreased by a total of 5 per cent during 2016 and 2017
 ** Electricity consumption decreased by a total of 5 per cent during 2016 and 2017
 *** Outcome 2017

Environmental focus

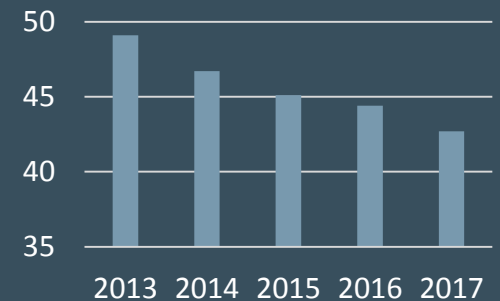
Klövern's environmental work is well integrated into the organisation

- Klöver provides climate adaptive premises
 - ✓ Lifecycle approach with minimum possible use of resources in the development and management of the properties and with the least negative environmental impact
 - ✓ Klöver has a sensible purchasing policy, selecting suppliers with high standards in terms of environmental, social and ethical aspects
- Klöver strives to have a green property portfolio
 - ✓ First building was certified in 2011, since then a total of 23 properties have been environmentally certified
 - ✓ All new constructions should be classified according to Miljöbyggnad ≥ Silver (or equivalent)
 - ✓ Ambition is to increase the number of certified buildings in the existing property portfolio
- Klöver strives to increase the energy efficiency of its properties and increase the share of renewable energy
 - ✓ The proportion of renewable energy consumption increased to 55.9% during 2017
 - ✓ Electricity production from solar panels increased to 401MWh during 2017
 - ✓ Heat consumption reduced by 5% in 2016 and 2017
 - ✓ Klöver's average value of heating is 63.9kWh/sq.m. (Dec 2017), compared to national average value (123 kWh/sq.m.) for "heating and hot water in premises"*
 - ✓ Electricity consumption reduced by 5% in 2016 and 2017
- Klöver offers green solutions
 - ✓ Support to tenants in their sustainability work by offering green lease contracts, which reduce the premises' environmental impact.
 - ✓ 162 green lease contracts in Dec 2017, corresponding to 8% of total contract value
 - ✓ Provide premises with energy retrofits, infrastructure for electric cars, improved waste management, and terrestrial and aquatic biodiversity conservation (e.g. beehives)
- Klöver is rated "Outperformer" on ESG issues by Sustainalytics compared to its industry peers

Certified buildings







Electricity consumption (kWh/sqm)



*Energy efficiency in BBR expressed as "Primärenergital (PET)", Primary Energy Number; measured in kWh/sq.m., year

Selection of certified properties

Property	Isafjord 8	Isafjord 4	Majorna 219:7	Kungsängen 10:2
Certification	<ul style="list-style-type: none"> Miljöbyggnad SILVER 	<ul style="list-style-type: none"> LEED GOLD 	<ul style="list-style-type: none"> Miljöbyggnad SILVER 	<ul style="list-style-type: none"> Miljöbyggnad GULD 
Location	Kista	Kista	Göteborg	Uppsala
Type of premise	Office	Office	Office	Hotel
Area	30,500 sq.m.	18,900 sq.m.	18,022 sq.m.	8,663 sq.m.

Certified properties

Eligible green assets under Klöver's Green Bond Framework

Property	Location	Type of premise	Area, sq.m.	Rental value (SEKm)	Certification	Property value
Isafjord 4 (part of)	Stockholm	Office	18,900	62.4	LEED GOLD	c. SEK 3.8bn
Isafjord 8	Stockholm	Office	30,500	61.2	Miljöbyggnad Silver	
Kopparhammaren 2 (part of)	Norrköping	Office	3,510	10.0	Miljöbyggnad GULD & SILVER	
Kungsängen 10:1	Uppsala	Office	12,113	24.0	Miljöbyggnad SILVER	
Kungsängen 10:2	Uppsala	Hotel	8,663	20.7	Miljöbyggnad GULD	
Kungsängen 37:13	Uppsala	Office and retail	15,240	24.4	LEED GOLD	
Majorna 219:7	Göteborg	Office	18,022	27.2	Miljöbyggnad SILVER	
Mejramen 1	Göteborg	Office	11,169	14.1	Miljöbyggnad SILVER	
Sigurd 7	Västerås	Hotel and office	7,673	15.1	Miljöbyggnad Silver	

Properties expected to be certified within 24 months

Property	Location	Type of premise	Area, sq.m.	Rental value (SEKm)	Pending certification	Property value (when completed)
Travbanan 2 och 3	Göteborg	Fair, hotel and office	N/A	N/A	Miljöbyggnad Silver	N/A
Kopparhammaren 2	Norrköping		N/A	N/A	Miljöbyggnad Silver	

Other certified properties

Property	Location	Type of premise	Area, sq.m.	Rental value (SEKm)	Certification	Property value
Arenan 8*	Stockholm	Office	14,150	37.9	Breeam in use	c. SEK 3.4bn
Hilton 3*	Solna	Office, restaurant, gym, conference	20,051	51.2	Green building	
Allmogekulturen 5	Västerås	Office, hotel and restaurant	14,926	13.0	Green building	
Barkassen 9	Karlstad	Office	7,045	11.0	Green building	
Diket 10	Norrköping	Office and retail	6,012	8.4	Green building	
Druvan 13	Karlstad	Office, retail and residential	5,530	6.6	Green building	
Flygfyrn 3	Malmö	Office and warehouse	6,000	5.7	Green building	
Forskarbyn 2	Örebro	Office	5,203	7.8	Green building	
Kanoten 10	Karlstad	Office, warehouse and restaurant	10,165	11.0	Green building	
Linjalen 60	Täby	Warehouse, office and office hotel	4,156	4.7	Green building	
Oxbacken 7	Örebro	Office	2,942	4.6	Green building	
Pigan 1	Örebro	Office and warehouse	932	1.0	Green building	
Pinassen 2	Karlstad	Offices	14,272	31.5	Green building	
Pottegården	Göteborg	Office	1,950	1.4	Green building	
Traktorn 4	Malmö	Office and retail	13,900	17.3	Green building	
Svånghjulet 1	Täby	Restaurant, school and office hotel	4,191	4.8	Green building	
Ugglum 9:242 (part of)	Partille	Postal sorting	2,086	2.2	Green building	
Ängsviolen 1	Göteborg	Office and warehouse	5,600	4.7	Green building	

Other green investments

Norrköping



Approximately 600 sq.m. solar panel installed producing c. 85,000 kWh per year, corresponding to 33% of the property's yearly energy consumption

Linköping



Approximately 785 sq.m. of solar panels installed in the end of 2016/beginning of 2017 with an anticipated yearly production of 113,000 kWh. In October 2017 the production had already surpassed that level

Sustainable energy sources



Energy from district heating is purchased for properties connected to the district heating network of Gothenburg, Norrköping and Örebro and some parts of Stockholm. Furthermore, renewable heating is purchased to properties certified according to Miljöbyggnad

Project development

Kungsängen 10:1 and 10:2, Uppsala



Pinassen 2, Karlstad



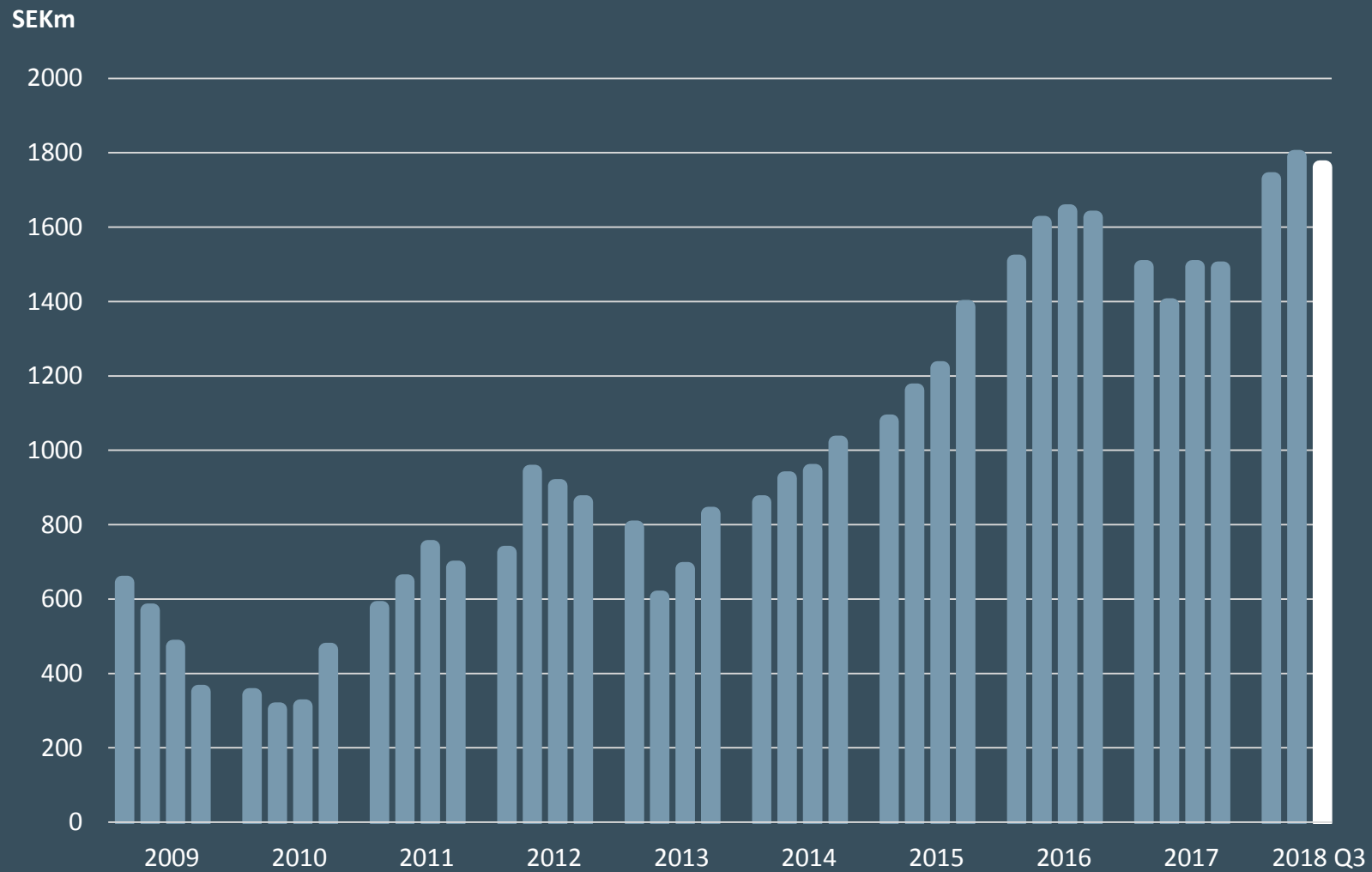
Travbanan 2-3, Gothenburg



Bommen 6, Norrköping



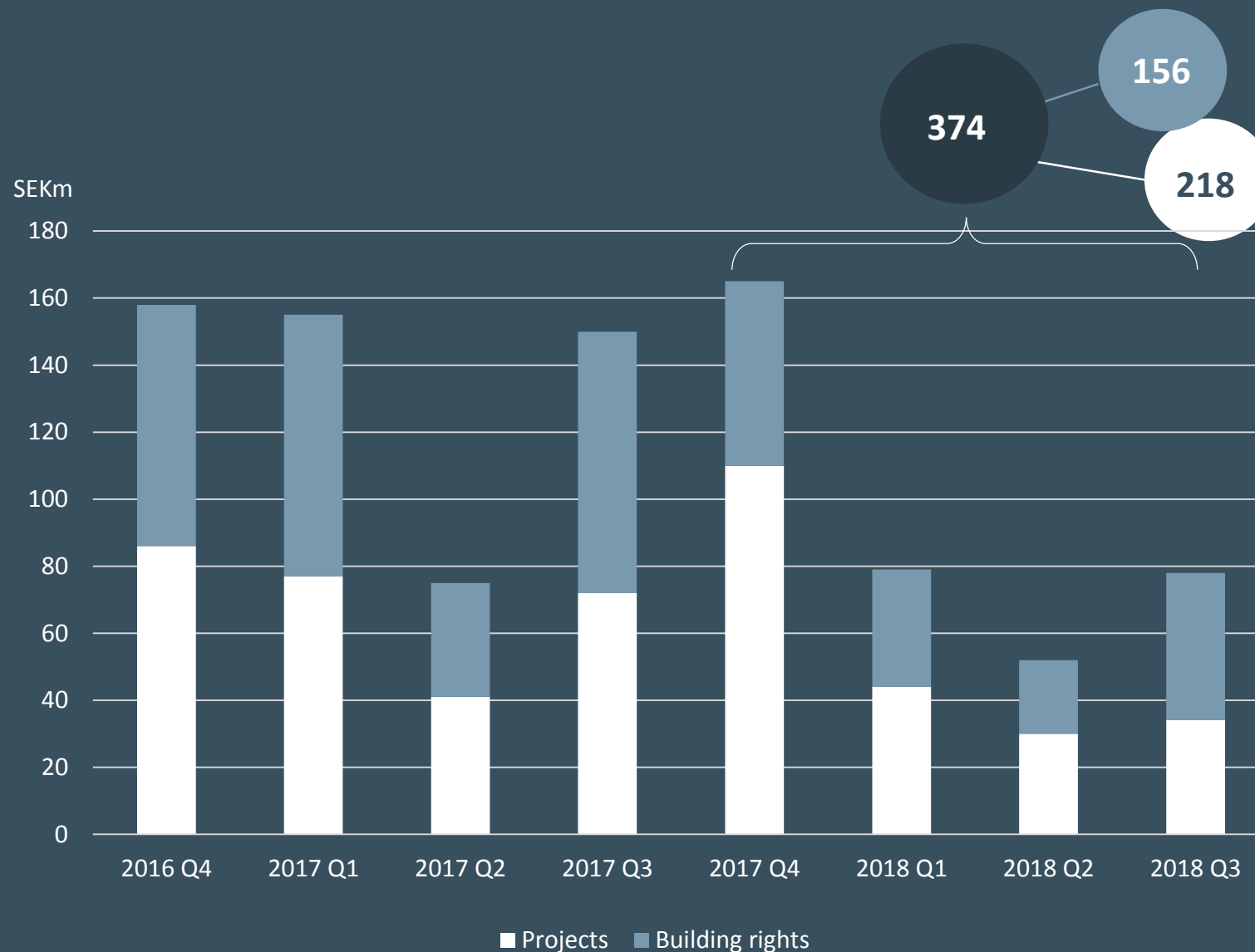
Investments, trailing 12 months



Klövern's largest projects in progress, 30 September 2018

City	Property	Project type	Contractor	Largest tenant, moving-in year/quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value, SEKm	Estimated completion year/quarter
Gothenburg	Travbanan 2, 3	Fair/hotel	BRA Bygg	Easyfairs, 19Q1	29,723	510	525	64	54	19Q2
Stockholm	Knarrarnäs 4	Hotel	Wästbygg	Choice Hotels, 18Q4	7,012	250	198	29	12	18Q4
Norrköping	Kopparhammaren 2	Office	SEFAB	Gaia, 19Q3	4,775	78	142	73	10	19Q4
Total					41,510	838	865	166	76	

Net value creation through projects/building rights



Change in fair value of properties due to projects and development of building rights, minus investments

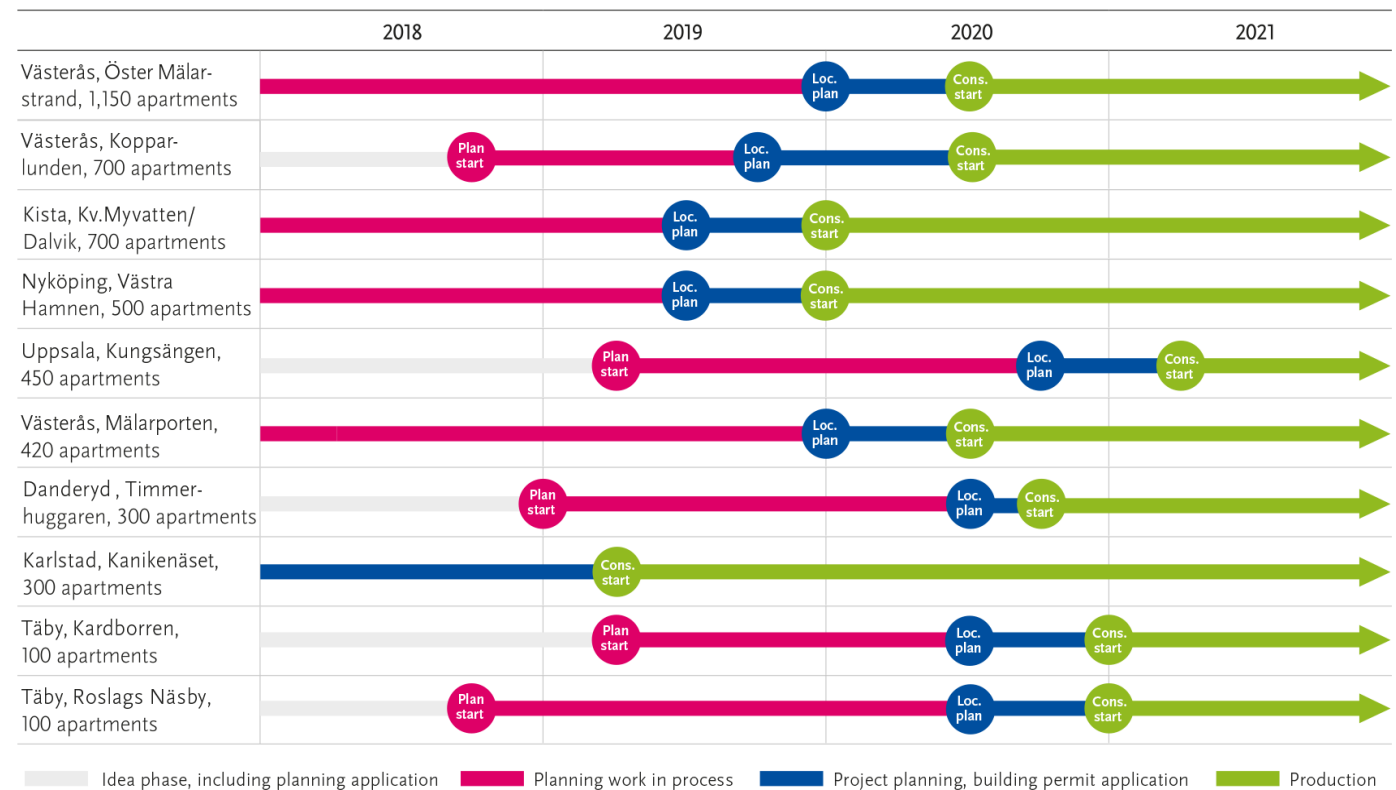


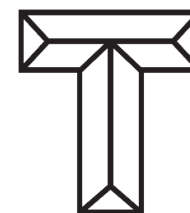
 Klöver
Living

Project portfolio of apartments



KLÖVERN LIVING – THE TEN LARGEST RESIDENTIAL DEVELOPMENT PROJECTS





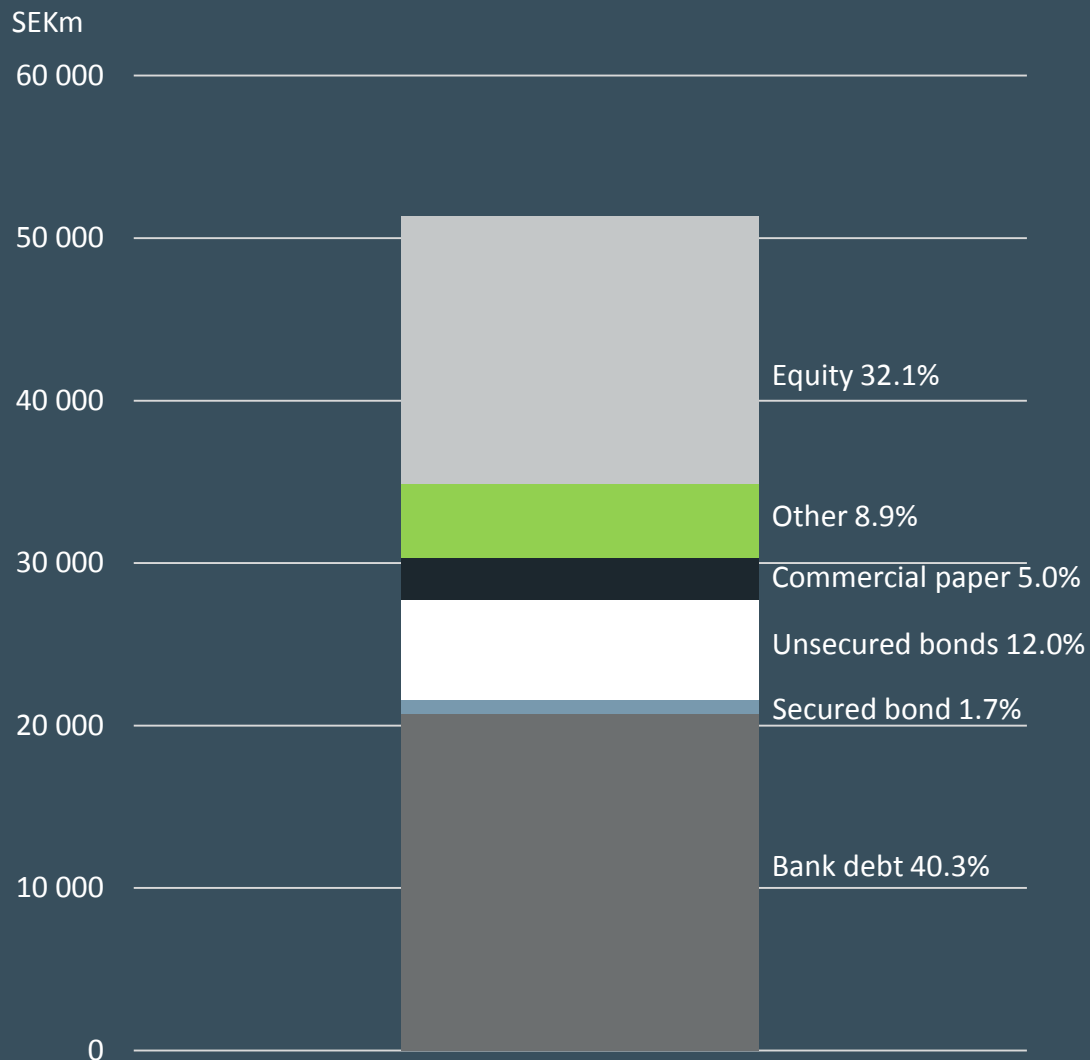
TOBIN
PROPERTIES

Project portfolio ~2,200 units
of which
493 ongoing

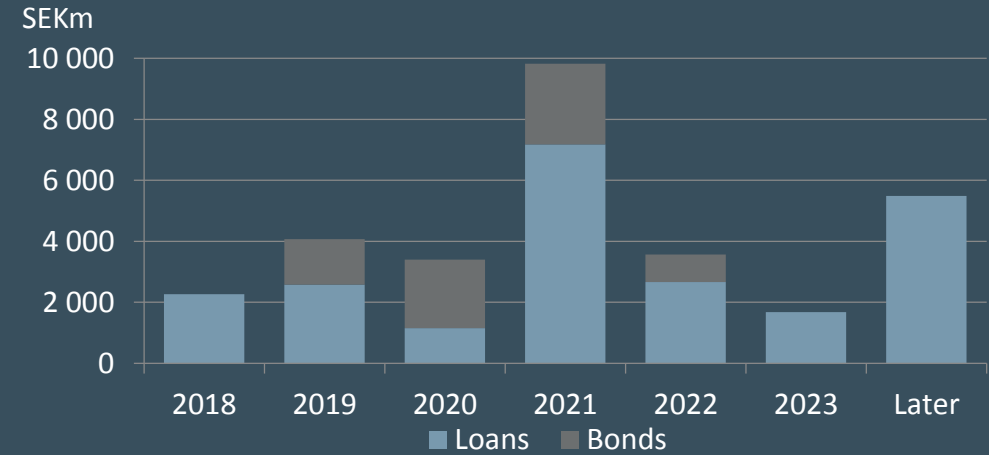
Financing

Capital structure

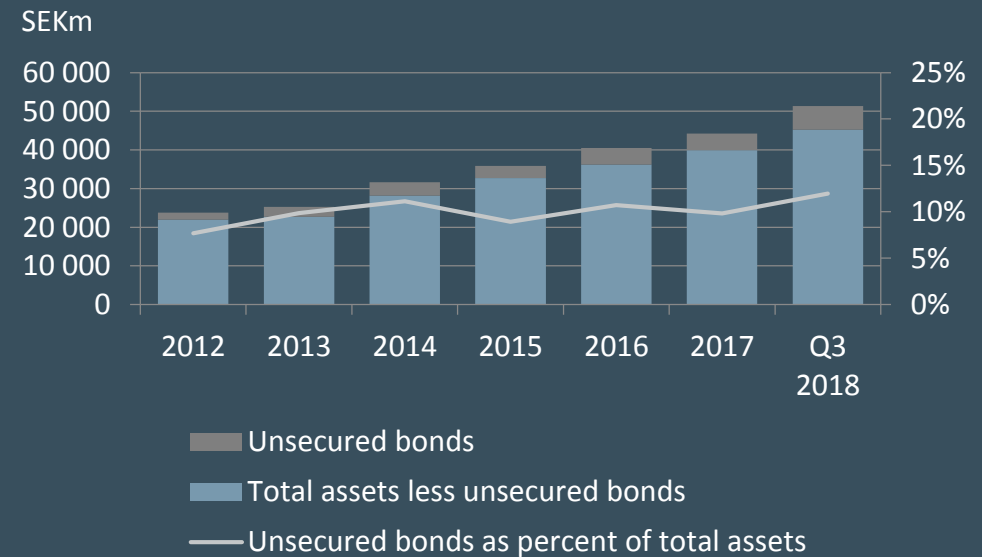
Capital structure



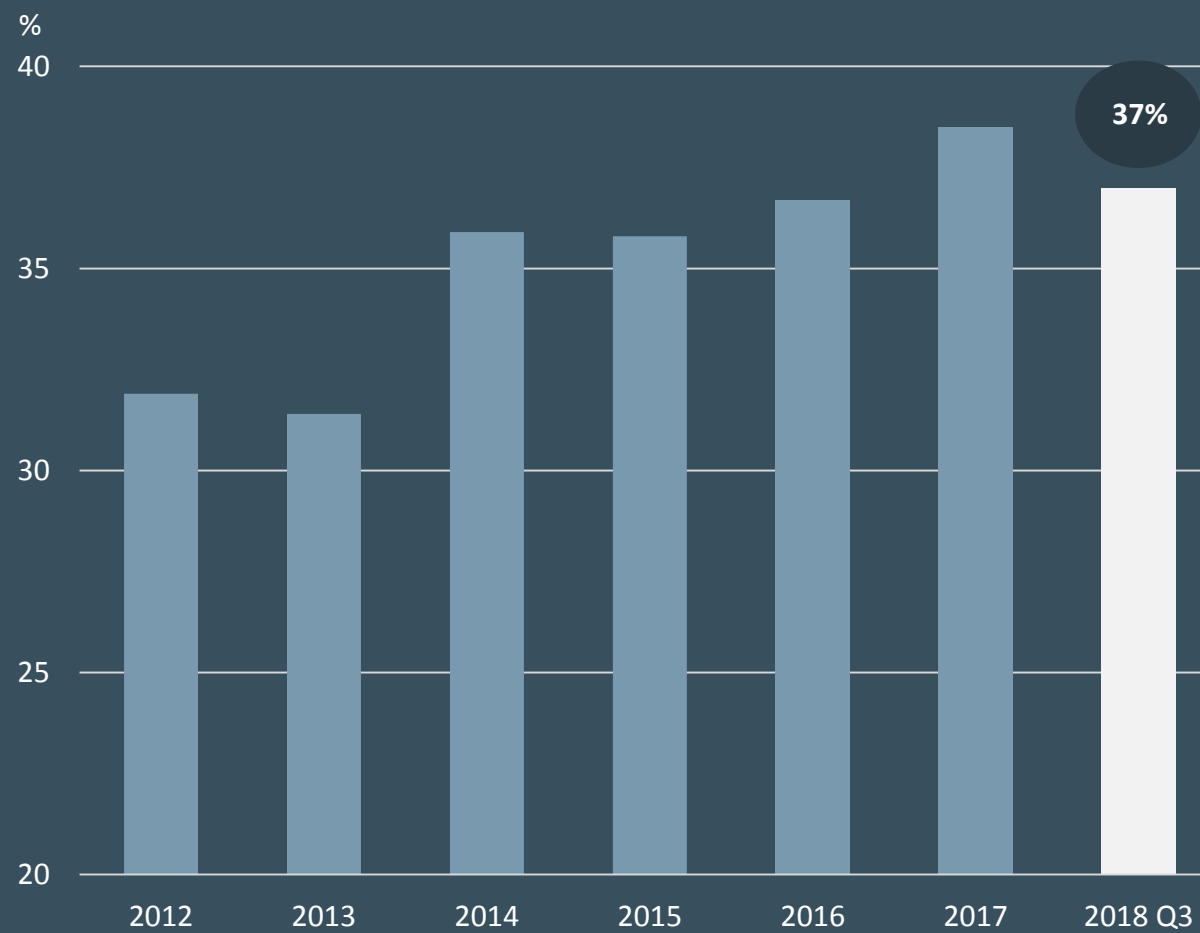
Debt maturity schedule



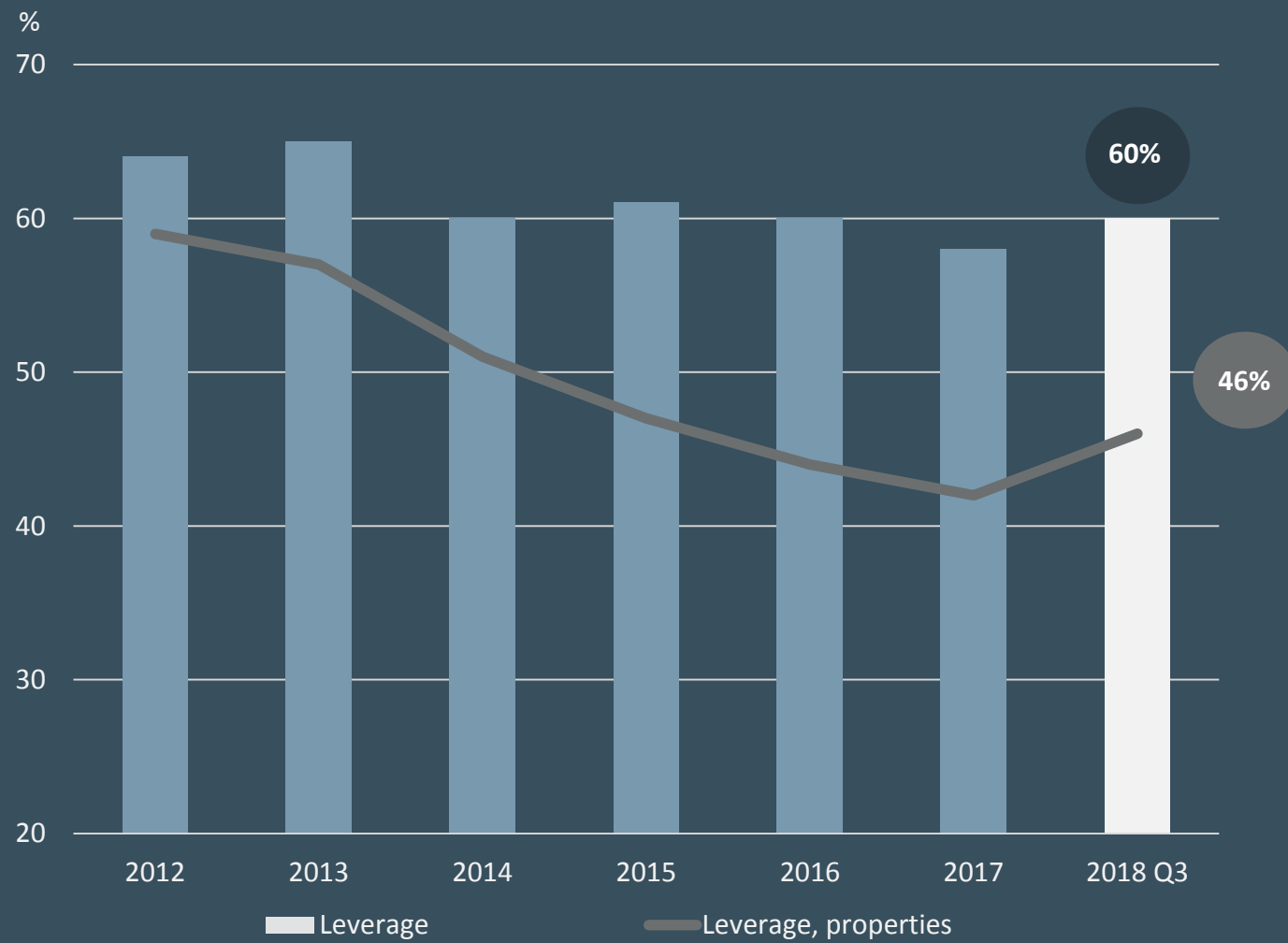
Outstanding unsecured bonds vs total assets



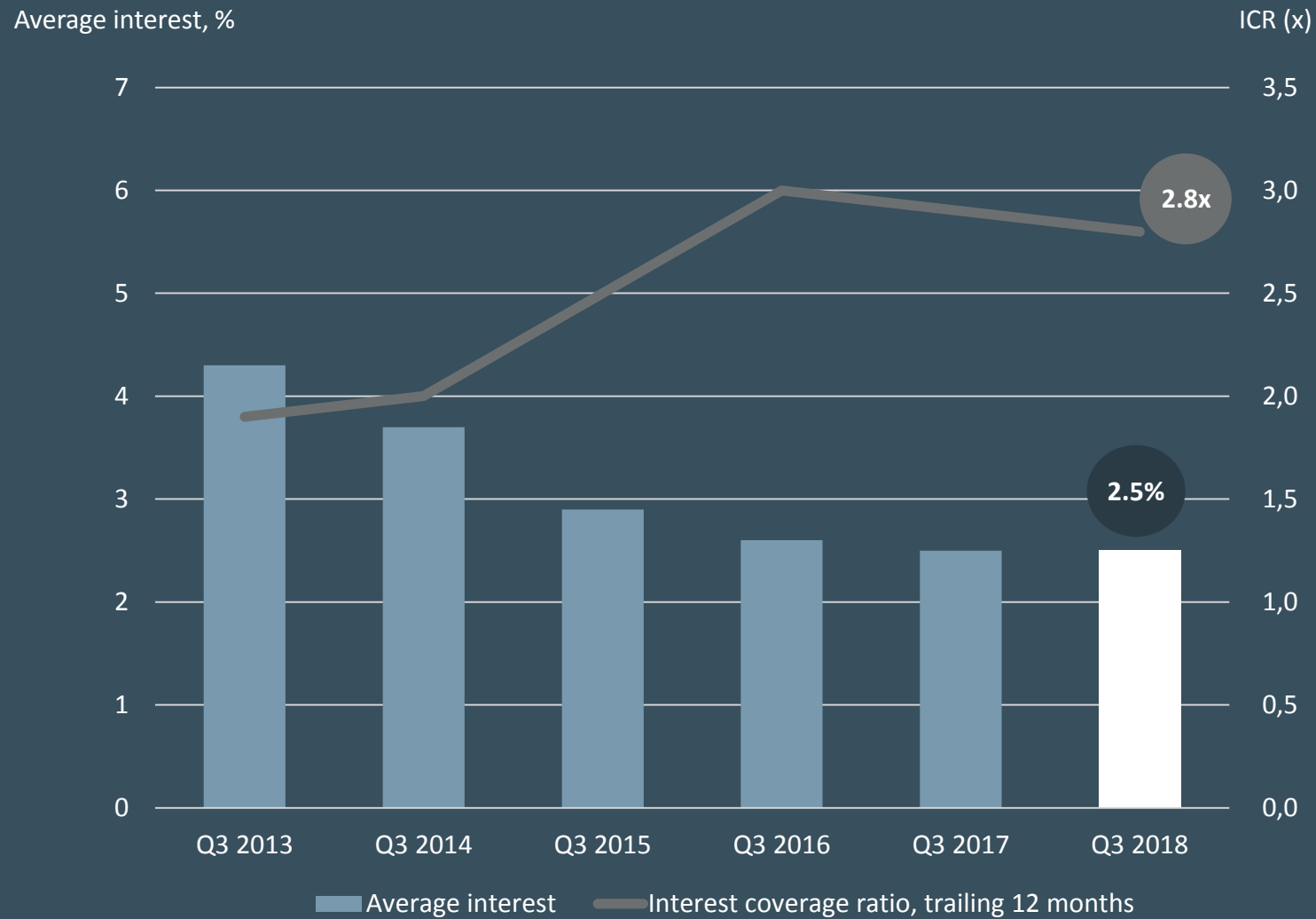
Equity ratio, adjusted



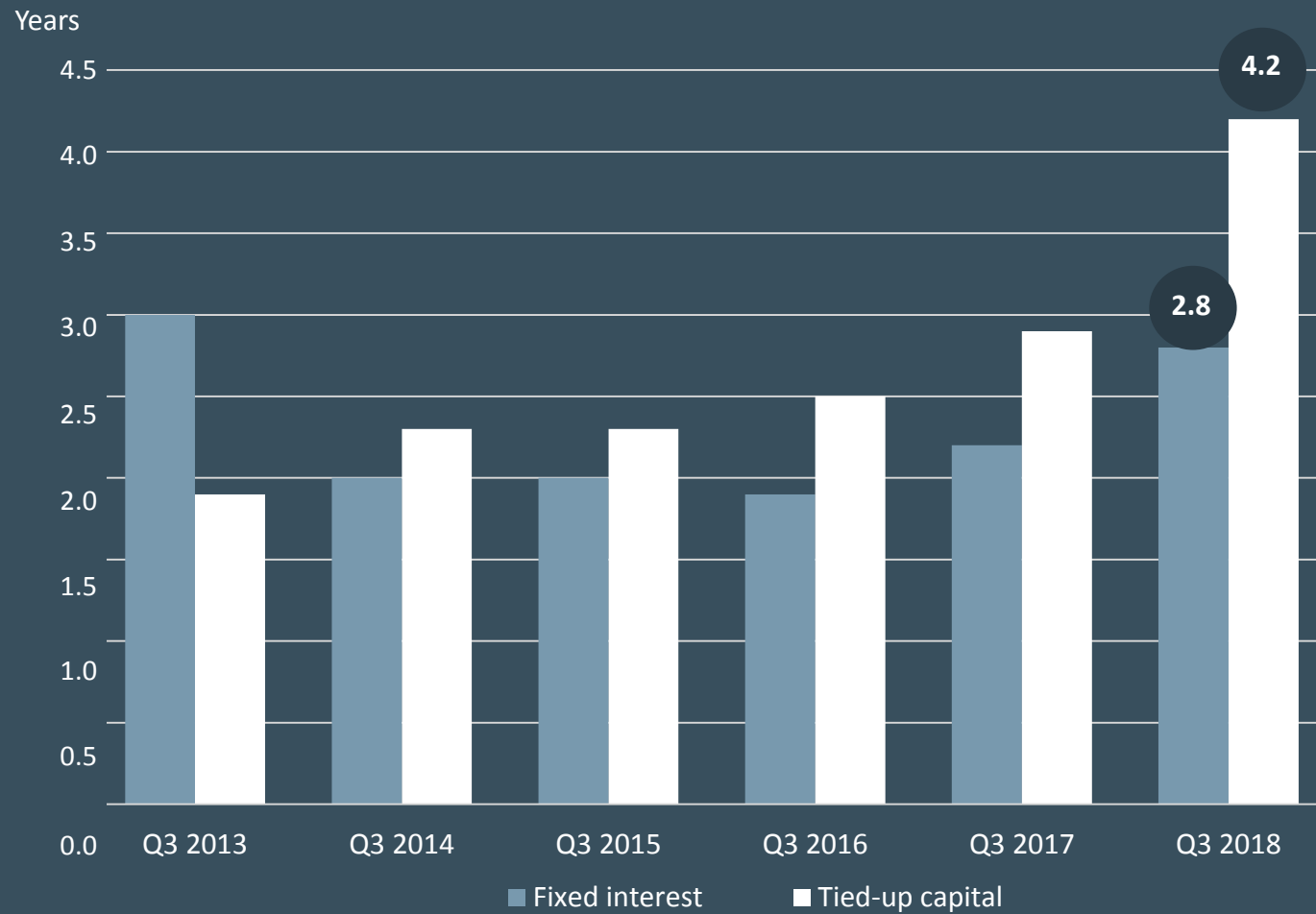
Leverage



Average interest and Interest Coverage Ratio



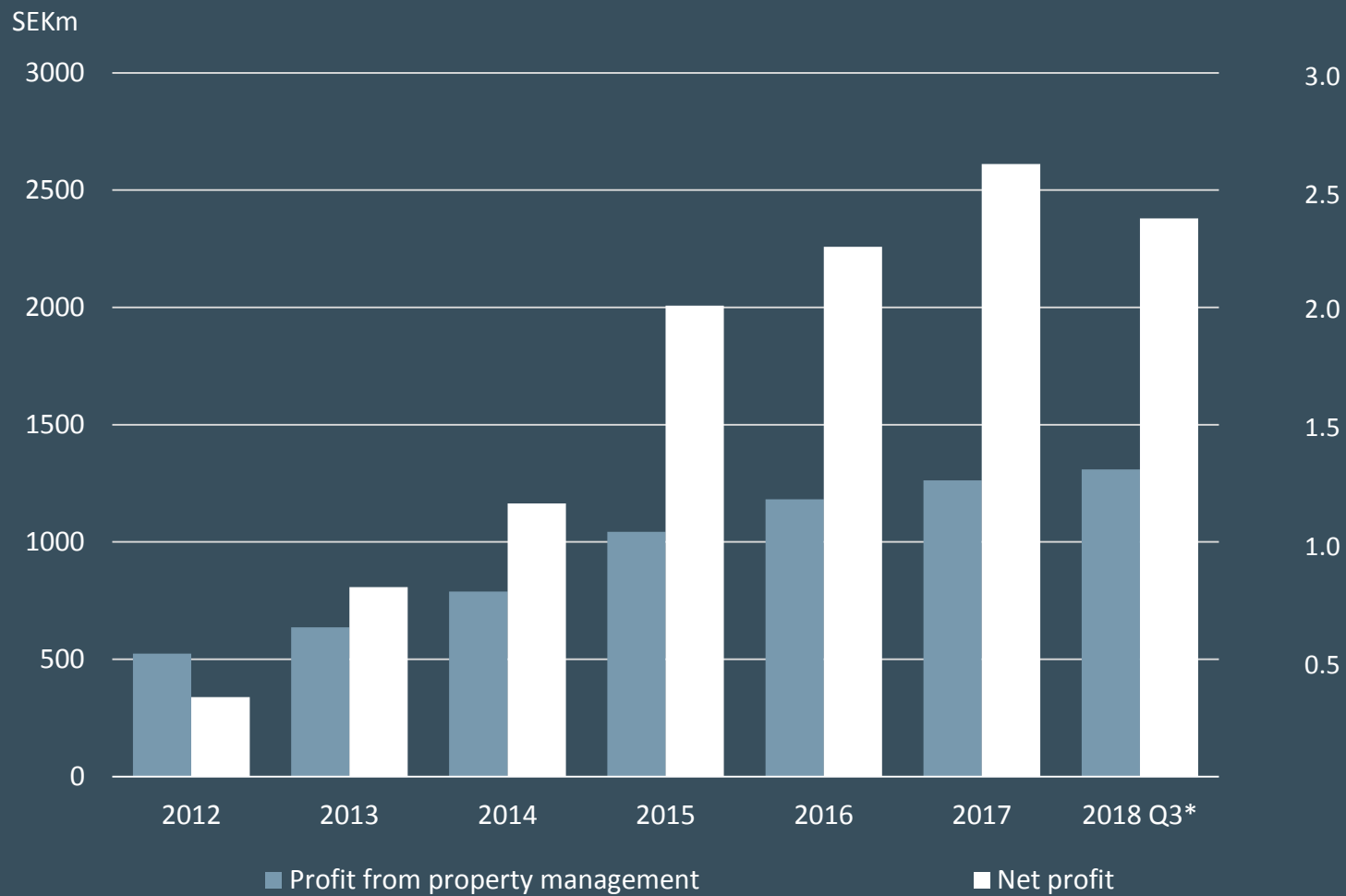
Fixed interest and tied-up capital



86%

Fixed-interest
share of credit
volume

Profit from property management, net profit



* Trailing 12 months

Statement of Income

	2018	2017	2018	2017 Trailing 12m	2017
(SEKm)	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Income	813	743	2,397	2,261	3,029
Property costs	-233	-222	-751	-708	-1,023
Operating Surplus	580	521	1,646	1,553	2,006
Central administration	-28	-28	-83	-77	-108
Net financial items	-185	-157	-516	-475	-635
Profit from Property Management	367	336	1,047	1,001	1,263
Income, residential development	42	-	52	-	-
Costs, residential development	-54	-	-72	-	-
Net financial items, residential development	-6	-	-10	-	-
Profit from residential development	-18	-	-30	-	-
Share in earnings of associated companies	7	-	13	-	-
Revaluation, transition from share in earning of associated co:s to subsidiary	-	-	22	-	-
Change in value, properties	271	346	817	1,371	1,913
Change in value, derivatives	44	16	54	82	100
Change in value, financial assets	-2	-6	-8	-7	-15
Write-down of goodwill	-25	-	-27	-37	-50
Profit Before Tax	644	692	1,888	2,410	3,211
Current and deferred tax	-66	-125	-114	-404	-600
Net Profit	578	567	1,774	2,006	2,611

Balance Sheet

	2018	2017	2017
(SEKm)	30 Sep	30 Sep	31 Dec
Goodwill	155	196	183
Investment properties	47,378	41,392	42,961
Machinery and equipment	21	17	16
Participation rights in associated companies	221	-	-
Financial assets at fair value	73	91	113
Properties (current assets)	1,095	-	-
Other receivables	2,084	879	945
Liquid funds	350	391	39
Total Assets	51,377	42,966	44,257
Equity attributable to the parent company's shareholders	16,033	13,927	14,505
Equity attributable to holdings without controlling influence	453	0	0
Deferred tax liability	2,697	2,351	2,550
Interest-bearing liabilities	30,298	24,874	25,529
Derivates	300	394	367
Accounts payable	86	99	368
Other liabilities	699	560	403
Accrued expenses and prepaid income	811	761	535
Total shareholders' equity and liabilities	51,377	42,966	44,257

Klövern's financial goals per Q3 2018

Financial goals

Adjusted equity ratio*
Long-term 40%

Interest coverage ratio
≥ 2.0x

Operating margin
≥ 65%

Dividend
Long-term ≥ 50%
of profit from property
management

Outcome

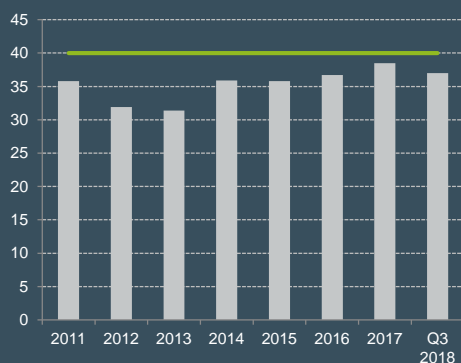
Klövern achieved an adjusted equity ratio of **37.0%** at the end of Q3 2018

The interest coverage ratio was **2.8x** at the end of Q3 2018, based on rolling 12 months

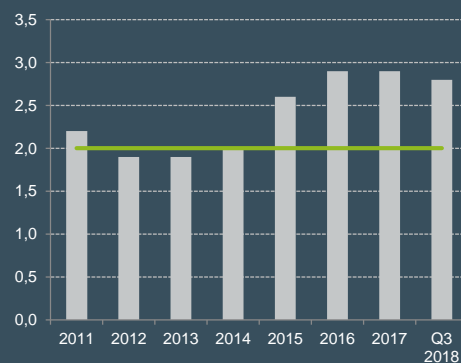
Operating margin was **66%** at the end of Q3 2018, based on rolling 12 months

Dividend in relationship to profit from property management was **57%** at year end 2017

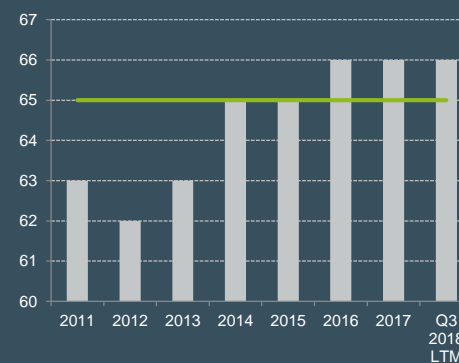
Historical outcome (green line illustrates Klöver's financial goals)



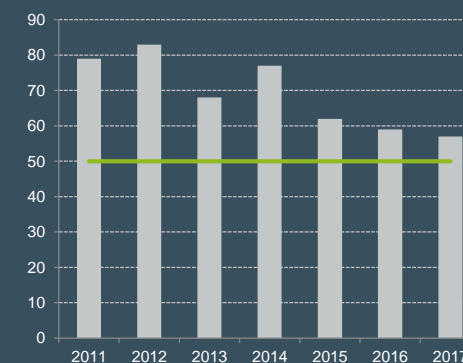
Adjusted equity ratio, % Goal, %



ICR, x Goal, x



Operating margin, % Goal, %



Dividend, % Goal, %

Green bond framework

Green bond framework

The inaugural unsecured green bond of SEK900m was issued in March 2018

Klövern's framework was launched in Q1 2018 and aligns to ICMA's Green Bond Principles 2017

Use of Proceeds

- New construction and major renovations
- Existing buildings
- Renewable energy

Process for Project/Asset Evaluation

- Selection process involving members from the Finance Department and the Sustainability team
- Finance Department is responsible for tracking and monitoring Eligible Green Assets during the life of the green bonds

Management of Proceeds

- Net proceeds are credited a separate account
- The Finance Department is responsible for ensuring that net proceeds are financing eligible assets
- Any temporary unallocated proceeds will be placed on Klöver's ordinary bank account or in the short term money market

Reporting

- Annual reporting on use of proceeds developments
- Annual reporting on environmental impact achieved (such as estimated annual emissions reductions)

New construction and major renovations that either have or will have an environmental building certification:

- ✓ Miljöbyggnad ≥ Silver
- ✓ LEED ≥ Gold
- ✓ BREEAM SE ≥ Very Good
- ✓ BREEAM ≥ Very Good
- ✓ Or, have an energy class of at least 25 per cent below the current buildings regulation (Swedish BBR code)

Existing buildings:

Improvements of energy performance to ≤ 100 kWh/sq. m. or reducing energy use by at least 25%. Improvements may include:

- ✓ Onsite renewable energy (e.g. solar panels)
- ✓ Energy retrofits (e.g. installing heat pumps and converting to LED lights)
- ✓ Infrastructure for electric cars
- ✓ Improved waste management (e.g. recycling)
- ✓ Terrestrial and aquatic biodiversity conservation (e.g. beehives)

Risk factors

Risk factors

Investments in bonds always involve a certain degree of risk. In this section a number of risk factors are described, both general risks attributable to Klöver AB (publ) ("Klöver") and its subsidiaries' ("Klöver Group" or the "Group") operations and main risks linked to the Bonds in their capacity of financial instruments. A number of factors affect and may come to affect Klöver Group's operations, result, financial position and the Bonds. The intention is to describe risks that are related to Klöver Group's operations and thus also Klöver's ability to fulfil its obligations in accordance with the Terms and Conditions.

Before making a decision to invest in the Bonds, any potential investors should carefully consider the risk factors outlined below, as well as any other relevant information such as the Terms and Conditions of the Bonds and any publicly available financials and other information of Klöver. In addition, an investor must, alone or together with its financial and other types of advisors, engage in a general evaluation of external facts and general information about the property market and property companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks. The below risks are not ranked in order of importance. The risks presented herein are not exhaustive as additional risk factors which are currently unknown or which are currently not deemed to be material may also affect Klöver Group's future business, financial position and earnings and thus also Klöver's ability to fulfil its obligations in accordance with the Terms and Conditions.

RISKS RELATED TO KLÖVERN AND ITS OPERATIONS

Macroeconomic factors

The real estate market is to a large extent affected by macroeconomic factors such as the general economic development, growth, employment, level of production of new premises, changes in infrastructure, population growth, inflation and interest rate levels. Economic growth affects the employment rate, which is an essential basis for supply and demand on the rental market and consequently impacts vacancy rates and rental levels.

Inflation expectations have an impact on the interest rate and thus affect the net interest income. Interest expenses on debt to credit institutions and bondholders are Klöver Group's single largest cost items. In the long term, interest rate changes will have significant impact on Klöver Group's earnings and cash flow. The inflation also impacts Klöver Group's costs. Furthermore, changes in interest rates and inflation also impact yield requirements and by that, the market value of the properties' market value.

A number of Klöver Group's lease agreements are wholly or partially linked to the consumer price index (CPI), i.e. the lease agreements are wholly or partially adjusted in accordance with the inflation. There is a risk that Klöver Group is not able to negotiate lease agreements that wholly or partially compensate the inflation. If Klöver Group's costs increase more due to inflation than

Klöver Group's compensation due to index adjustments, this would have a negative impact on Klöver Group's earnings.

Higher vacancy rates and interest rates, increased costs and lower rental rates could have a significant negative impact on Klöver Group's business, financial position and earnings.

Geographical risks

The supply and demand of properties and by that, the return on real estate investments differs between geographical markets and may develop differently within the geographical markets. Klöver has as of 30 September 2018 a property portfolio with 403 properties in different geographical areas. There is a risk that demand does decline on most or all geographical markets in which Klöver operates, which could have a significant negative impact on Klöver Group's business, financial position and earnings.

Risk factors (Cont'd)

Rental income and rental development

In the long term rental income for commercial properties is affected by, inter alia, the supply and demand on the market. Klöverns rental income will be affected by the vacancies of the properties, contracted rental levels and that the tenants pay their rent on time.

Decreased occupancy rates and rental rates will, regardless of reason, affect Klöverns earnings negatively. The risk for great fluctuations in vacancies and loss of rental income increases, the more single large tenants a real-estate company has. The ten largest tenants as of 31 December 2017 accounted for 17.7 per cent of the total contracted rental income, of which the largest, being Ericsson, accounted for 6.0 per cent. The total number of leases entered into with the ten largest tenants was 225 as of 31 December 2017. There is a risk that Klöverns larger tenants do not renew or extend their lease agreements upon expiry and that the Klöverns Group does not find new tenants, which in the long term could lead to a decrease in rental income and an increase in vacancies. The leases entered into with the Klöverns Group's ten largest tenants are of different duration. The average remaining term of these leases was 6.1 years as of 31 December 2017.

Klöverns Group's earnings and cash flow will be impacted negatively if tenants stop their payments, or otherwise do not fulfil their obligations and could have a significant negative impact on Klöverns Group's business, financial position and earnings.

Operating and maintenance costs

Operating costs mainly consist of tariff-based costs such as costs for electricity, sanitation, water and heating. Many of these products and services can only be bought from one service provider, which may affect the price. The costs for electricity and heating have the largest impact on the result regarding Klöverns operating surplus. To the extent increases in such costs are not compensated by terms in lease agreements, or by renegotiation of lease agreements in order to increase the rent, this will impact Klöverns Group's net operating income negatively.

Maintenance costs are attributable to actions that intend to maintain the properties' long term standard in order to comply with market, governmental and legal requirements. Unexpected and large renovation needs that cannot be compensated by an increment of incomes will affect Klöverns Group's earnings negatively which could have a significant negative impact on Klöverns Group's business, financial position and earnings.

Interest risk

Klöverns Group's business is mainly financed, in excess of equity, by borrowings from credit institutions and the bond market. Klöverns Group's capital structure results in interest expenses being the main costs item. The interest rate risk is defined as the risk changes in the market interest rate affecting Klöverns Group's interest expenses. The interest expenses are mainly affected by level of interest-bearing debts, the current market interest rates and Klöverns Group's strategy as regards hedging the interest rates. The Klöverns Group's total interest costs for the financial year of 2017 amounted to SEK 592 million and the Group's average interest rate level was 2.5 per cent.

The market interest rates for long-term interest periods are mainly affected by the expected inflation rate, where pricing of bonds and certificates are determined by supply and demand. The interest rates for short-term interest periods are mainly affected by the Swedish National Bank's (Sw. *Riksbankens*) actions and decisions relating to its repurchase rate (Sw. *reporäntan*), which is a monetary policy rate instrument. In times of increasing inflation expectation, the market interest rates can be expected to increase, which increase the interest expenses for short term debts and which in turn may affect Klöverns Group's financial position adversely. This could have a significant negative impact on Klöverns Group's business, financial position and earnings.

Changes in value of interest derivatives

All of Klöverns Group's credit agreements have floating interest rates. Klöverns Group uses interest derivatives, mainly interest swaps and interest caps, thus effectively limit the interest rate risk. The interest derivatives are recorded continuously at actual value in the balance sheet and stated as value changes in the income statement. The actual value of the derivatives as of 30 September 2018 was SEK –300 million. As market interest rates change, a theoretical over- or undervalue of the interest derivatives occur but have no impact on the cash flow. The market value of Klöverns Group's interest derivatives decreases if the market interest rates decrease, which could have a significant negative impact on Klöverns Group's business, financial position and earnings.

Risk factors (Cont'd)

Credit risk

Credit risk is the risk that Klöver Group's counterparties may not fulfil their obligations to Klöver Group. The financial position of Klöver Group's current and potential customers may deteriorate to such extent that they become unable to perform their financial obligations towards Klöver Group. Credit risk within Klöver's financial operations arises for instance from excess cash placements, entering of interest-rate swap agreements and obtaining long- and short-term financing under credit agreements or capital market financing. There is a risk that Klöver's counterparties do not fulfil their obligations towards Klöver which could have a significant negative impact on Klöver Group's business, financial position and earnings.

Refinancing risks

Refinancing risk is the risk that necessary financing may not be obtained, or could only be obtained at significantly increased costs as concerns refinancing of existing debts or new borrowing. As of 30 September 2018, the Klöver Group's net indebtedness amounted to SEK 30,298 million.

There is a risk that future refinancing is not possible at all, or is not possible on terms that are attractive for Klöver. In case Klöver Group is unable to refinance existing facilities or obtain additional financing at market terms, as a result of an insufficient supply in the capital market or for any other reason, it will have a negative impact on Klöver Group's business, financial position and earnings.

Financial obligations

Klöver Group has obtained financing through bank loans as well as from the capital market. Klöver Group has furnished security and issued guarantees for some loans. Credit agreements may include financial obligations regarding i.e. ownership of the companies being parties to such credit agreements. If such provisions are violated by Klöver Group, relevant loans could be immediately terminated or result in enforcement of the pledged assets. This will have a negative impact on Klöver Group's business, financial position and earnings.

Some of Klöver Group's credit agreements include cross default provisions. By being in violation of obligations under a specific credit agreement, the cross default provision may entail an acceleration of other credit agreements which will have a negative impact on Klöver Group's business, financial position and earnings.

Change of control and ownership

Some of Klöver's agreements contain provisions that are activated due to a change of control in Klöver. If such changes occur, certain rights of the opposite party or obligations for Klöver may be activated, which will, in turn, have an impact on Klöver's future financing. Such impact, which indirectly could affect Klöver's ownership of properties, could have a significant negative impact on Klöver Group's business, financial position and earnings.

Liquidity risks

Liquidity risk is the risk that Klöver would lack sufficient liquid funds to fulfil its financial payment obligations, which mainly consist of operating costs such as electricity, sanitation, water and heating, contracted maintenance fees, investments and debt interest. If Klöver's access to liquid funds would be impeded, it will have a negative impact on Klöver Group's business, financial position and earnings. As of 30 September 2018, the Klöver Group's available liquid assets amounted to SEK 350 million. The Klöver Group also has unutilized credit volumes amounting to SEK 3,154 million as of 30 September 2018, including unutilized overdraft facilities of SEK 558 million.

Risk factors (Cont'd)

Changes in value of properties

Klövern Group's real estate investments are recorded in the balance sheet at actual value and the value changes are recorded in the income statement. Unrealized value changes have no impact on the cash flow. Klövern Group performs a valuation of the entire property holdings quarterly. Normally, 20-30 per cent of the valuations are performed externally and the remaining part by Klövern Group itself. This means that normally each property in the portfolio is valued externally over a rolling 12-month period. Klövern's loan to value ratio was 60 per cent as of 30 September 2018.

The value of the properties is affected by a number of factors, partly by property specific factors such as renting levels, rental rates and operating costs and partly by market specific factors such as yield demands and cost of capital that are derived from comparable transactions on the real estate market. Property related deteriorations such as lower rental income and increased vacancies, as well as market specific factors such as demand for higher return on investments can cause Klövern Group to write down the actual value of its investment properties, which could have a significant negative impact on Klövern Group's business, financial position and earnings.

Change in exchange rate

Klövern owns real estate in Denmark and a site leasehold and a real estate in Manhattan in New York, which entails an exposure towards the Danish krona and the U.S. dollar respectively. The income and expenses of the Danish properties are denominated in Danish kroner and the properties are financed mainly through credit facilities in Danish kroner. The income and expenses of the site leasehold and the real estate in Manhattan are denominated in U.S. dollars. Should an exchange rate change occur which is unfavourable for Klövern, this will have a negative impact on Klövern Group's business, financial position and earnings.

Transactions

To acquire and sell properties is part of Klövern's ordinary business and especially acquisitions, involve certain risks. All investments are associated with uncertainties, such as loss of tenants, environmental circumstances and technical problems. There is a risk that future business activities or properties that are added through acquisitions do not result in the anticipated positive impact and, as such, could have a significant negative impact on Klövern Group's business, financial position and earnings. Further, there is a risk that a seller, in connection with an acquisition, may not fulfil its obligations due to financial difficulties, which may affect Klövern Group's possibility to bring forward claims on compensation according to contracted indemnities or warranties (which may also be subject to limitations in amount and time).

Selling properties involves uncertainties regarding, inter alia, price and the ability to get provision for the properties. Further, Klövern may be subject to claims due to the sale or the condition of the sold properties. If Klövern is unable to get provision at favourable terms or if claims are directed at Klövern, this may lead to delays in projects as well as increased and unexpected costs for the properties and transactions.

The willingness and ability to pay for properties that Klövern wishes to sell are affected by several factors. The willingness to pay for properties is dependent on how well the properties are corresponding with the market demands, general price trends on the real estate market, as well as the supply, and cost of, other properties. The ability to pay for properties depends on the general wage trends, employment rate and other factors affecting the economy, such as the ability to make interest deductions and access to financing. These factors may affect potential buyers' willingness and ability to pay for the properties that Klövern wishes to sell.

Realization of any of the risks mentioned in this section could have a significant negative impact on Klövern Group's business, financial position and earnings.

Risk factors (Cont'd)

Project risks

The operations of Klöver Group also comprise property development projects. When developing property certain risks arise. Larger projects may entail major investments which may lead to an increased credit risk if tenants are unable to fulfil their obligations towards Klöver Group, and Klöver Group in turn would be unable to find other tenants for the premises in question, or if the demand or the price for the property alter during the project. Projects may also be delayed or may entail higher costs than foreseen which may lead to increased costs or decreased earnings. Further, Klöver Group is dependent on receiving the proper authority decisions and permits to carry out property development projects. In the event of the above, there is a risk that this will have a significant negative impact on Klöver Group's business, financial position and earnings.

Residential units

A part of Klöver's business consists of managing and participating in property development projects and sales of residential units, which entails that both the desire and the ability to pay for residential units may affect Klöver's operations, earnings and financial position. The desire to pay for residential units is, among other things, dependent on how well a specific residential unit corresponds to the market demand, the activity on the residential market, the general price trend on residential units and demographic factors, such as people moving to and from the relevant regions. The desire to pay for residential units is further affected by, among other things, the access and cost for alternative residential forms. The ability to pay for residential units is, among other things, dependent on the development of wages, the employment ratio, the levels of taxes and charges and other factors which generally affect the economy of households. The ability to pay for residential units is also affected by the household's possibility to make interest deductions, receive loan financing, the development of interest rates for residential loans and of the statutory, or by the banks applied, rules for maximum borrowings and amortisations. Should changes of rules which aim to regulate the households total borrowings be implemented there is a risk that this will have a negative impact on the ability to pay for residential units.

If customer's desire or ability to pay for the residential units which Klöver Group produces decreases, this will have a negative impact on Klöver's business, financial position and earnings.

Public takeover offer of all shares in Agora

On 4 October 2018 Klöver, through its indirectly wholly-owned subsidiary Dagon Sverige AB, announced a public cash offer of all shares in A Group of Retail Assets Sweden AB (publ) ("Agora"). On 13 November 2018 Klöver announced that Dagon Sverige AB has decided to complete the offer and that all conditions for the offer are satisfied. On 27 November 2018 Klöver announced that Klöver, through Dagon Sverige AB, owns approximately 99.5 per cent of the outstanding shares and approximately 99.8 per cent of the outstanding votes in Agora. Klöver and Dagon Sverige AB have initiated a compulsory acquisition procedure under the Swedish Companies Act to acquire all shares not tendered in the Offer. As a result of the acquisition, Klöver's debt in percentage of equity has increased which has entailed that Klöver's loan-to-value ratio has increased, which can have an adverse effect on the Group's business, financial position and earnings.

Dependence on subsidiaries

Klöver will rely upon receiving dividends from its subsidiaries, and is thus dependent upon receipt of sufficient income deriving from the operations of and the ownership in such subsidiaries to enable it to make payments under the Bonds. The subsidiaries are legally distinct from Klöver and have no obligation to make payments to Klöver of any profits generated from their business, other than the obligation to make payments under any intragroup loans. The ability of Klöver's subsidiaries to make payments to Klöver is subject to, among other things, the availability of funds (which in turn will depend on the future performance of the subsidiary concerned and therefore to a certain extent on general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control), corporate law (e.g. limitations on value transfers), local law and the terms of each subsidiary's financing arrangements. If such subsidiaries are incapable of distributing sufficient dividends to Klöver, there is a risk that this will have a significant negative impact on Klöver Group's business, financial position and earnings.

Risk factors (Cont'd)

Executive management, staff and operational risk

Operational risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Should Klöver Group's internal control, administrative system adapted for the purposes, skills development and access to reliable valuation and risk fail, there is a risk that this will have a significant negative impact on Klöver Group's business, financial position and earnings.

The Klöver Group's employees' knowledge, experience and commitment are important for Klöver Group's future development. Klöver Group would be affected negatively if a number of its employees would leave Klöver Group at the same time, or if a number of key employees would leave, or if the Group's administrative security and control would fail.

Negative publicity

The Klöver Group's reputation is important for its business. Should the reputation be damaged, the Klöver Group's customers and other stakeholders could lose trust in Klöver. For instance, should Klöver or any of the members of its senior management team take an action that conflicts with the Klöver Group's values, or should any of the projects not meet the market's expectation, the reputation could be at risk. Also unjustified negative publicity could damage the reputation. Reputation damage could have a significant negative impact on Klöver Group's business, financial position and earnings.

Competition

Klöver Group acts in an industry that is exposed to competition. Klöver Group's future competitive opportunities are dependent on, among other things, Klöver Group's ability to be at the forefront and respond quickly to existing and future market needs. Klöver Group may therefore be forced to make cost demanding investments, to restructure or to make price reductions in order to adapt to a new competition situation. Increased competition could have a significant negative impact on Klöver Group's business, financial position and earnings.

Technical risks

Property investments are associated with technical risks. Technical risk is defined as the risk associated with the technical management of the property, such as the risk for construction errors, other latent defects and deficiencies, damages (for example by fire or other force of nature) and pollution. There is a risk that, if such technical problems would occur, they could cause significant increased costs for Klöver Group and could have a significant negative impact on Klöver Group's business, financial position and earnings.

Legal risks

The Klöver Group's business is regulated by and must be conducted in accordance with several laws and regulations, (inter alia the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), the Swedish Land Code (Sw. *Jordabalken 1970:994*), the Swedish Environmental Code (Sw. *Miljöbalken (1998:808)*) and the Swedish Planning and Building Act (Sw. *plan- och bygglagen (2010:900)*), detailed development plans, building standards, security regulations, etcetera. There is a risk that Klöver Group's interpretation of applicable laws and regulations may be incorrect or may change in the future. The Klöver Group may also be required to apply for various permits and registrations with municipalities and authorities in order to pursue property development. There is a risk that Klöver Group will not be granted necessary permits or other decisions for its business activities or that such permits or decisions are appealed, which could result in increased costs and delay in planned development of properties or otherwise have negative impact on the conduct and development of its business.

New laws or regulations, or changes concerning the application of existing laws or regulations that are applicable to Klöver Group's business activities or the tenants' business activities could have a significant negative impact on Klöver Group's business, financial position and earnings.

Risk factors (Cont'd)

Environmental risks

Property management and property development have an environmental impact. According to the Swedish Environmental Code (Sw. *Miljöbalken*), everyone who has conducted a business operation that has contributed to pollution, also has a responsibility for after-treatment of the property. If the responsible person is unable to carry out or pay for the after-treatment of a polluted property, the person who has acquired the property is liable for after-treatment provided that the buyer at the time of the acquisition knew of or should have discovered the pollution. This means that claims, under certain conditions, may be raised against Klöver Group for soil remediation or for remediation concerning presence or suspicion of pollution in soil, water areas or ground water, in order to put the property in a condition pursuant to the Swedish Environmental Code. Such claims may have a negative impact on Klöver Group's business, financial position and earnings. There is a risk that future environmental risks may have a significant negative impact on Klöver Group's business, financial position and earnings.

Furthermore, changed laws, regulations and requirements from authorities in the environmental area could result in increased costs for Klöver Group with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties. Such changes could also result in increased costs or delays for the Klöver Group in order to be able to carry out the real estate development as desired.

Tax risks and risk of changes in legislation

Klöver Group's operations are conducted in accordance with Klöver Group's interpretation of applicable tax laws, regulations and case law and in accordance with advice from tax advisors. However, it cannot be ruled out that Klöver Group's interpretation is incorrect or that such regulations or case law are amended with potential retroactive effect. Thus, through decisions from the Swedish Tax Agency and the Administrative Courts, Klöver Group's previous or current tax situation may change, which could have a significant negative impact on the Klöver Group's business, financial position and earnings.

Klöver Group's operations are affected by the tax rules in force from time to time in Sweden. Since these rules have historically been subject to frequent changes, further changes are expected in the future (potentially with retroactive effect). Such changes could have a significant negative impact on the Klöver Group's business, financial position and earnings.

For example, the Swedish Parliament adopted on 14 June 2018 new Swedish interest deduction limitation rules. The new rules are based on the EU Directive 2016/1164 that lays down rules against tax avoidance practices that directly affect the functioning of the internal market. Under the new Swedish rules, a general limitation for interest deductions in the corporate sector is introduced by way of an EBITDA-rule. Under the EBITDA-rule, net interest expenses, i.e. the difference between the taxpayer's interest income and deductible interest expenses, are only deductible up to 30 per cent of the taxpayer's EBITDA for tax purposes. The rules have entered into force 1 January 2019. In connection with the introduction of the general interest deduction limitation rules, the Swedish corporate tax rate will be reduced in two steps, initially from the present 22 per cent to 21.4 per cent (as of 1 January 2019) and then in a second step from 21.4 per cent to 20.6 per cent (as of 1 January 2021). Since Klöver Group's operations are capital intensive and financing costs such as interest expenses constitute the largest current costs in Klöver Group's operations, the new rules may have a significant negative impact on Klöver Group's business, financial position and earnings.

Also, in June 2015 the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The investigation also reviewed whether acquisitions through land parcelling procedures are being abused to avoid stamp duty. The result of the review was presented by the committee in March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested real estate company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 per cent of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisitions of properties by land parcelling procedures. It is currently unclear if, and to what extent, the proposals will result in new legislation. If any of the proposals are enacted, it could have a significant negative impact on Klöver Group's business, financial position and earnings.

Risk factors (Cont'd)

Accounting risks

Klövern is affected by the accounting legislation in force from time to time, including for example IFRS and other international reporting standards. This means that Klövern's accounting, financial reporting and internal control, in the future, may be affected and in need of adaption to new accounting principles and/or changed application of such legislation. This could entail uncertainty regarding Klövern's accounting, financial reporting and internal control and could also affect Klövern's reported earnings, balance sheet and equity, which could have a significant negative impact on Klövern's business, financial position and earnings.

Disputes

Klövern Group has no ongoing tax or civil court cases or other issues which have not been accounted for in the financial reports of Klövern. A negative outcome of any other future disputes could have a negative impact on Klövern Group's business and significant fines and damages could have an adverse effect on Klövern Group's financial position and earnings.

The Klövern Group may in the future be involved in disputes or be subject to claims. Such disputes could be time-consuming and result in costs, the size of which cannot always be foreseen. Disputes could, therefore, have a significant negative impact on Klövern Group's business, financial position and earnings.

RISKS RELATING TO THE BONDS

Liquidity risks

Klövern cannot assure that a liquid trading of the Bonds will occur and be maintained. Klövern will apply for listing of the Bonds at Nasdaq Stockholm after the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) approves a prospectus for this purpose. However, there is a risk that the Bonds will not be approved for trading. If a Bond is admitted to trading on the regulated market there is a risk that a demand for and trading with the Bonds will not exist. In addition, following listing of the Bonds, the liquidity and trading price of the Bonds may vary as a result of numerous factors, including general market movements and irrespective of Klövern's performance. This may entail that a Bondholder cannot sell his or her Bonds at the desired time or at a yield which is comparable to similar investments that have an existing and functioning secondary market. A lack of liquidity in the market may have a negative impact on the market value of the Bonds.

Credit risk

Investments in bonds in general entail a certain degree of risk for investors, including the risk of losing the value of the entire investment. Investors who invest in the Bonds become exposed to a credit risk in relation to Klövern and the Bonds carry a, relatively, high interest, which is to be regarded as a compensation for the, relatively, higher risk an investor carries compared to an investment in Swedish government bonds. The investor's ability to receive payment under the Terms and Conditions is dependent on the Group's ability to fulfil its payment obligations, which in its turn is dependent on the development of Klövern Group's business activities and its financial position. The Group's financial position is affected by several risk factors, of which a number have been discussed above.

An increased credit risk may cause that the Bonds will be attached with a higher risk premium by the market, which would affect the Bonds' value and price in the secondary market negatively. Another aspect of the credit risk is that a deteriorating financial position may cause Klövern Group's credit rating to decrease, which could negatively affect the possibility for Klövern to refinance the Bonds at maturity.

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Risk factors (Cont'd)

Risks relating to green bonds

What constitutes a green bond is determined by the criteria set out in Klöver's green bond framework (the "**Green Bond Framework**") as it is currently worded on the issue date of the relevant Bonds. There is a risk that the Bonds issued in accordance with the Green Bond Framework will not suit all investors' requirements, demands or specific investment mandates. Every investor should obtain up-to-date information about the risks and principles of the Bonds before making an investment, as the risks and principles may change or develop over time.

The Green Bond Framework as well as the market standard for green bonds may develop after a specific issue date which may entail amendments to the Green Bond Framework for subsequent Bonds and amended requirements being applicable to Klöver. Amendments in the Green Bond Framework after the issue date for specific Bonds will not affect the terms of the Bonds already issued.

Any failure by Klöver to comply with the Green Bond Framework will not entitle Bondholders to accelerate the Bonds. Neither will Bondholders have the right to an early prepayment or redemption of the Bonds, or any other type of compensation for the failure to comply with the Green Bond Framework.

Refinancing risk

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a significant negative impact on Klöver Group's business, financial condition and earnings results and on the Bondholders' recovery under the Bonds.

Priority rights

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of Klöver and shall rank at least *pari passu* with other unsecured and unsubordinated obligations of Klöver. This means that a Bondholder, in the event of Klöver's liquidation, company reorganisation or bankruptcy, normally would receive payment after any prioritised creditors (e.g. lenders or investors that have the benefit of security) have received payment. The Terms and Conditions do not include a so called "negative pledge" undertaking and hence Klöver may post security to other lenders, including for the benefit of holders of bonds issued by Klöver in the future or for the benefit of other lenders to the Klöver Group. Such security would not secure the Bonds. Klöver has during 2017 established a Medium Term Note programme (the "**MTN Programme**") with a framework amount of SEK 10,000,000,000, secured by a pool of properties as underlying assets and fully covered by property mortgage certificates. Klöver has at the date of this Prospectus issued bonds in the total amount of SEK 850,000,000 under the MTN Programme. In the future Klöver may issue more bonds under the MTN Programme which will be secured in accordance with the above.

Each investor should be aware of the fact that there is a risk that the person that invests in the Bonds may lose the whole, or parts of, his or her investment in the event of Klöver's liquidation, bankruptcy or company reorganisation.

Structural subordination and dependency on subsidiaries

Since Klöver is the parent company to the Group's property owning companies, Klöver is dependent upon receiving dividends and group contributions from its subsidiaries to be able to fulfil its obligations under the Terms and Conditions. The Bonds are not guaranteed by any of these subsidiaries or any other company or person. This means that the Bonds are structurally subordinated to any indebtedness raised in any of the property owning subsidiaries, and so the creditors of such indebtedness have priority over the Bondholders to the assets and revenue generated in the subsidiaries. The Terms and Conditions do not include any restriction (other than indirectly by way of the interest cover ratio and the equity ratio covenant) on the ability of Klöver to incur additional indebtedness, neither in Klöver nor in any of the subsidiaries.

The Group has within the framework of its financing raised loans from credit institutions and has thereby pledged mortgage deeds in certain properties and shares in some of the Group's property owning subsidiaries. Klöver also intends to continue seeking appropriate and attractive financing and may in connection thereto grant security for such financing (which may include secured capital markets financing). The issuance of secured capital markets financing may negatively affect the liquidity, value and price of the Bonds in the secondary market.

Risk factors (Cont'd)

Prepayment risk

Klövern has a right under the Terms and Conditions to redeem all outstanding Bonds three months prior to the Final Maturity Date. There is a risk that the market value of the Bonds is higher than the price that Klövern may be entitled to redeem the Bonds for. An early redemption can never be made at an amount lower than a nominal amount of 100 per cent.

According to the Terms and Conditions, the Bondholders have the right to request prepayment of their Bonds should a Change of Control Event, Delisting Event or a Listing Failure, as defined in the Terms and Conditions, occur. Klövern may further be obliged to redeem the Bonds if it is, or becomes impossible or unlawful, for Klövern to perform any of the provisions of the Terms and Conditions or if the obligations under the Terms and Conditions are not legal, valid, binding or enforceable. There is a risk that Klövern will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds.

The Bondholders' right to request prepayment in case of a Change of Control or Delisting Event does, however, not apply if a company (i) that is a real estate company incorporated under the laws of Sweden and (ii) whose shares are listed on Nasdaq's Nordic Mid Cap or Nasdaq's Nordic Large Cap, acquires or takes control over the Company or the delisting is a result of such company's public offer for the shares in the Company. Thus, there is a risk that a change of control or delisting occurs without the Bondholders having a right of prepayment of the Bonds.

Currency risks

The Bonds are denominated and payable in SEK. If Bondholders measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

Ability to comply with the Terms and Conditions

Klövern is required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Bonds. Events beyond Klövern's control, including changes in the economic and business conditions in which Klövern Group operates, may affect Klövern's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in that Klövern has to repay the Bondholders. It is possible that Klövern will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

Euroclear

The Bonds will be connected to Euroclear Sweden AB's ("**Euroclear**") account-based system, why no physical bonds have been or will be issued. Clearing and settlement at trading with the Bonds, as well as payment of interest and redemption of principal amounts will be performed within Euroclear's account-based system. The investors are therefore dependent on the functionality of Euroclear's account-based system.

Bondholders' Meeting and Written Procedure

The Terms and Conditions of the Bonds include certain conditions regarding the Bondholders' meeting, or a Written Procedure, that can be held in order to resolve matters relating to the Bondholders' interests. The Terms and Conditions allow for stated majorities to bind all Bondholders, including Bondholders who have not participated in and voted at the actual Bondholders' Meeting, or Written Procedure, or have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' Meeting or a Written Procedure.

Risk factors (Cont'd)

Bondholders' representation

In accordance with the Terms and Conditions, the Agent represents all Bondholders in all matters relating to the Bonds, unless the majority requirements in the Terms and Conditions are observed. Hence, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by Klöver and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, this does not rule out the possibility that the Bondholders, in certain situations, could bring their own action against Klöver, which may affect an acceleration of the Bonds or other actions against Klöver negatively. To enable the Agent to represent the Bondholders in court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could negatively impact the enforcement of the Bonds. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent in such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

Changes in legislation

The Terms and Conditions are based on Swedish legislation applicable at the date hereof. Changes in legislation, case law or administrative practice related to corporate income tax, property tax and other tax, leases or the environment could have a significant negative impact on Klöver Group's business, financial position and earnings. This may in turn affect Klöver's ability to make payment under the Bonds.

Benchmark Regulation

The process for determining STIBOR and other interest-rate benchmarks are subject to a number of legislative acts and other regulations. Some of these acts and regulations have already been implemented whilst some are set to be implemented in the near future. The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014). The Benchmark Regulation came into force on the 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has applied. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this would happen in respect of benchmark that is used for the Bonds, it would potentially have negative effects for the bondholders.

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