

Annual report 2019



KLÖVERN

Annual report 2019



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“During 2019 we continued to follow our strategy of streamlining the property portfolio.”

STATEMENT BY THE CEO:

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TRANSACTIONS:

Focusing geographically and by type of product, page 48



PROJECT DEVELOPMENT:

Value-creating operations, page 42



SUSTAINABILITY:

Sustainable entrepreneurship self-evident, page 83

Business concept

Klövern shall, with *closeness and commitment*, offer attractive premises and actively contribute to urban development in growth regions.

Åby Arena was completed in 2019. Properties: Travbanan 2 and 3.

This is Klöver

Klöver is one of Sweden's largest listed real estate companies, mainly focusing on commercial properties.

343

Number of
properties

52.4

Value of
properties,
SEKbn

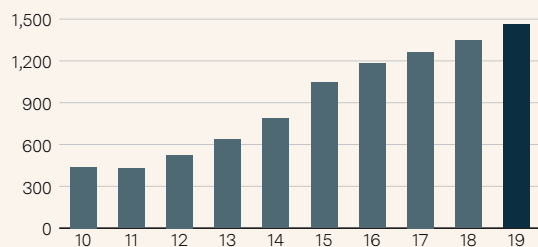
3.8

Rental value,
SEKbn

43.5

Equity ratio
adjusted, %

PROFIT FROM PROPERTY MANAGEMENT, SEKm

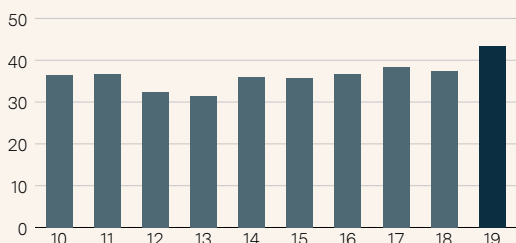


PROPERTY VALUE BY TYPE OF PROPERTY, %

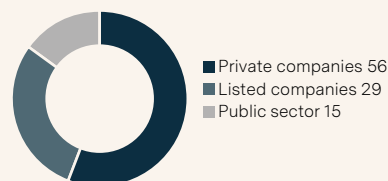


*) Including education, health care, other.

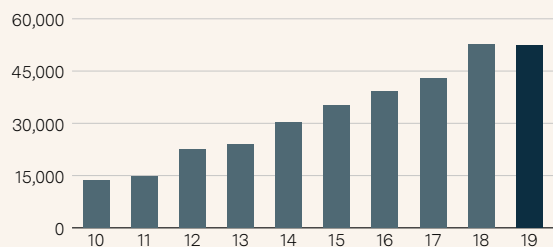
EQUITY RATIO, adjusted, %



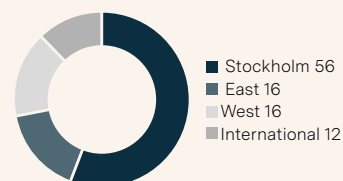
CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE, SEKm



PROPERTY VALUE BY REGION, %



2019 in brief

Q1

A property is acquired in Stockholm for SEK 633 million.

Klövern issues SEK 1,600 million of green bonds.



Q2

A property is acquired in New York for USD 22.6 million, corresponding to around SEK 215 million.

21 properties are divested in Örebro, Malmö, Haninge and Växjö for SEK 1,570 million.



Q3

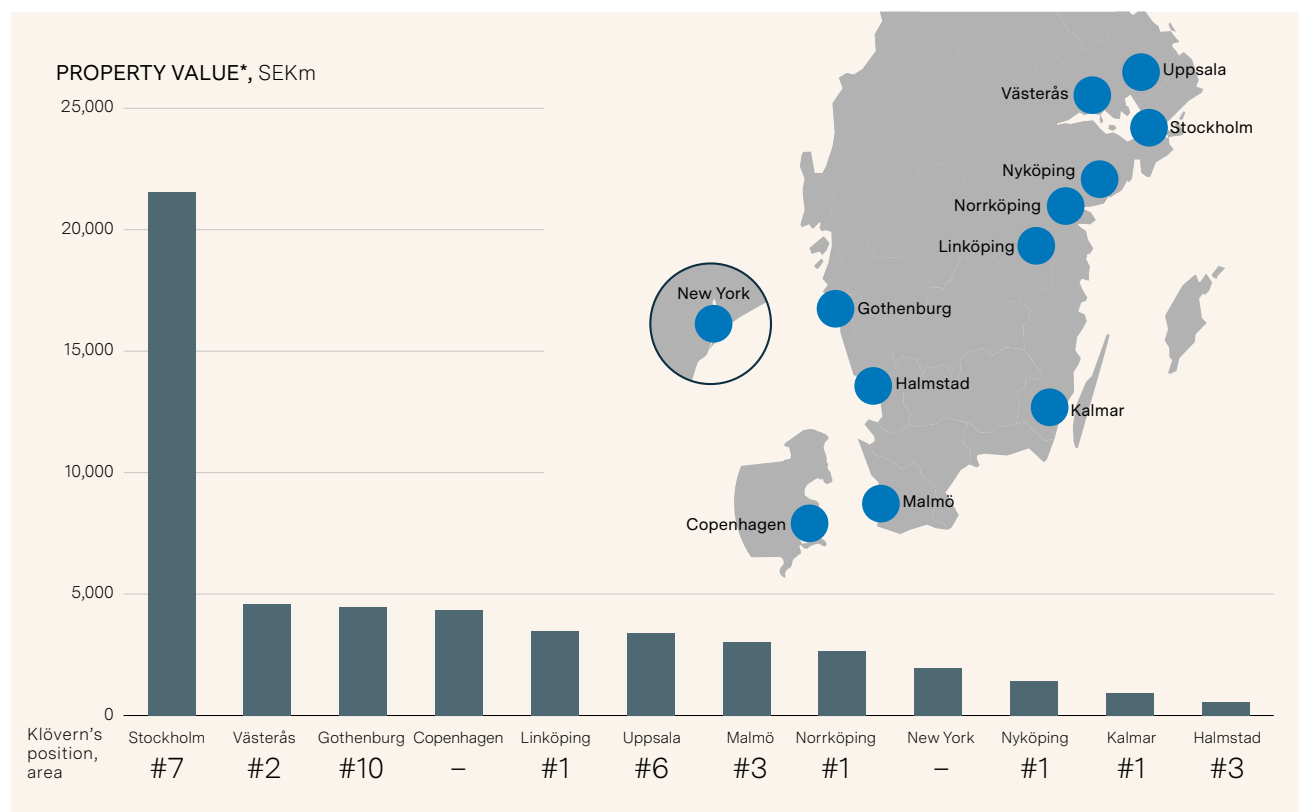
A contract is signed for the divestment of seven properties, chiefly warehouses and logistics facilities, for SEK 622 million.

Q4

All of Klövern's property portfolio in Karlstad, comprising 42 properties, is divested for a total underlying property value of SEK 2,610 million.

Klövern's project Örebro Entré is started after a lease contract is signed with Scandic Hotels, comprising around 5,800 sq.m.

A contract is signed for the acquisition of a property in Copenhagen for DKK 1,420 million, corresponding to around SEK 1,984 million, to be taken possession of in 2021.



*) The diagram shows property value per business unit and New York. Business units Stockholm North and Stockholm South are combined into one bar in the diagram.

Streamlining and value creation

Looking back at 2019, we can conclude that the year has been very strong in terms of earnings. We are particularly proud of the high net moving-in, the development in a comparable portfolio and the fine return on equity. We have, in accordance with our strategy, continued to streamline and focus our property portfolio and simultaneously expanded internationally. The pace of business has been high with a focus on profitability, sustainability, structural streamlining and financial strengthening with the aim of creating an even stronger Klöver for the future.

”During 2019 we continued to follow our strategy of streamlining the property portfolio.”



STRONG EARNINGS DEVELOPMENT

Klöver is again reporting strong earnings. In 2019, profit from property management improved by 9 per cent to SEK 1,462 million. After positive changes in value of properties amounting to SEK 2,125 million, profit before tax amounted to SEK 3,433 million. After tax, this corresponds to earnings per share of SEK 3.24 and a return on equity of 16 per cent.

RECORD HIGH NET MOVING-IN

Net moving-in for the year was record high and amounted to SEK 130 million, which is far above the target of at least 1 per cent of the rental value. The development in a comparable portfolio, i.e. properties that have been owned throughout 2018 and 2019, is very satisfying with an increase of income of 6 per cent and of operating surplus of 5 per cent.

RELATIVELY FAVOURABLE MARKET CONDITIONS

In spite of that macro statistics already in 2019 indicated a slowdown in the economy and the coronavirus now during the start of 2020 increases the risk of a downturn, market conditions in the real estate industry continue to be relatively favourable. All of our prioritized markets developed well in 2019. This is the case not just in the Swedish market, but also in Copenhagen and New York. Some tenants are transitioning to more flexible ways of working and reduce the areas of the premises they rent, but overall the net effect is positive which is reflected in Klöver's good income development.

STREAMLINING AND INTERNATIONAL EXPANSION

During the year, we continued to follow our strategy of streamlining the property portfolio, both geographically and in terms of products. We have now essentially finished streamlining the portfolio, which has been in progress for several years. In 2019, divestments included all of Klöver's



Breaking ground at the development project 28&7 in New York in the autumn of 2019. Klöver's CEO, Rutger Arnhult, is standing in the middle.

portfolio in Karlstad and all investment properties in Örebro. The Swedish property portfolio is now concentrated to 10 cities. 96 per cent of the total property portfolio is located in what we refer to as larger cities with over 100,000 inhabitants, and 74 per cent in metropolitan regions with more than a million inhabitants. The portfolio has to an even greater extent been focused on modern offices through divestment of warehouse and logistics premises including seven properties sold to Blackstone, and acquisitions of and investments in modern office properties.

The international portfolio, to date concentrated in New York and Copenhagen, comprised at year-end to 12 per cent of total property value. It is expected to continue to grow in importance, in pace with the completion of projects and further acquisitions.

We can note that the two ongoing projects in Manhattan, 1245 Broadway and 28&7, are developing according to plan and are in a planning phase ahead of construction start of the third project, 118 10th Avenue. The total investment in the three projects is calculated to amount to just under SEK 3 billion, with an assessed potential development profit of just over SEK 2 billion. In mid-February 2020, we announced yet another acquisition in New York in a very attractive location in Manhattan. For a total of around SEK 1.8 billion, Klöver has succeeded in acquiring all units of a co-op owning a 14-story residential building at the corner of Park Avenue and East 55th Street.

VALUE CREATING PROJECT DEVELOPMENT

Project development is an important part of our business model and the new business area *Project development Sweden*, which was created in 2019, has a central role in Klöver's position as a long-term urban developer. In total, project development, including development of building rights, contributed to increases in value of properties of SEK 681 million in 2019.

STRONGER FINANCIAL POSITION

Klöver's financial position was strengthened additionally in 2019, through good earnings development as well as the

strategic net divestment of properties. The adjusted equity ratio improved by around 6 percentage points to 43.5 per cent, which is above the target of 40 per cent, while leverage declined to 50 per cent. At year-end, as much as 93 per cent of the credit volume was hedged or at a fixed rate and the average financing rate was 2.3 per cent. The interest coverage ratio is satisfactory, amounting to 2.6 during the year.

FOCUS ON SUSTAINABILITY

In 2019, we have intensified the efforts to reduce Klöver's climate impact, which is reflected in the ambitious targets which have been set for renewable energy, internally produced electricity and energy efficiency. We are, at the same time, pleased to note that our long-term sustainability efforts have garnered attention as well as generated results. In one of the Nordic region's largest brand surveys with the focus on sustainability, Sustainable Brand Index B2B, Klöver has been designated as Sweden's third most sustainable real estate company, and number two among the listed real estate companies.

GOOD VALUE GROWTH

The net asset value per share (NAV) has continued to develop well and amounted at the year-end to SEK 21.17, corresponding to an increase of 17 per cent during 2019.

WELL POSITIONED

Overall, we have a stable business which during 2019 showed high profitability and good underlying growth, at the same time as the financial position was further strengthened. The coronavirus creates uncertainty regarding the economic development in 2020 but with a very diversified customer base in a wide range of industries, in combination with low interest rates, we are well positioned for the rest of the year.

Stockholm, 17 March 2020

Rutger Arnhult
CEO

Consistently applied strategy yields results

Klövern has continued in 2019 to rapidly streamline the portfolio to select growth areas, and at the same time driven an expansion outside of Sweden through investments in Copenhagen and New York. But the explanation for good value growth is more complicated than that.

The Company has continually advanced its positions. That's the case when it comes to traditional projects, urban development and also, to a certain extent, residential development – which is important in order to create environments where people are happy to live and work.

Sustainability is another cornerstone in our value creation and innovation. Klöverner has been shown to have great opportunities to contribute to reduced CO2 emissions by setting ambitious, but realistic, targets.

Meanwhile, the financial strategy is being continually developed, which is clear from how the financial targets are within reach and in many cases have already been exceeded.

A condition for stable value creation is also that the culture and organization is continually trimmed and refined, which has an impact on efficiency, customer satisfaction and positive employee surveys. HR issues have been highly prioritized during the year.

Trends and events in the world around us have, in 2019, resulted in challenges in Sweden and globally. The global economy has slowed down. The geopolitical situation continues to be marked by power shifts and conflicts between major economies. We have not yet seen the consequences of the United Kingdom leaving the EU at the beginning of 2020 – a “hard” Brexit leaving many questions unresolved. The climate crisis was at the top of the agenda in 2019, among leaders and many young people alike – but there has not been any actual political progress.

In this turbulent and uncertain time, the real estate industry and Klöverner has been able to operate under relatively favourable conditions, such as low interest rates and good demand for modern and efficient properties. High employment in the regions and cities where we are active has made a contribution.

WHAT HAS CHARACTERIZED THE BOARD'S EFFORTS DURING THE YEAR?

Klövern's board is small with five directors who represent different competencies and experience. Our overarching task is to provide conditions for long-term, sustainable value creation for shareholders.

At each board meeting, we review the strategy, the financial situation and financial follow-ups. This year, we have particularly focused on the risk inventory from a wide perspective.

A priority has also been corporate governance as well as cultural and organizational development. All of this is for the purpose of preparing the company for continued growth with a maintained culture, with closeness to the customer, professionalism and fast decision-making as central values. The company's handling of IT security is also an area which the board has reviewed during the year.

“Our overarching task is to provide conditions for long-term, sustainable value creation for shareholders.”

At the board meetings, we meet representatives from the Executive management, the regions and other key persons. During the year, we have also had the opportunity to meet customers and politicians in some of Klöverner's key geographic areas.

The theme of the year's strategy days for management and board was the Danish market.

We live in a disruptive environment with quick and turbulent changes, which are not entirely predictable. The changes are driven by technology, by innovation and by people's changed behaviour and preferences, resulting among other things in new demands on modern and smart offices, sustainable work and living environments, and not least in infrastructure for sustainable and comfortable transport.

To follow and try to understand the changes in the world around us has, together with the board's other assignments, been a high priority for us during the year.

At the moment, the risks and uncertainties surrounding the consequences of the coronavirus is something that dominates assessments of the world situation. The spread of the virus, its effects on global growth and trade, and potentially long-term structural changes are questions that we have reasons to closely follow in the current year.

Stockholm, 17 March 2020

Pia Gideon
Chairman



Business concept, goals and strategy



Business concept, goals and strategy

Klövern's overall objective is to generate good value growth for the shareholders in a long-term, sustainable way. To achieve this, a number of goals have been specified in the areas of Finance, Property Management, Transactions & Projects and from a Social perspective. Integrated with these targets, a number of sustainability goals have also been selected in the areas of economic, environmental and from a social perspective. All of these goals – like the company's vision and business concept – are key parts of the strategy and business plan adopted by the board once a year.

VISION

Klövern creates attractive and sustainable environments for future enterprise, individuals and society.

By being an active participant in creating secure, stimulating and sustainable working and living environments, Klöver can contribute to innovative urban development.

BUSINESS CONCEPT

Klövern shall, with closeness and commitment, offer attractive premises and actively contribute to urban development in growth regions.

The premises and housing developed and provided by Klöver shall be adapted to the customers' wishes and needs in a proactive, responsive and sustainable way. Premises shall be provided, and customers treated, with closeness

and commitment. The closeness and commitment that Klöver seeks to provide can only be achieved with the company's own locally-based staff.

The property portfolio is to be focused on selected growth regions. An expanding business sector and an increasing population are common features for growth regions.

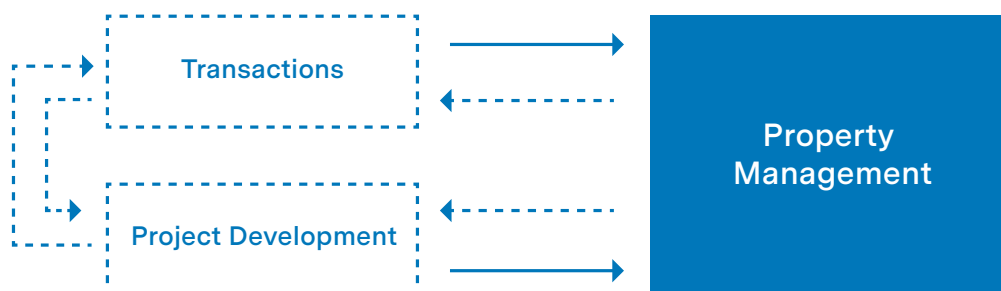
Effective financing is a prerequisite for fully realizing the business concept. Klöver works in a structured manner with financing and uses a palette of instruments, such as bonds and commercial paper in addition to conventional bank loans. Leverage and the mix of financial instruments shall contribute to good increase in value for the shareholders at the same time as always ensuring financial stability.



The property Helgafjäll 7 in Kista, Stockholm. Kista Gate is comprised of this property together with Helgafjäll 4.



Interior of the new restaurant Eatery in Kista Gate, Stockholm.



KLÖVERN'S BUSINESS MODEL

The central point of Klöver's business model is management of the company's over 350 properties. Management is to be done by the company's own staff to ensure high quality in everything from customer service to energy optimization.

Through transactions additional properties are added to the portfolio at the growth locations that the company has chosen to focus on. In this way, additional benefits of scale are achieved in property management at the same time as the ability to offer a varied range of attractive premises is improved. By divestment of properties with a lower geographic priority and those which are fully developed from Klöver's

point of view, it is endeavoured to continuously concentrate and optimize the portfolio. A natural part of Klöver's business is also acquisitions and divestments of building rights and properties in different project phases.

Project development of commercial premises has, in line with the company's strategy, expanded in recent years. In this way, additional properties are added to the portfolio under management. Project development includes everything from creation of completely new buildings, including residential buildings, to improvement of existing premises in connection with a change of tenant.

GOALS AND OUTCOME 2019

Finance and Property Management

FINANCIAL GOALS

Goals

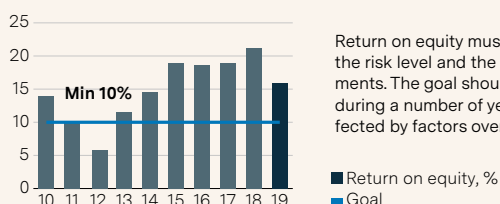
Outcome 2019

Objective

RETURN ON EQUITY

Return on equity shall in the long term amount to at least 10 per cent.

Return on equity amounted to 15.9 per cent. During the past ten years, the average return has been 15.0 per cent.

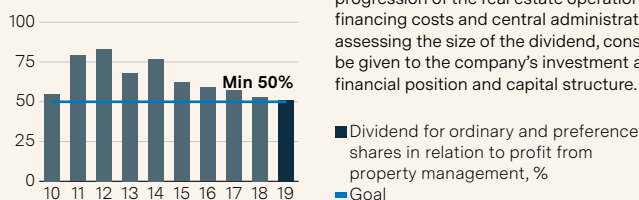


Return on equity must be reasonable in proportion to the risk level and the return on other types of investments. The goal should be regarded as an average during a number of years, since the return is partly affected by factors over which Klövern has no control.

DIVIDEND

The dividend shall in the long term be at least 50 per cent of the profit from property management. Dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.

A dividend of SEK 0.50 per ordinary share and SEK 20.00 per preference share is being proposed to the 2020 Annual General Meeting. The proposed dividend for ordinary and preference shares corresponds to 51 per cent of the profit from property management. The proposed dividend for preference shares alone corresponds to 22 per cent of the profit from property management.

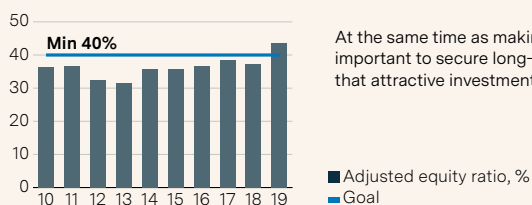


The profit from property management shows the progression of the real estate operations, including financing costs and central administration. When assessing the size of the dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

ADJUSTED EQUITY RATIO

The adjusted equity ratio shall in the long term be 40 per cent.

The adjusted equity ratio was 43.5 per cent at year-end 2019.

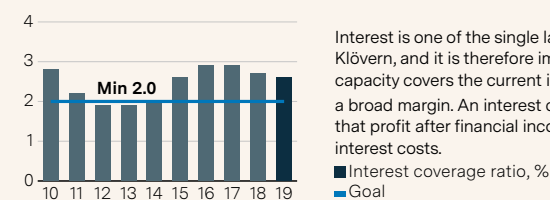


At the same time as making optimal use of equity, it is important to secure long-term stability and make sure that attractive investments can be made in the future.

INTEREST COVERAGE RATIO

The interest coverage ratio shall be at least 2.0.

The interest coverage ratio amounted to 2.6.



Interest is one of the single largest cost items for Klövern, and it is therefore important that earnings capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 2.0 means that profit after financial income is twice as high as interest costs.

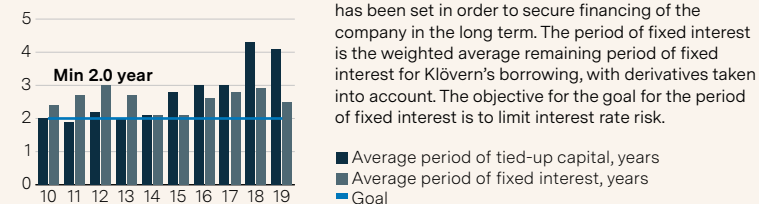
PERIOD OF TIED-UP CAPITAL AND FIXED INTEREST

The period of tied-up capital shall be at least 2.0 years.

The period of tied-up capital amounted to 4.1 years at the end of 2019.

The period of fixed interest shall be at least 2.0 years.

The period of fixed interest amounted to 2.5 years at the end of 2019.



The period of tied-up capital shows the weighted average remaining time to maturity of Klövern's borrowing. The goal for the period of tied-up capital has been set in order to secure financing of the company in the long term. The period of fixed interest is the weighted average remaining period of fixed interest for Klövern's borrowing, with derivatives taken into account. The objective for the goal for the period of fixed interest is to limit interest rate risk.

PROPERTY MANAGEMENT GOALS

Goal

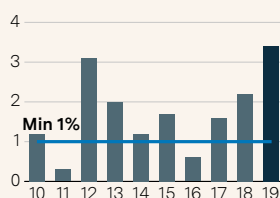
Outcome 2019

Objective

NET MOVING-IN

Net moving-in shall amount to at least one per cent of the rental value per year.

Net moving-in totalled SEK 130 million or 3.4 per cent of the rental value.



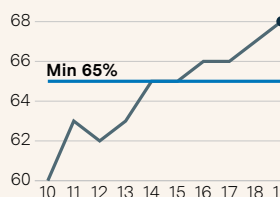
Net moving-in shows the net of contract value on an annual basis for the tenants who move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klövern's occupancy rate.

■ Net moving-in, %
■ Goal

OPERATING MARGIN

The operating margin shall amount to at least 65 per cent.

The operating margin amounted to 68 per cent



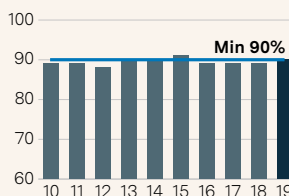
The operating margin, the operating surplus in relation to income, is an important key figure in Klövern's internal evaluation of the real estate operations and is continuously measured for every property.

■ Operating margin, %
■ Goal

ECONOMIC OCCUPANCY RATE

The economic occupancy rate shall be at least 90 per cent.

The economic occupancy rate amounted to 90 per cent at the end of 2019.



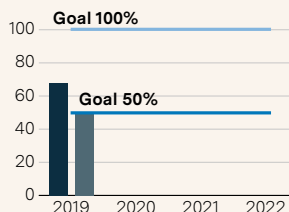
The economic occupancy rate is measured as contract value in relation to rental value. An improved economic occupancy rate creates prerequisites for an increased operating margin.

■ Economic occupancy rate, %
■ Goal

ENERGY USE

By 2022, all energy used in Klövern's buildings shall originate from renewable sources.

The consumption of energy from renewable sources in Klövern's buildings amounted to 68 per cent at year-end 2019.



Klövern works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.

■ Proportion of energy originating from renewable sources, %
■ Proportion of properties using less than 100 kWh/sq.m.

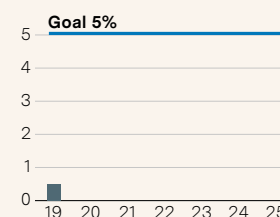
By 2022, at least half of Klövern's properties shall have energy consumption lower than 100 kWh/sq.m.

The share of properties with an energy consumption of less than 100 kWh/sq.m. amounted to 50 per cent at year-end 2019.

ELECTRICITY CONSUMPTION

By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources.

At year-end 2019, Klövern produced electricity from renewable sources amounting to 0.5 per cent of consumption.



Climate impact is to continually decline through low energy consumption, increased proportion of renewable energy and increased resource efficiency

■ Renewable sources, %
■ Goal

Strategy and goals 2020

COMPONENTS OF THE STRATEGY	GOAL
FINANCE <ul style="list-style-type: none"> The interest rate risk shall be limited by hedging a certain share of the credit portfolio. The refinancing risk should be limited by a spread of credit maturities and creditors. Bank borrowing should be complemented by alternative forms of finance. 	<ul style="list-style-type: none"> Return on equity shall in the long term amount to at least 10 per cent. The dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management. The dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management The adjusted equity ratio shall in the long term be 40 per cent. The interest coverage ratio shall be at least 2.0. The period of tied-up capital shall be at least 2.0 years. The period of fixed interest shall be at least 2.0 years.
PROPERTY MANAGEMENT <ul style="list-style-type: none"> Management shall be done by Klöver's own personnel and with local commitment. Administrative efficiency shall be enhanced by focusing on improving the operating margin. Focused letting work shall increase the economic occupancy rate. Customer surveys shall be made and serve as the basis for improved customer care. The impact on the environment shall be continuously reduced by low energy consumption, an increased proportion of renewable energy and increased efficiency in use of resources. A common effort to achieve sustainable work places shall be a key part of the dialogue with new and existing tenants. 	<ul style="list-style-type: none"> Net moving-in shall amount to at least 1 per cent of the rental value per year. The operating margin shall amount to at least 65 per cent. The economic occupancy rate shall amount to at least 90 per cent. The Satisfied Customer Index (NKI) shall amount to at least 75. By 2022, all energy used in Klöver's buildings shall originate from renewable sources. By 2022, at least half of Klöver's properties shall have energy consumption lower than 100 kWh/sq.m. By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources. The number of suppliers shall be reduced by 10 per cent per year.
TRANSACTIONS AND PROJECTS <ul style="list-style-type: none"> Acquisitions and divestments shall be focused on geographic concentration with a view to attaining a strengthened market position and creating effective management in prioritized markets. Projects with the highest return shall be prioritized. Value is to be created by development and making use of building rights or through new production projects for own management or for divestment. 	<ul style="list-style-type: none"> Acquired investment properties shall have on average a long-term yield of at least 5 per cent per year. Project investments shall give a return on equity of at least 15 per cent.
SOCIAL <p><i>External</i></p> <ul style="list-style-type: none"> Klöver develops properties in a sustainable and innovative way to create attractive urban districts with a long-term value development. There shall be close collaboration with prioritized schools and a systematic approach to dealing with trainees, students looking for essay topics as well as those looking for a job at Klöver. <p><i>Internal</i></p> <ul style="list-style-type: none"> Annual development interviews shall be held with individual goals linked to the level of remuneration. Staff shall have internal career path opportunities, be able to develop and move forward into new roles within the company. Systematic annual follow-up staff surveys shall be held at management level with an action plan towards set goals. 	<ul style="list-style-type: none"> Sustainability frameworks shall be produced for all urban development projects. Klöver's suppliers shall work in accordance with Klöver's Code of Conduct for suppliers. Klöver shall have committed and business-driven staff who live up to the Company's values and are good ambassadors. Klöver shall provide a sound and safe work environment where everyone feels well.

SELECTED SUSTAINABILITY GOALS 2020

AREA	FOCUS AREAS	GOAL
ECONOMIC	Long-term value growth	<ul style="list-style-type: none"> The adjusted equity ratio shall in the long term be 40 per cent. The operating margin shall amount to at least 65 per cent. The Satisfied Customer Index (NKI) shall be at least 75.
ENVIRONMENTAL	Climate	<ul style="list-style-type: none"> By 2022, all energy used in Klöver's buildings shall originate from renewable sources. By 2022, at least half of Klöver's properties shall have energy consumption lower than 100 kW/sq.m. By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources.
SOCIAL	Long-term value growth and Health and Commitment	<ul style="list-style-type: none"> Klöver's suppliers shall work in accordance with Klöver's Code of Conduct for suppliers. Klöver shall have committed and business-driven staff who live up to the Company's values and are good ambassadors. Klöver shall provide a sound and safe work environment where everyone feels well.

For definitions of key figures, refer to pages 158–159.



The property Sigurd 7, known as S7, in Västerås. Certified accordance to Miljöbyggnad Silver.



Fairway House in Copenhagen.

Markets



The economy and real estate market

After several years of strong growth, the Swedish economy developed at a slower pace in 2019. At the same time, short- and long-term interest rates are at historically low levels. The sharp increase in population in the past few years has contributed to total GDP growth while at the same time entailing great future challenges. Moderate economic growth and low interest rates means, overall, relatively favourable conditions for the Swedish real estate market.

THE ECONOMY

Growth in the global economy slowed down in 2019. Hand in hand with this development, the US Federal Reserve changed tack (after nine interest rate increases during 2015–2018) by applying three interest rate reductions totalling 75 basis points to a targeted Fed funds rate of 1.50–1.75 per cent. In 2019 the European Central Bank lowered the deposit rate by 10 basis points to the level minus 0.50 per cent.

Growth in the Swedish economy slowed down during 2019. According to the Riksbank's forecast in December, growth halved to 1.1 per cent and the outlook for 2020 is growth at roughly the same level. The strong population growth in the last few years has contributed to GDP growth but also entails great challenges, not just pertaining to integration and employment, but also when it comes to the budgets of municipalities, regions and the Swedish state.

In Sweden, the inflation rate has increased in the last few years but remains at a moderate level. In November 2019, inflation amounted to 1.8 per cent in terms of KPI (CPI) and 1.7 per cent measured with fixed interest, KPIF. Inflation thus approaches the Riksbank's goal for KPIF of 2 per cent. The Riksbank, which has been operating with a negative repo rate since February 2015, decided in conjunction with its mon-

etary policy meeting in December 2019 to increase the repo rate by 25 basis points to 0 per cent.

The next increase is forecast not to occur until 2022. Therefore, short-term interest rates look like they may remain at historically low levels for a while yet. Longer-term interest rates also remained very low in 2019. The Swedish ten-year government bond yield was at 0.14 per cent at year-end 2019, after having been around 30 basis points higher at the beginning of the year.

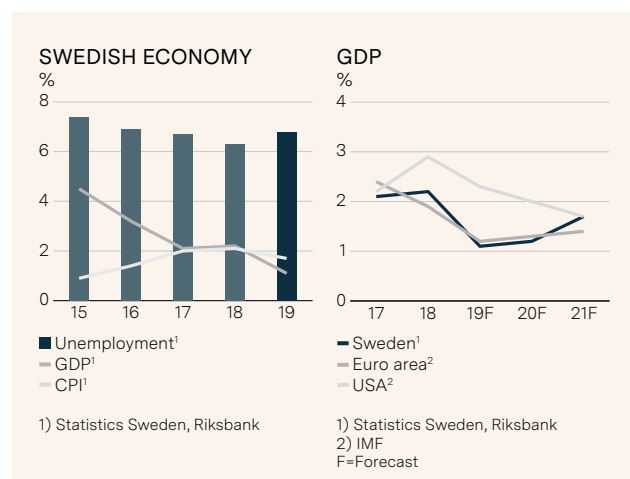
THE SWEDISH REAL ESTATE MARKET

Moderate growth in the Swedish economy, combined with very low interest rates, result in relatively favourable conditions for the real estate market.

In total, the rental market is strong or stable in the metropolitan city areas, and in a number of growing regional cities. Rising KPI has contributed to rents in the last few years and will continue to do so in 2020. Population growth in metropolitan city areas has been strong for a number of years and looks to stay strong going forward, not least in Stockholm. However, although increasing population is a key variable for the rental market, the growth of employment is just as important a factor in the long term.

Office rent levels continue to develop positively for modern, well-situated premises that make efficient use of space in the larger cities. The older stock of office premises often requires smart, cost-effective and sustainable refurbishments to be able to compete with newly-built offices. Besides good communications, in particular tram or train, services such as restaurants, cafes and gyms are becoming increasingly important to attract new office tenants.

Rental levels for logistics and warehouse premises have generally been relatively stable for a number of years with the exception of modern, newly produced logistics premises in good locations where slightly increasing rental levels may be noted. The expansion of e-commerce has had a positive effect on demand, while it continues to cause significant insecurity over consumption in brick-and-mortar outlets and therefore rental development in the future.



POPULATION AND LABOUR MARKET STATISTICS

Municipality	Population ¹	Population change, 1 year, %	Population change, 10 years, %	Employment ²	Of which, public sector ² , %	Change in employment, 1 year, %	Unemployment ³ , %	Change in unemployment, 1 year, %	Share of Klöverns property value, 31.12.2019 ⁴ , %
Gothenburg	579,281	1.3	14.2	362,084	24	2.3	7.1	0.0	7.9
Halmstad	102,767	1.5	12.8	50,483	35	1.9	7.8	0.0	1.1
Kalmar	69,467	1.4	11.3	36,538	36	1.6	6.8	-0.3	1.6
Linköping	163,051	1.3	12.7	86,366	32	2.2	6.0	0.0	6.4
Lund	124,935	1.6	14.5	72,256	41	3.5	6.5	0.2	0.8
Malmö	344,166	1.4	17.1	185,285	27	2.0	13.6	-0.3	5.0
Norrköping	143,171	1.1	10.8	67,746	33	1.7	10.5	-0.6	5.1
Nyköping	56,591	1.0	10.5	24,658	33	0.2	7.3	-0.2	2.7
Solna	82,429	1.8	23.2	94,969	25	3.9	4.3	0.1	5.7
Stockholm	974,073	1.2	17.4	695,879	16	1.0	5.9	0.0	33.3
Täby	71,874	0.7	14.1	25,733	13	-0.7	3.3	0.1	2.1
Uppsala	230,767	2.5	18.5	108,419	39	1.6	5.7	0.0	6.5
Västerås	154,049	1.3	13.3	74,573	26	2.1	8.4	-0.1	7.8
Total	3,096,621	1.4	15.6	1,884,989	24	1.8	-	-	86.0
SWEDEN	10,327,589	1.0	10.6	4,971,919	29	1.2	7.0	-0.1	88.0

Source: Statistics Sweden, the Swedish Employment Service, Klöverns.

1) Statistics Sweden: Refers to December 2019.

2) Statistics Sweden/RAMS 2018

3) Refers to the average for 2019. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 16–64 years old).

4) Gothenburg also includes Lerum, Mölndal and Partille. Stockholm also includes Danderyd, Sollentuna and Huddinge.

The Swedish transaction market was very strong in 2019. According to Cushman & Wakefield, the aggregate volume of transactions was around SEK 220 billion, just under ten per cent higher than the previous record from 2016 and around 20 per cent higher than 2018. Never before have there been so many transactions exceeding a billion SEK, totalling over 40. Foreign investors were very active in 2019, and their share of transaction volume amounted to 28 per cent, corresponding to an increase of 6 percentage points.

Residential and office properties were, as in 2018, the largest segments on the transaction market. Housing corresponded to 32 per cent of the total transaction volume, although this was 5 percentage points lower than in 2018. The next largest segment was offices, accounting for 28 per cent which was an increase of 6 percentage points on 2018.

A long period of low interest rates has caused several different categories of investors to actively allocate more capital into real estate. This interest has contributed to a continued decline in yield requirements and thereby rising property prices.

In accordance with Chapter 6, section 11, of the Annual Report Act, Klöverns AB (publ) has decided to prepare the statutory sustainability report as a separate report from the annual report. The sustainability report has been submitted to the auditor at the same time as the annual report. The sustainability report (in Swedish) is available at www.klovern.se/sv/om-klovern/investor-relations/finansiella-rapporter/



Klövern's properties in the Globen area in Stockholm.

STOCKHOLM REGION

Stockholm

Stockholm North

2019 was a successful year for Klövern's operations in the northern part of Stockholm, where the major part of the portfolio is located in Kista.

A number of tenants moved into Kista Gate (Helgafjäll 4+7), including Samsung and Climeon as well as a new restaurant and a new café.

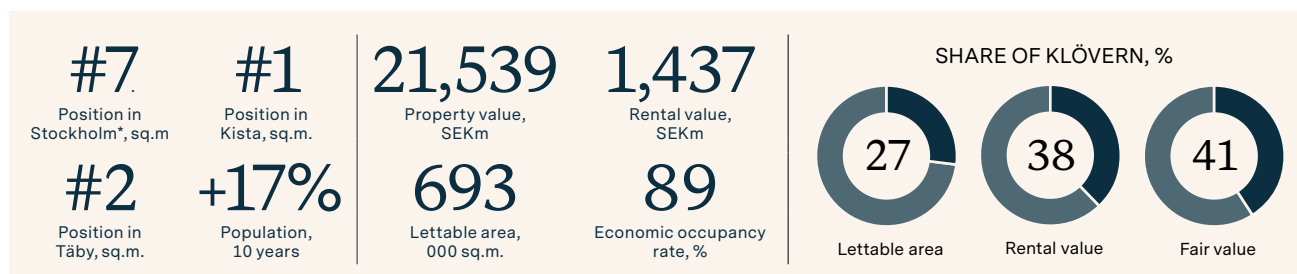
Right next to the Victoria Tower, Klövern has built a brand new facility for the fast-growing sport padel. The facility, which includes seven courts, a spectators' gallery and changing rooms opened in March 2020. This contributes to urban development in Kista and makes the area even more attractive for tenants. Another initiative resulting from customer focus efforts is that Klövern's tenants in Kista are offered a free bus ride from the metro and commuter train stations to Klövern's properties in the period between December 2019

until 31 March 2020. This is to serve as an encouragement to leave the car at home and instead travel by public transport.

As for other parts of Klövern's operations in the northern part of Stockholm, a 12-year lease has been signed with Täby Friskola for premises comprising around 3,500 sq.m.

Stockholm South

The occupancy rate is high in Klövern's portfolio in the southern part of Stockholm, where commercial properties in the Globen area predominate. The limited vacancies within Klövern's portfolio are used today chiefly for evacuations in order to enable new redevelopment projects. There is a continued focus on the coming development of Söderstaden, one of Stockholm's major development areas where the Globen area is a central part.



*Ranking within Stockholm county.

KISTA GATE, STOCKHOLM

Full speed ahead in full-service property



Johan Forsberg, property manager at Klöver, and Jan Nord, Facility Manager at Samsung, are very pleased with the collaboration to customize premises based on Samsung's needs.

Kista Gate on Torshamnsgatan in Kista have, over the last three years, been developed into a top-modern, full-service property in close collaboration with new tenants. A new restaurant and a new café were opened in 2019, and there is also a reception, conference spaces and a gym.

The property has fantastic features like high ceilings, numerous glass-roofed light wells, and large windows letting in plenty of light. Kista Gate is a space-efficient office building with generously proportioned common areas, where the tenants' desire for customized, flexible and inspiring office space has had a central role.



Kista Gate is well-connected to transport options. The commuter train station Helenelund is eight minutes away by foot, and the metro station in Kista centrum can be reached in another five. For those travelling by car, there is plenty of parking space in and around the property.

Samsung

One of the tenants moving into Kista Gate in 2019 was Samsung, establishing its Nordic headquarters of nearly 5,000 sq.m. "We have had a close collaboration with Samsung throughout the process, from planning to refurbishment and move-in," says Johan Forsberg, property manager at Klöver.

Jan Nord, Facility Manager at Samsung, and his colleagues work in beautiful, newly-renovated premises with a welcoming lobby and an open light well between the four floors. It lends a sense of nearness, even though the organization is spread out. "Klöver has been committed and has listened to our needs in order to find good solutions that suit our business. That has been very valuable to us as tenants," says Jan Nord.

"We are happy here!"

Jan Nord, Facility Manager, Samsung

Eatery

Eatery was another tenant establishing itself in Kista Gate in 2019, opening both a café and a top-modern restaurant. Eatery, which is a fast-growing conference and restaurant chain, helps property owners create a more attractive immediate environment. The new restaurant offers tenants and others in the area nutritious, varied and healthy food, cooked from scratch with fine ingredients and seasonal menus.

"We are a long-term partner with the ambition to operate attractive restaurants and cafés in close dialogue with property owners and tenants in the area. Klöver has really lived up to the words closeness and commitment", says Natasa Jansson, location manager at Eatery Kista Gate.



The property Lidarände 1 in Kista, along Arne Beurlings torg, includes Kistamässan.



Interior from the hotel lobby in the property Sigurd 7 (S7) in Västerås, completed in 2018.

STOCKHOLM REGION

Västerås

During 2019, the new urban development strategy for Klövern in Västerås was a major focus point.

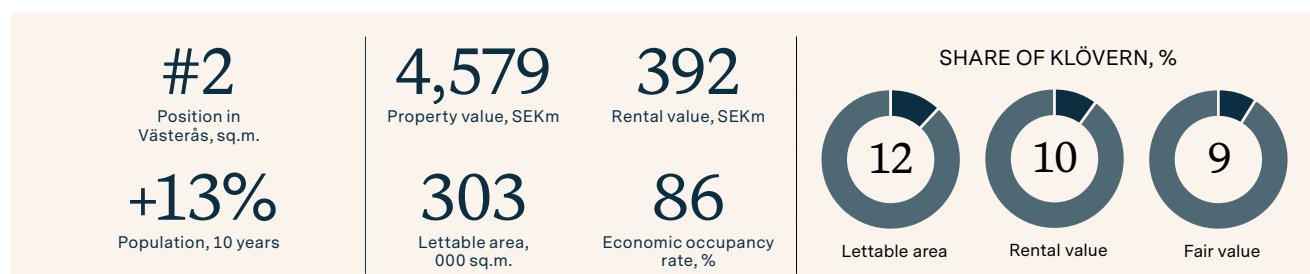
Particularly intensive was the work on developing three centrally located properties, totalling around 53,000 sq.m., which became part of the portfolio at the end of 2018 through the acquisition of the listed real estate company Agora. The conversion of Gallerian into a modern, mixed office and retail space is ongoing, while the development plans for the Punkt shopping centre, to improve the retail opportunities in central Västerås, are in the final phase.

To investigate and collect further information about how people move through the city centre, Klövern signed a

contract to measure visitor flows at the property S7 near the travel interchange, as well as along and through central parts of the city centre. The internal organization in Västerås has also been reinforced with retail expertise and through training in digital ways of working.

During the year, a number of large rental contracts were signed, among others with Handelsbanken, Caverion and DSV.

Structurally, Klövern's portfolio in Västerås was further streamlined by the divestment of two properties totalling around 28,000 sq.m.





Åby Hotel, a part of Åby Arena.

WEST REGION

Gothenburg

Åby Arena, one of Klöver's largest projects, was completed and opened in the spring of 2019. The project site itself – totalling around 30,000 sq.m. – consists of an expo centre, a hotel, offices and a gym. Åby Arena consists of this space as well as a horse-racing track. Åby Arena (excluding the horse-racing track) is certified according to Sweden Green Building Council's classification Miljöbyggnad Silver.

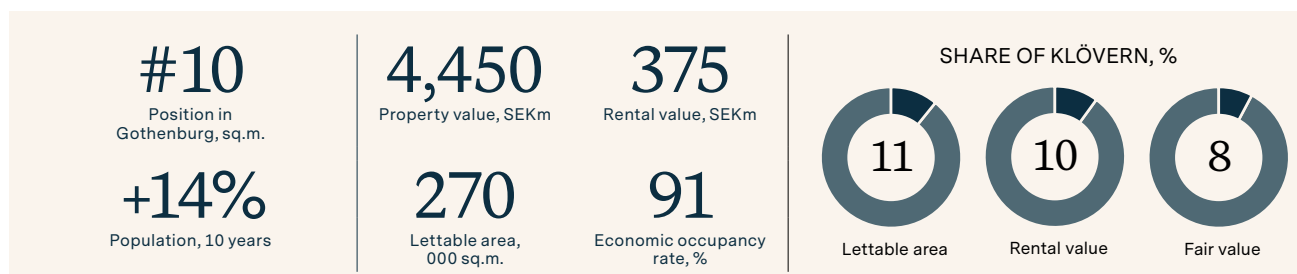
The other activities of Klöver's business unit in Gothenburg in 2019 have primarily been focused on letting, on accommodating current tenants' needs and on actively working on energy optimization.

A number of large lettings and renegotiations have been

carried out successfully, among others with Swedbank, ABB and Senab.

In the Meatpacking District (Gamlestaden), Klöver has built a large solar panel installation. The installation has a capacity of 212 kW, corresponding to the average annual consumption of 42 single-family houses. All of Klöver's properties are supplied with renewable electricity, and the district heating used in the Gothenburg properties are certified by Bra Miljöval.

There is significant development potential in the property portfolio and new local plans are being drawn up.



ÅBY ARENA, GOTHENBURG

Åby Arena was opened in 2019



The plans for Åby Arena originally took shape as early as 2008, when Åbytravet and the expo organizer Easyfairs began discussions about building an expo centre in conjunction with the existing horse-racing track. But the project required a solid and competent property owner. Klövern saw the opportunity for a good long-term investment, and a joint venture was founded for the project with Klövern owning 70 per cent. The brand new Åby Arena was opened in April 2019.

The project, comprising a total of 30,000 sq.m., consisted of an expo

centre (Åbymässan) and a 16-floor building which now encompasses Åby Hotel, a Friskis&Svettis gym and a business centre under Klövern's brand First Office. Together with the horse-racing track, all this constitutes Åby Arena.

"We have had a really good and long-term cooperation together with Åby Travsällskap, the main contractor and everyone else involved. This is a big, cooperative project with many stakeholders involved," says Lars Backman, project manager at Klövern.

Åby Arena is 10 minutes by car from

central Gothenburg and 20 minutes from Landvetter Airport. There are also good public transport connections.

Åbytravet is Europe's most modern horse-racing (trotting) and equestrian facility.

Åbymässan is a top-modern convention centre with the capacity to host all types of events: fairs, expos, meetings, conferences and corporate events. The convention centre comprises 10,500 sq.m. with several mobile conference halls.

Åby Hotel is a four-star hotel with 223 rooms.



The property 24a Frederiksberg (1, 2) in Copenhagen.

INTERNATIONAL

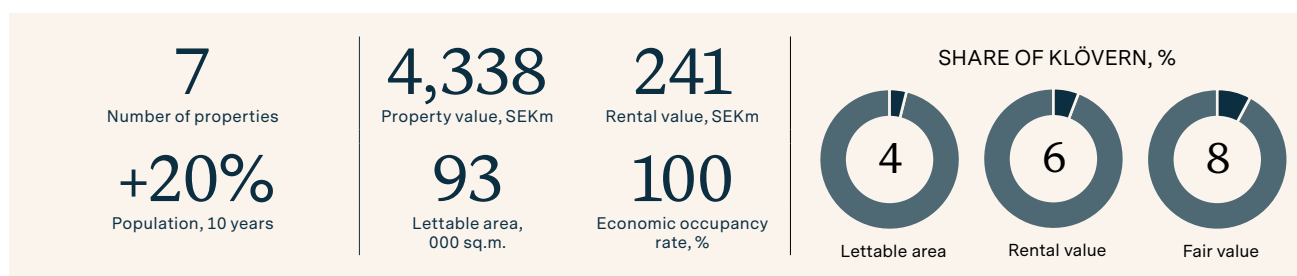
Copenhagen

Since Klövern was established in Copenhagen in the first quarter of 2018, a significant position has been built up with seven properties with a property value amounting to SEK 4.3 billion.

In 2019, the focus has been to find further acquisition opportunities, continuing to build up an own locally based organization, develop processes and maintaining a good dialogue with tenants.

The occupancy rate is high, essentially without any vacancies, thanks to Klövern's active work on property management and development.

At the end of 2019, Klövern announced that a contract was signed for acquisition of a property at Kalvebod Brygge in central Copenhagen for an underlying property value of DKK 1.4 billion, corresponding to around SEK 2.0 billion. The property will be taken possession of after extensive refurbishment is completed which is estimated to be in April 2021.





The property Beridaren 12 in Linköping, also known as the Circus House (Cirkushuset).

EAST REGION

Linköping

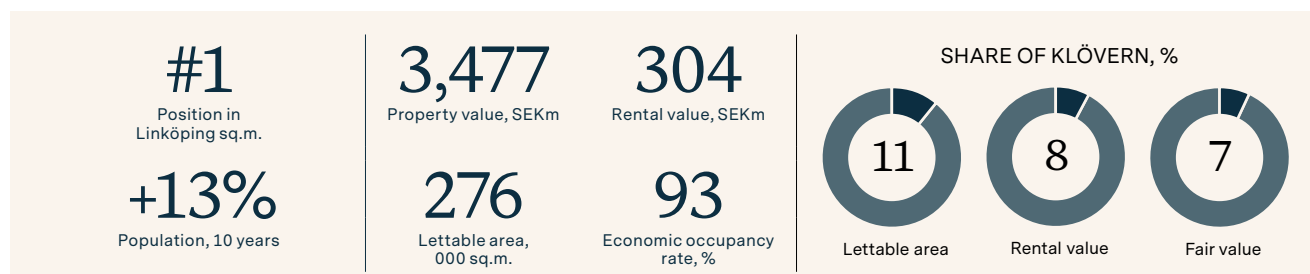
The property portfolio in Linköping was further streamlined in 2019 through the divestment of three warehouse/logistics properties, comprising a total of 32,000 sq.m. At the end of the year, a contract was signed for the acquisition of two development properties which after completion of the current projects, preliminarily estimated to be in the first half of 2021, will have a lettable area of around 18,800 sq.m. The properties, comprising offices, educational and light industrial areas, were taken possession of in January 2020.

Klövern's development properties in the city are chiefly in areas that in one way or another will be affected by the planned high-speed rail project Ostlänken. Project evaluations are being carried out by the Swedish Transport Administration, Trafikverket, and are expected to be complete by year-end

2020, after which a decision will be made on Ostlänken's route. One of Klöver's larger redevelopment projects in Linköping in 2019 has been the preparation of new premises for Bravida in the property Glasbitten 1 in the Tornby area.

During the year, the main focus has been letting and providing for the needs of current tenants who are either growing or, in a few cases, shrinking.

As a part of Klöver's sustainability efforts, tenants are now offered expanded services when it comes to rubbish collection and recycling. In order to offer this service, a new supplier has been selected in Linköping which, in addition to waste collection, also manages the waste rooms.





Uppsala Gate, located right next to Uppsala central station.

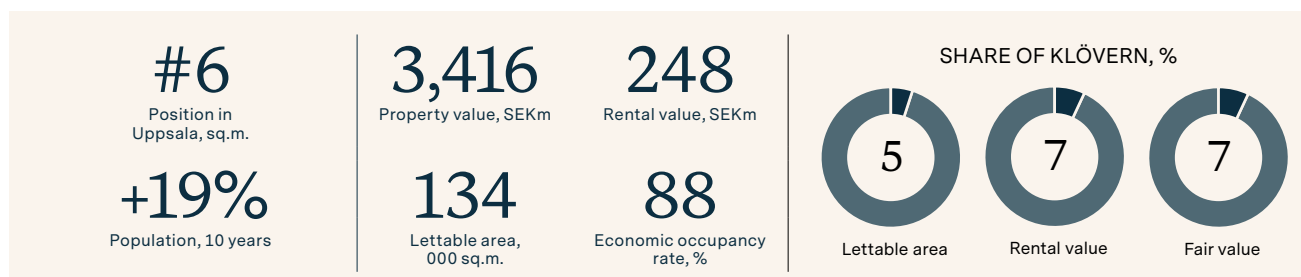
STOCKHOLM REGION

Uppsala

Demand for premises in Uppsala Business Park, which is the single largest area in Klöver's Uppsala portfolio, continues to be high. In 2019, a number of large tenant customizations have been carried out, and the plan is now to start new developments of laboratories within the current local plan for the area. During the year, Klöver also began work on local planning with the aim of having new local plans ready for Uppsala Business Park in 2022. This is to be able to

develop a world-class city district with innovative environments for companies in Life Science, in line with Klöver's ambitions for urban development.

In the fourth quarter of 2019, a lease contract was signed with Lärande i Sverige for around 1,800 sq.m. of educational facilities in the Boländerna area. The premises will be moved into in the summer of 2020. In the same building, a new business centre opened in 2019 under the First Office brand.





The property Flygfyrén 3 in Malmö.

WEST REGION

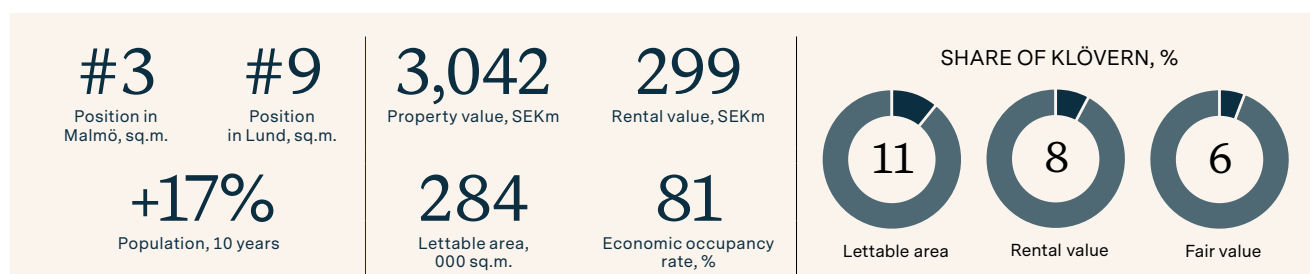
Malmö

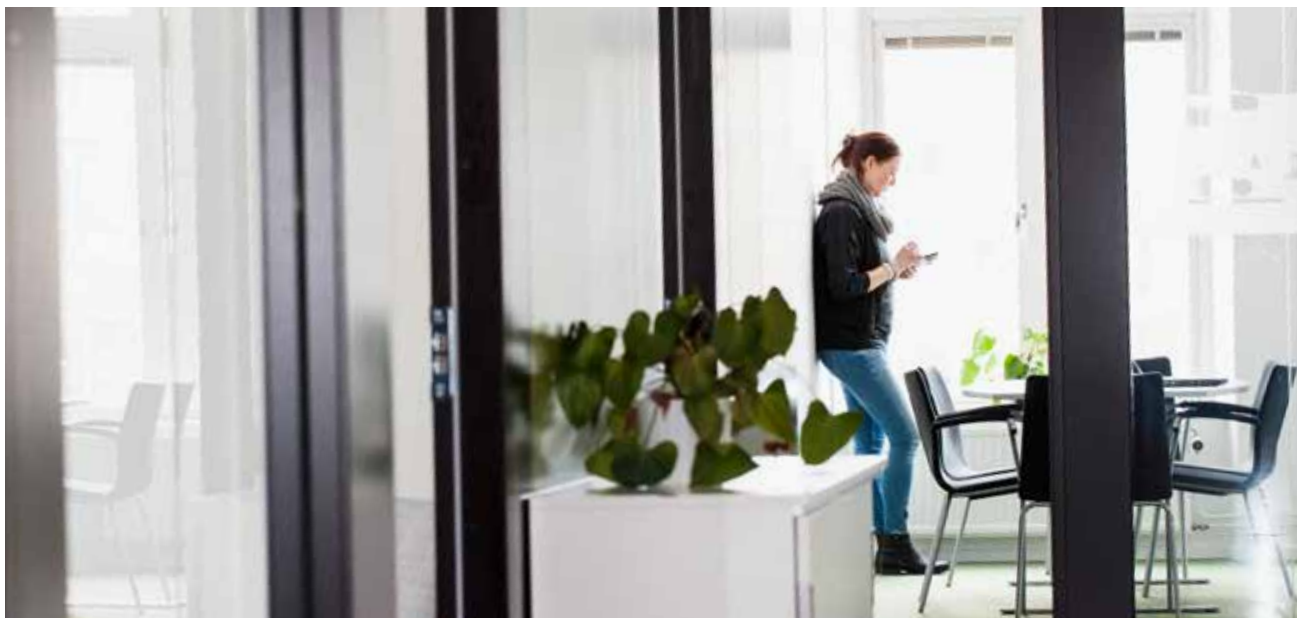
Klövern's business unit in Malmö also comprises a number of properties in Lund. In 2019, the unit was focused on improving the property management of the Kv Caroli shopping centre, centrally located in Malmö, which became part of Klöver's portfolio at the end of 2018 through the acquisition of the real estate company Agora. A development project is being undertaken to establish a new direction and master plan for Caroli and the neighbouring church building Caroli Kyrka.

Important move-ins in Malmö during the year include Förenade Care which moved into totally-renovated premises comprising around 1,000 sq.m. in the property Murman 8, and

Swegon which moved into roughly 600 sq.m. in the Bulltofta industrial park in the north-eastern part of the city. Poolarna Clean (483 sq.m.) and Professionell Säkerhet (225 sq.m.) moved into a previously vacant property at Jägersro after renovation.

As a part of Klöver's efforts to improve the proportion of its own production of electricity from renewable sources, solar panels were installed in 2019 at the property Stapelbädden 2 in Västra Hamnen. The installation has a capacity amounting to 60 kW, corresponding to the household electricity usage of 12 single-family houses.





The property Kopparhammaren 2 in Norrköping.

EAST REGION

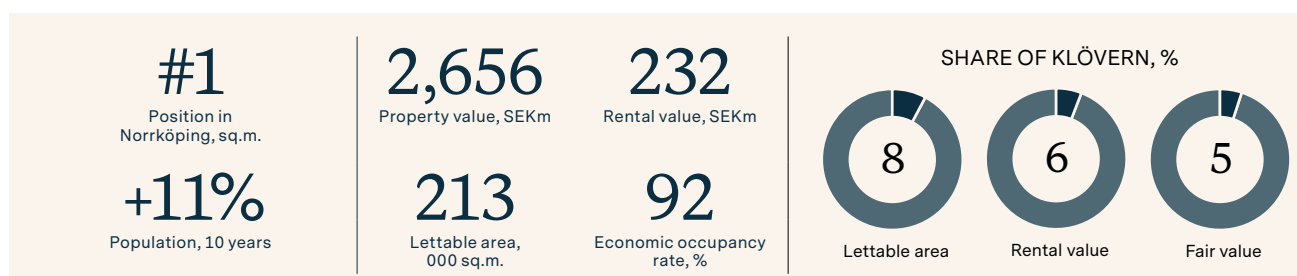
Norrköping

In 2019, the work with Kopparhusen, a new block in central Norrköping, has continued at full speed. Kopparhusen is a collaborative project with Hyresbostäder including researcher and student housing, garages, offices, restaurants and cafés. Klöver's part of the project comprises 4,750 sq.m. The project is estimated to be completely ready for moving-in during the spring of 2020.

In Norrköping, interest continues to be high for the business centres which are operated under Klöver's brand First Office.

In Kopparhusen, First Office will be able to offer a number of new modern workplaces in a very central location in 2020.

In 2019, there has also been extensive focus laid on developing a number of properties in the Ingelsta area. Among other things, refurbishments and customizations have been made for Siemens and Samhall, and Ahlsell will open a large new retail outlet during the spring of 2020.





Drawing of the project property 28&7 in New York.

INTERNATIONAL

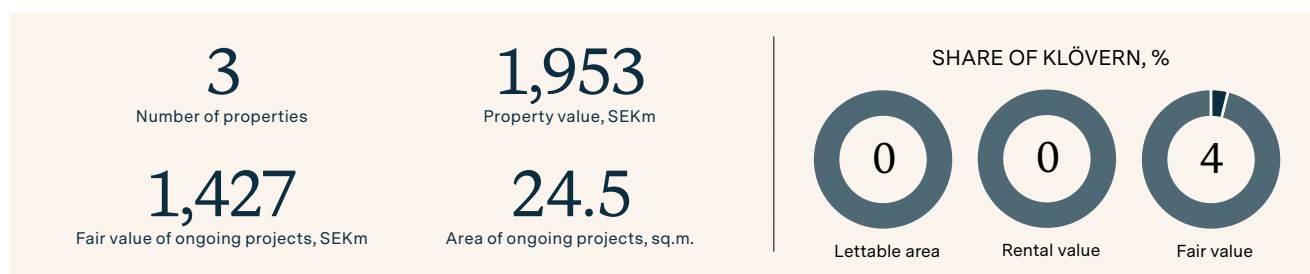
New York

In 2019, a site leasehold was acquired at 118 10th Ave in Manhattan. The property is attractively located between 17th and 18th Street, near the High Line. The ambition is to develop a high-quality 10-floor office building with around 12,200 sq.m. The property is close to two of Klövern's other development properties, 1245 Broadway and 28&7 (322–326 7th Ave) which were acquired in 2018, which will have positive effects on development and lettings efforts.

The 1245 Broadway project is proceeding according to plan. The 22-floor office building of around 16,700 sq.m. is expected to be ready for move-in in the first quarter 2021.

As for 28&7, ground was broken on the project in the autumn of 2019. This concerns a 12-floor office building of a total of 7,800 sq.m. which is estimated to be completed by the fourth quarter of 2021.

All three projects are being developed in coordination with the local property developer GDSNY, and the ambition is for the buildings to obtain environmental certifications.





The property Ana 11 in Nyköping.

EAST REGION

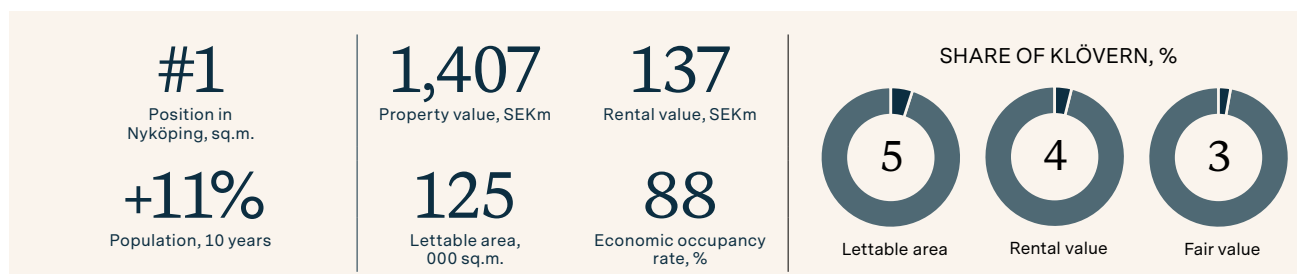
Nyköping

Klövern's property portfolio in Nyköping remained unchanged in 2019. The focus has been on further improving property management and working with energy optimization.

During the year, a number of large lease contracts were signed, among others with the Swedish Transport Administration, Trafikverket (680 sq.m.), ABB (695 sq.m.) and Försäkringskassan (1,170 sq.m.). Demand for offices, business centres and other types of premises has been good. A further business centre, under Klövern's own brand First Office, has been built and opened during the year. First Office now has a total of seven business centres in Nyköping.

Several lighting projects have been completed, for example at the property Ana 11. All lighting in the building has been replaced with more energy-efficient LED lights. In connection with this, fans in the ventilation systems will also be replaced with more energy-efficient variants.

During the year, Klövern hired staff in order to handle the external maintenance of all of Klövern's properties in Nyköping. Well-kept external environments are an important part of tenants' perception of the premises leased from Klövern.





The property Lärlingen 5 in Kalmar.

EAST REGION

Kalmar

Klövern's refurbishment project of Kalmar's old main post office, which is to become the new city library, is proceeding according to plan. The library is part of Kalmar municipality's work to create a cultural district, and move-in is planned for mid-2020.

At the beginning of 2019, Klövern opened yet another business centre in Kalmar, under the First Office brand. The

central location on Nygatan and the bright new premises contributed to the business centre quickly being fully occupied.

Klövern could welcome Eniro as a new tenant in Kalmar during the autumn. The company moved into 827 sq.m. of large, modern and newly renovated premises.





First Office opened a brand new business centre in 2019 at the property Järnvägen 3, known as Halmstad Gate.

WEST REGION

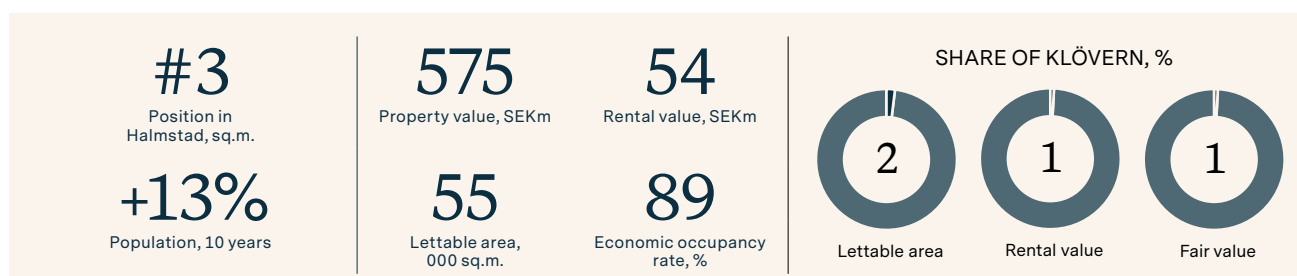
Halmstad

Further extensive efforts were focused in 2019 on the newly constructed office building Halmstad Gate, a centrally located property comprising five floors and around 5,000 sq.m. At the beginning of the year, a brand-new top modern First Office business centre of 550 sq.m. was opened in Halmstad Gate. The building will be environmentally certified and is fully let.

The development of the Lokstall area in central Halmstad over the last few years has been successful. The whole of

Klövern's property (which consists of several buildings) in the area is let. A further project is planned at the Lokstall area, a large extension for an existing tenant.

Several large contracts have been signed in 2019, both for offices and industrial premises. Among others, an agreement was signed with Skånetryck (1,123 sq.m.) and Mediagruppen (482 sq.m.)



Real estate operations



Property Management

Net moving-in totalled SEK 130 million in 2019, while the economic occupancy rate rose to 90 per cent. The development in a comparable portfolio, i.e. properties owned throughout 2018 and 2019, was positive with an increase of income of 6 per cent and of operating surplus of 5 per cent.

Properties

PROPERTY PORTFOLIO

At year-end 2019, Klöver'n had a total of 343 properties (426) located in 29 municipalities (33). The total property value was SEK 52,377 million (52,713), the lettable area was 2,542,000 sq.m. (2,969,000), of which investment properties comprised 2,222,000 sq.m. (2,683,000) and development properties 320,000 sq.m. (286,000). The rental value amounted to SEK 3,819 million (4,063).

The change in the value of properties resulted from acquisitions of SEK 959 million (8,056), divestments of SEK 5,029 million (2,464), investments of SEK 1,550 million (1,791), unrealized value changes of SEK 2,111 million (2,324) and foreign currency conversion of SEK 73 million (45). The value of the properties has increased, mainly due to investments made in connection with new letting, lower yield requirements and rising market rents.

INCOME AND AVERAGE RENT

Income amounted to SEK 3,638 million (3,250) in 2019. The increase in income is mainly attributable to acquisitions and net moving-in, but also to rising rental levels and a oneoff item of SEK 18 million in the fourth quarter for insurance in-

demnity. Income increased by 6 per cent to SEK 2,760 million (2,614) for a comparable portfolio, i.e. properties that have been owned throughout 2018 and 2019.

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,606 per sq.m (1,460) as at 31 December 2019. The average rent varies between different regions depending on the type of property, the location of the properties and the local rental market. Inflation, measured as KPI (CPI) for October 2019 was 1.6 per cent and thus has a positive impact on the contract value in 2020.

PROPERTY COSTS

Property costs increased to SEK 1,175 million (1,080), partly due to new property taxes. Property costs for a comparable portfolio increased by 7 per cent and amounted to SEK 892m (837).

Klöver'n's rent losses continued to be low in 2019 and amounted to SEK 2 million (2), or 0.05 per cent (0.07) of the total income. The close collaboration with tenants, together with good knowledge of the local market are the most important explanations for the rent losses being so limited.

PROPERTY COSTS FOR A COMPARABLE PORTFOLIO¹, SEK/SQ.M.

	2019	2018
Operating costs	228	224
Maintenance	28	24
Property tax	69	60
Property administration	77	70
Total	402	378

1) Refers to properties owned during the whole of 2018 and 2019.

COMPARABLE PORTFOLIO¹

	31.12.2019	31.12.2018	Change, %
Area, 000 sq.m.	2,224	2,221	0
Fair value, SEKm	41,441	38,926	6
Yield requirement, %	5.6	5.7	-2
Economic occupancy rate, %	89	89	0
Area-based occupancy rate, %	81	80	1
Contract value, SEK/sq.m.	1,562	1,508	4
Outcome income SEK/sq.m.	1,531	1,463	5
SEKm		2018	
Income	2,760	2,614	6
Property costs	-892	-837	7
Operating surplus	1,868	1,777	5

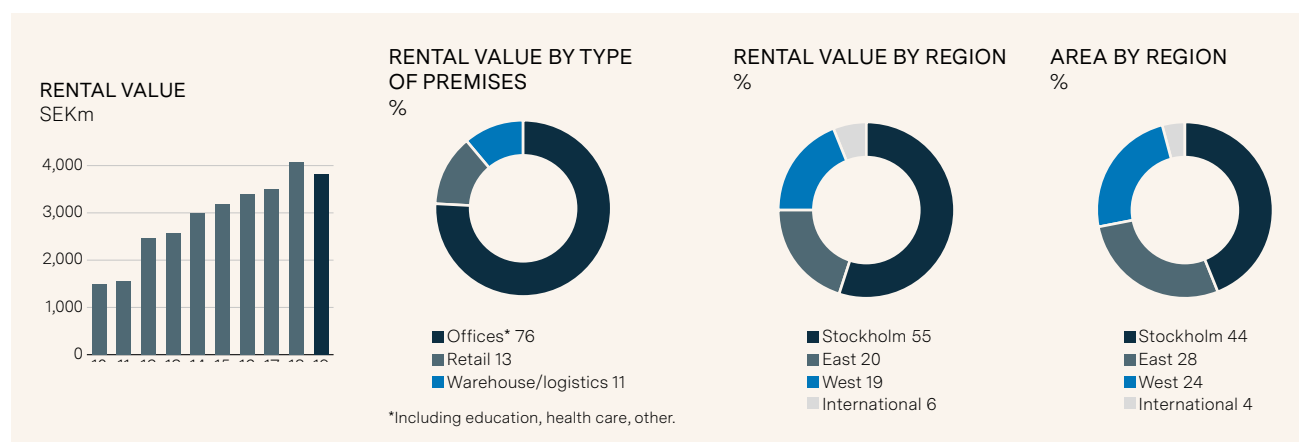
1) Refers to properties owned during the whole of 2018 and 2019.

OPERATING SURPLUS

The operating surplus amounted to SEK 2,463 million (2,170), positively affected by acquisitions, net moving-in and increased rent levels. For a comparable portfolio, the operating surplus amounted to SEK 1,868 million (1,777).

OPERATING MARGIN

The operating margin was 68 per cent (67). For investment properties, the operating margin was 70 per cent (68).



INCOME STATEMENT ITEMS AND INVESTMENT PER ORGANIZATIONAL UNIT AND PROPERTY SEGMENT

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2019 Jan-Dec	2018 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Stockholm region	1,806	1,573	-596	-529	1,210	1,044	67	66	453	753
West region	832	714	-287	-257	545	457	66	64	269	607
East region	803	771	-267	-253	536	518	67	67	369	296
International	197	120	-25	-11	172	109	87	91	459	107
Divested operations ¹	-	72	-	-30	-	42	-	58	-	28
<i>of which</i>										
Property Management	3,408	3,127	-1,033	-992	2,375	2,135	70	68	660	1,018
Development	230	123	-142	-88	88	35	38	28	890	773
TOTAL	3,638	3,250	-1,175	-1,080	2,463	2,170	68	67	1,550	1,791

KEY FIGURES PER ORGANIZATIONAL UNIT AND PROPERTY SEGMENT

	Fair value, SEKm		Yield requirement, %		Space, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Stockholm region	29,534	27,820	5.2	5.4	1,129	1,178	2,078	2,012	88	88
West region	8,067	10,631	6.2	6.3	609	838	729	931	87	87
East region	8,485	9,451	6.4	6.5	708	857	771	890	91	91
International	6,291	4,811	4.2	4.3	96	96	241	230	100	98
<i>of which</i>										
Property Management	45,743	47,380	5.5	5.7	2,222	2,683	3,455	3,766	92	91
Development	6,634	5,333	5.2	5.6	320	286	364	298	71	66
TOTAL	52,377	52,713	5.4	5.7	2,542	2,969	3,819	4,063	90	89

On 1 January 2019, the structure of the Swedish operations was changed from four regions to three regions, and the South region was renamed the West region. The Västerås business unit subsequently belonged to the Stockholm region. Historic figures have been adjusted.

- 1) Refers to divested properties in Falun and Härnösand/Sollefteå.
2) Yield requirements are calculated excluding building rights.



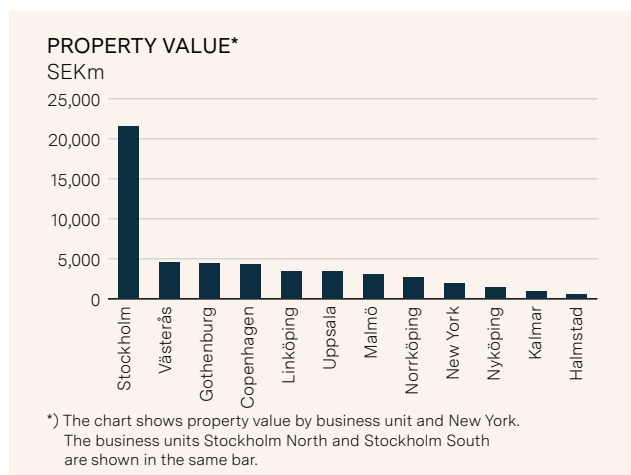
The property Kungshagen 1:6 in Nyköping.

INVESTMENT PROPERTIES: AREA AND AVERAGE RENT PER TYPE OF PREMISES

	Offices		Warehouse/logistics		Retail		Other ¹		Total	
	Total area, 000 sq.m.	Average rent ² , SEK/sq.m.	Total area, 000 sq.m.	Average rent ² , SEK/sq.m.	Total area, 000 sq.m.	Average rent ² , SEK/sq.m.	Total area, 000 sq.m.	Average rent ² , SEK/sq.m.	Total area, 000 sq.m.	Average rent ² , SEK/sq.m.
Stockholm region	550	2,192	160	1,034	118	1,819	167	1,878	995	1,929
West region	229	1,570	148	930	71	1,396	55	1,514	503	1,345
East region	308	1,382	160	694	80	1,228	83	1,216	631	1,179
International	73	2,600	–	–	–	–	20	2,170	93	2,510
Total	1,160	1,881	468	880	269	1,525	325	1,663	2,222	1,606

1) Comprises education, health care, physical recreation facilities, residential and other areas such as laboratories, fair, postal facilities and technical spaces.

2) Calculated on the basis of total contract value for Office, Warehouse/logistics, Retail and Other premises, and the let area.



OCCUPANCY RATE

The economic occupancy rate, lease contract value in relation to rental value, amounted to 90 per cent (89) at the end of 2019. The occupancy rate for investment properties totalled 92 per cent while it was 71 per cent for development properties. The area-based occupancy rate totalled 81 per cent (81). The area-based occupancy rate for investment properties was 85 per cent and the corresponding figure for development properties 57 per cent.



The property Kopparhammaren 2 in Norrköping.

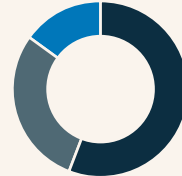
Tenants

NET MOVING-IN

Net moving-in was positive during the year and totalled SEK 130m (89), based on tenants moving in at a value of SEK 291m (237) and vacating tenants at SEK 161m (148). Lettings affect the contract value and rental income from the date that tenants move in.

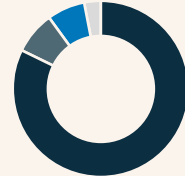
The single largest tenant moving in during 2019 was Åbymässan in Gothenburg. Tenants which have signed larger contracts during the year, but which have not yet moved in, include Scandic Hotels with a 20-year lease in Örebro and Svenska Handelsbanken with a 7-year lease in Västerås.

CONTRACT VALUE BY
CUSTOMER CATEGORY
%



■ Private companies 56
■ Listed companies 29
■ Public sector 15

LEASE CONTRACTS
BY VALUE
Number



■ 5,947 < 0,5 SEKm
■ 558 0,5-1 SEKm
■ 503 1-3 SEKm
■ 202 >3 SEKm

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Share of total contract value, SEKm	Average remaining contract term, years	Number of contracts	Space, 000 sq.m.
Ericsson	254	7.4	4.0	23	129
Tele2 Sverige	72	2.1	7.9	34	24
WSP Sverige	64	1.9	5.2	12	24
Codan	55	1.6	1.5	1	19
Copenhagen Business School	42	1.2	8.9	1	19
CGI Sverige	35	1.0	3.3	18	17
Region Östergötland	32	0.9	7.3	21	21
Swedish Employment Board	31	0.9	1.5	24	16
ECDC	28	0.8	13.2	1	9
Linköpings Kommun	24	0.7	1.7	33	17
TOTAL	635	18.6	5.0	168	295



Åby Arena in Gothenburg.

TURNOVER RATE

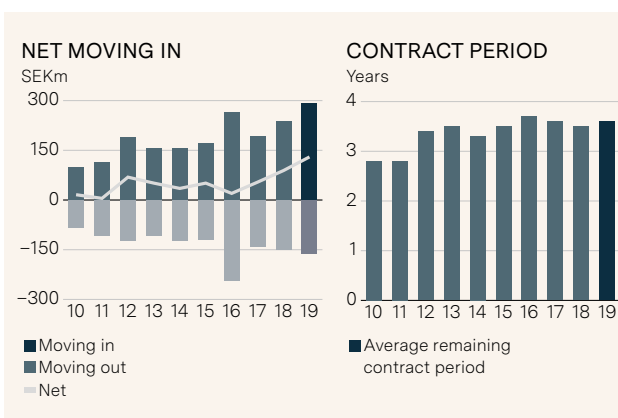
Limiting tenant turnover has a positive effect on earnings by a reduced loss of income due to fewer vacancy periods and lower costs for tenant customizations. Through structured customer meetings with the tenants, needs can be anticipated and customer loyalty increased.

During 2019, tenant turnover amounted to 4.4 per cent (4.4) and the average during the past ten years is 5.4 per cent.

CUSTOMER STRUCTURE AND CONTRACT VALUE

Klövern's business approach is reflected in 99 per cent of the contract value consisting of commercial lease contracts. At year-end, private companies accounted for 56 per cent (60), listed companies for 29 per cent (26) and public sector entities for 15 per cent (14) of the lease contract value. In all, Klöver had 7,200 lease contracts (8,800) with 4,300 tenants (5,000) at the year-end. Out of all premise lease contracts, measured as a proportion of the contract value, 18 per cent (22) expire during 2020. The average lease term amounted to 3.6 years (3.5). In total, Klöver's contract value amounted to SEK 3,418 million (3,623) at the end of the year. Of the total contract value, excluding supplements, 88 per cent was indexed in relation to Sweden's consumer price index (KPI) or Denmark's net price index (NPI). 88 per cent (82) of the portfolio in Sweden was indexed in relation to KPI, while 98 per cent (95) of the portfolio in Denmark was indexed in relation to NPI.

The share of the ten largest customers of Klöver's contract value amounted at the year-end to 19 per cent (17) and the average contract term for these was 5.0 years (5.7).

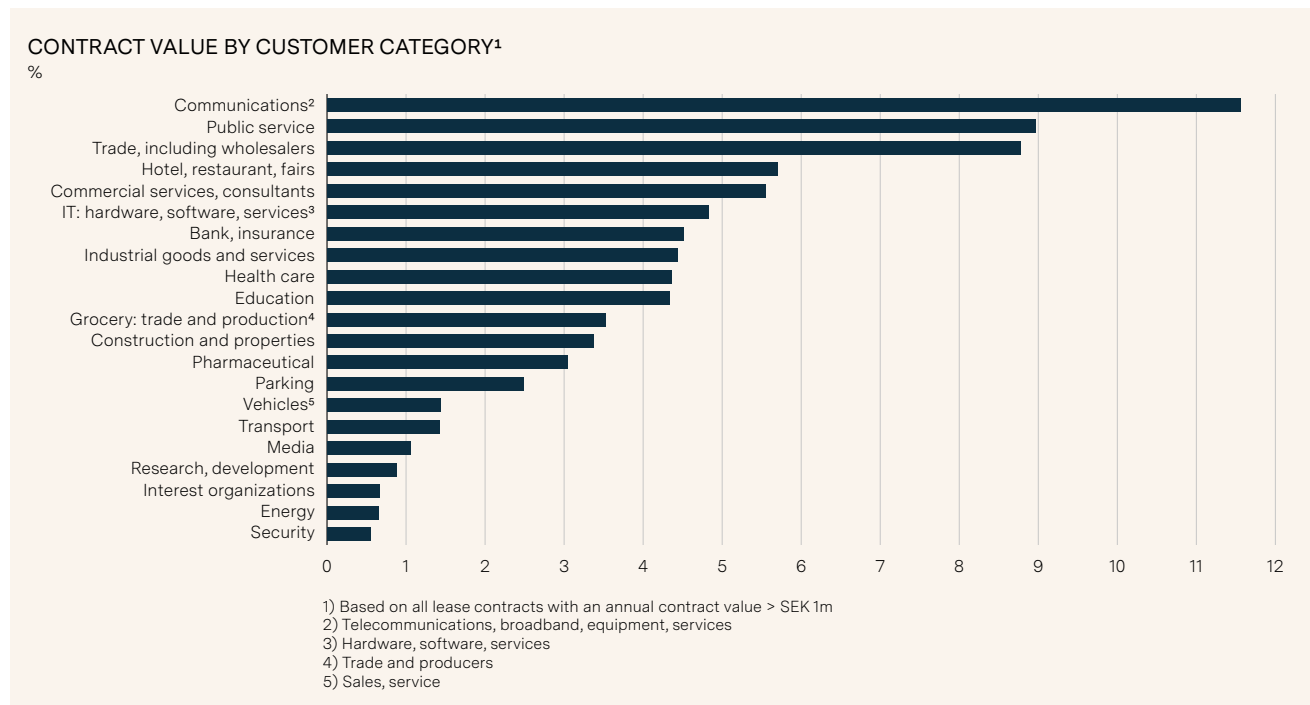


NKI – SATISFIED CUSTOMER INDEX

NKI measurements are carried out every other year. The most recent measurement was carried out in the autumn of 2019 with a total result of 70 (69) on a scale from 0 to 100. This is a good result, even if it is still just short of Klöver's goal of at least 75. Tenants score Klöver highly in the categories Service Report and Customer Care & Personal Service, but there is room for improvement in Customer Dialogue & Maintenance.



The property Livia 16 in Västerås.



Project Development

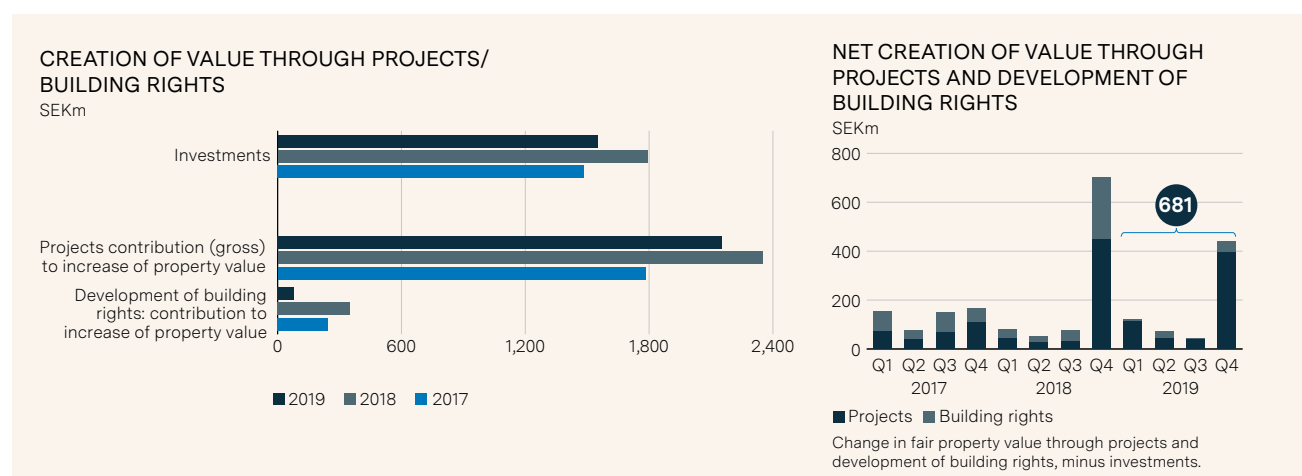
As an active city developer, Klöver works with developing entire city districts, not just individual properties. In this way, the prerequisites are created for modern, efficient workplaces, educational premises and housing in integrated and attractive environments. Existing properties are complemented with new construction and developed and refined in conjunction with letting vacant areas and implementation of energy-saving measures. Investments take place in order to create sustainable urban environments and increasing the value of properties by improved cash flows.

In 2019, Klöver has intensified the development efforts in residential properties and commercial building rights and projects. SEK 1,550 million (1,791) was invested in total. The combined calculated expense for the 332 projects that were ongoing at year-end amounted to SEK 4,074m (2,661), with a remaining investment of SEK 2,309m (759). Of these projects, 60 (53) have a calculated investment exceeding SEK 10m.

During the year, a new business area for project develop-

ment was created, combining the development of commercial properties and housing in the same unit. Project development is an important part of Klöver's business model and the new business area has a central position in Klöver's role as a long-term city developer.

In total, project development including development of building rights contributed to increases in value of properties of SEK 681 million (910) during 2019.



KLÖVERN'S LARGEST ONGOING COMMERCIAL PROJECTS

City	Property	Type of project	Contractor	Largest tenant, moving in year/quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Expected date, year/quarter
New York	1245 Broadway	Offices	Triton Construction	-	16,700	852	1,194	848	188	21Q1
New York	322-326 7th Ave	Offices	Triton Construction	-	7,800	575	603	458	71	21Q4
Örebro	Olaus Petri 3:234	Hotel/Offices	Peab	Scandic Hotels, 21Q4	8,638	39	274	267	22	22Q1
Norrköping	Kopparhamaren 2	Offices	SEFAB	Gaia, 20Q2	4,750	139	153	25	10	20Q2
Norrköping	Kondensatorn 1	Shop	ECC	Ahl Sell, 20Q1	5,104	51	58	22	5	20Q2
Kalmar	Guldfisken 2	Library	Entreprenad AB Stele	Kalmar kommun, 20Q2	3,848	72	55	25	5	20Q2
TOTAL					46,840	1,728	2,337	1,645	301	

Commercial projects



NEW YORK, 1245 BROADWAY

1245 Broadway is an ongoing project of a 22-floor office building with floor-to-ceiling windows. The use of natural light, modern fittings, and minimalist shapes will create a clear feeling of Nordic design. The ambition is to obtain the LEED Silver environmental certification. The lettable area will amount to around 16,700 sq.m. and the project, which is carried out in cooperation with the locally based property developer GDS-NY, is estimated to be completed during the first quarter of 2021.



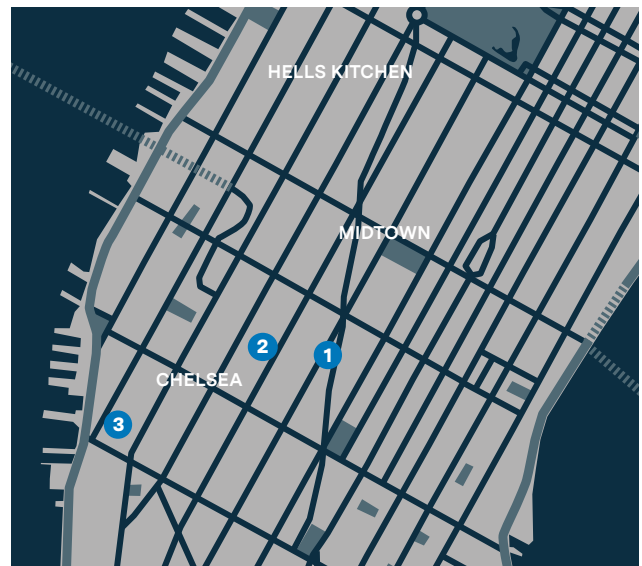
NEW YORK, 28&7

28&7 is an ongoing project of a 12-floor office building on 322-326 7th Avenue, near 28th Street. The total lettable area will amount to around 7,800 sq.m. The ambition is to obtain the LEED Silver environmental certification, and the building is expected to be completed in the fourth quarter of 2021.



NEW YORK, 118 10TH AVENUE

In 2019, Klövern acquired a site leasehold on 118 10th Avenue. The property is located between 17th and 18th Street, close to The High Line. The ambition is to develop a 10-story, LEED Silver-certified office building of around 12,200 sq.m., with construction beginning in the course of 2020. The property is close to the two project sites on Manhattan that were acquired in 2018, which is expected to have a positive impact on the development and lettings efforts.



NEW YORK

- 1 1245 Broadway
- 2 322-326 7th Avenue (28&7)
- 3 118 10th Avenue



NORRKÖPING, KOPPARHUSEN

The Kopparhusen project is a new city block in the heart of Norrköping which Klöver is building in collaboration with Hyresbostäder, including offices, restaurants and cafés as well as student and researcher housing. Kopparhusen will clearly connect to the area's industrial heritage, with metal-clad facades in textile-like patterns and pleasant courtyards in brick. The first tenants are set to move in during the second quarter of 2020.



ÖREBRO, ÖREBRO ENTRÉ

At the north entrance to downtown Örebro, in the vicinity of the travel interchange, Klöver is developing Örebro Entré as a new landmark. In the first stage of the project, Klöver is intending to construct a 14-floor building of around 8,600 sq.m. including a nine-story hotel with a restaurant, gym and attractive outside milieus. A 20-year rental agreement has been signed with Scandic Hotels, with moving-in planned for November 2021. The hotel, Scandic Örebro Central, will include around 160 rooms and an area amounting to around 5,800 sq.m. The remaining floors will be offices.

The second stage of the Örebro Entré project is a planned refurbishment of a former postal terminal, to encompass 8,300 sq.m. of offices, a gym and cafés. In total, Örebro Entré will comprise an estimated 16,958 sq.m.

BUILDING RIGHTS (EXCLUDING TOBIN PROPERTIES) ON 31 DECEMBER 2019

	Total building rights, 000 sq.m. GA ¹	Building rights specified in local plans, 000 sq.m. GA ¹	Assessed building rights, 000 sq.m. GA ¹	Of which housing of total building rights, 000 sq.m. GA ¹	Fair value, total building rights, SEKm	Fair value, total building rights, SEK/sq.m.
Stockholm North	376	147	229	274	587	1,559
Stockholm South	64	15	49	12	86	1,335
Uppsala	440	18	422	40	246	559
Västerås	316	20	296	207	381	1,207
STOCKHOLM REGION	1,196	200	996	532	1,299	1,086
Linköping	333	82	251	124	91	272
Norrköping	53	31	22	0	22	421
Nyköping	104	26	79	103	73	703
Kalmar	31	0	31	20	0	0
Örebro	4	4	0	0	11	2,650
EAST REGION	525	142	383	247	197	375
Göteborg	122	50	73	49	78	638
Malmö	38	35	4	0	18	478
Halmstad	12	12	0	0	0	0
WEST REGION	172	97	76	49	96	557
TOTAL KLÖVERN	1,893	439	1,455	828	1,592	841

1) GA, gross area refers to the area of measurable sections of one or more floors limited by the external surface of the building elements enclosing them.

BUILDING RIGHTS

Development potential on the company's own land in the form of building rights within the existing property portfolio has increased over time. Through active local planning efforts, Klöver is continually working with developing the Company's portfolio of building rights. This takes the form of developing existing building rights and adding new building rights. As a result of this, Klöver currently has building rights according to local plans (zoning) and/or assessed building rights at all prioritized locations. Assessed building rights are building rights that can reasonably be assumed to be created on the basis of the contents of surrounding local and general plans, given the nature and location of the property. Normally, about 10–20 local planning applications are being pursued. This work is conducted in close cooperation with municipalities.

Building rights according to local plans or assessed building rights (excluding Tobin Properties), commercial and residential, amounted on 31 December 2019 to 1,893,000 sq.m. (1,857,000) and were valued at SEK 1,592 million (1,629). Of these, 439,000 sq.m. (612) were building rights according to local plans.

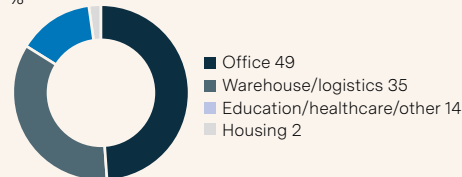
RESIDENTIAL PROJECTS

Klöver is working on a large number of residential projects. The three ongoing projects, which became a part of Klöver through the acquisition of Tobin Properties, comprise a total of around 400 apartments in the Stockholm area.

Residential projects which are planned but not yet under construction are in various stages of development, but they are all for the purpose of creating opportunities for future construction of housing in Klöver's existing property portfolio. There may in the longer term, primarily through new or amended local plans, be room within the existing portfolio for as many as 11,000 apartments, among others in Stockholm, Uppsala, Västerås and Nyköping. In addition, there are around 1,400 planned apartments within Tobin Properties where construction has not yet begun.

The pace and extent of future expansion depends in part on which volume of local plan building rights for housing that are created going forward and on the development of the housing market. Other ways to use the value of building rights provide good flexibility when it comes to investment volumes and the balance between risk levels and value creation.

BUILDING RIGHTS SPECIFIED IN LOCAL PLANS
%



Rendering of Spelhamnen and the Västra hamnen area in Nyköping.

TOBIN PROPERTIES' LARGEST ONGOING RESIDENTIAL PROJECTS

City	Area	Project name	Ownership share, %	Specified/ not specified in local plan	No. residential units	Residential units sold	Proportion sold, %	Area, sq.m.	Sales start, year	Expected completion, year
Stockholm	Sundbyberg	Rio	100.0	Local plan	173	144	83	8,700	2017	2019
Stockholm	Nacka	Vyn	100.0	Local plan	96	53	55	7,500	2016	2020
Stockholm	Roslags-Näsby	Unum	30.0	Local plan	148	102	69	5,000	2017	2019
Total					417	72	72	21,200		

TOBIN PROPERTIES' AND KLÖVERN'S LARGEST PLANNED RESIDENTIAL PROJECTS

City	Area	Project name	Ownership share, %	Specified/ not specified in local plan	No. residential units	Residential units sold	Proportion sold, %	Area, sq.m.	Sales start, year	Expected completion, year
Tobin Properties										
Stockholm	Tyresö	Golfbäcken 1	44.4	No local plan	167	–	–	10,300	2021	2024
Stockholm	Tyresö	Golfbäcken 2	44.4	No local plan	150	–	–	9,700	2022	2025
Stockholm	Nacka	Nacka Strand 1	100.0	Local plan	240	–	–	15,100	2020/2022	2021/2024
Stockholm	Nacka	Nacka Strand 2 ¹	100.0	Local plan	160	–	–	11,500	2025	2028/2029
Stockholm	Nacka	Nacka Strand 3	100.0	Local plan	160	–	–	11,600	2024	2028
Stockholm	Sundbyberg	Slaktaren 1 ¹	100.0	No local plan	60	–	–	3,200	2022	2024
Stockholm	Sundbyberg	Slaktaren 2 ²	100.0	–	–	–	–	–	–	–
Stockholm	Lidingö	Torsvik ¹	75.0	Local plan	46	–	–	3,700	2020	2022
Stockholm	Liljeholmen	Marievik ¹	100.0	No local plan	300	–	–	17,000	2022	2024/2026
Stockholm	Nacka	Orminge ¹	100.0	No local plan	150	–	–	10,000	–	–
Total					1,433			92,100		
Klövern										
Västerås	Västerås	Öster Mälarstrand ¹	100.0	No local plan	1,150	–	–	74,100	2021	2035
Stockholm	Kista	Kista Square ¹	49.9	No local plan	1,000	–	–	20,500	2021	2029
Stockholm	Kista	Myvatten/Dalvik ¹	100.0	Local plan	700	–	–	39,800	2020	2030
Nyköping	Nyköping	Spelhamen ^{1,3}	100.0	No local plan	470	–	–	35,100	2020	2032
Uppsala	Uppsala	Kungstorget ¹	100.0	No local plan	450	–	–	31,200	2022	2026
Västerås	Västerås	Mälarporten ¹	100.0	No local plan	420	–	–	28,900	2021	2036
Stockholm	Danderyd	Timmerhuggaren ¹	100.0	No local plan	300	–	–	19,000	2022	2029
Västerås	Västerås	Kopparlunden Syd ¹	100.0	No local plan	150	–	–	13,300	2021	2028
Total					4,640			261,900		
GRAND TOTAL					6,073			354,000		

1) Includes properties generating net operating income during development.

2) No land allocation

3) Local plan includes inter alia the property Spelhamen 1:7.

Residential projects



MARIEVIK, STOCKHOLM

Marievik is located at Liljeholmkajen in Stockholm and offers exceptional communications with metro, tram, bus and commuter train stations nearby. The project comprises around 300 residential units, and the local plan is expected to be in force 2020/2021.



NACKA STRAND, STOCKHOLM

In Nacka Strand, Tobin Properties is planning around 560 residential units with the first stage to begin in 2020. The area offers plenty of services, workplaces and restaurants in direct proximity to the sea and nature. Already good communications will be further improved with the planned extension of the metro to Nacka.



SUNDBYBERG, STOCKHOLM

In the Rio project, 173 residential units were completed in Sundbyberg in 2019. Rio is the third stage of four in the Sprängaren area, a development comprising small properties with retail and office premises on the ground floors. Rio is full of social areas with many smart solutions to simplify everyday life.

Transactions

During 2019, Klöver continued to streamline its Swedish portfolio at the same time as the international portfolio was expanded by acquisitions in Denmark and the USA.

ACQUISITIONS

During the year, Klöver has taken possession of three properties with a current lettable area of 18,728 sq.m. The total purchase price was SEK 959 million.

In Stockholm, the property portfolio was complemented by the addition of an office building in Kista which is fully let to Ericsson. Furthermore, an agreement was signed to acquire two properties in Linköping for an underlying property value of SEK 345 million with transfer of possession during the first quarter of 2020.

In New York, an additional project property was acquired in Manhattan. The intention is to develop a high-quality 10-floor office building of around 12,000 sq.m. together with the local property developer GDSNY.

At the end of 2019, an agreement was signed to acquire a large property in central Copenhagen for an underlying property value of SEK 1,420 million. The property, where the building is currently undergoing total renovation, will be taken possession of on completion of the project which is expected to be in April 2021.

During 2019, a joint venture was also established with ALM Equity with a view to jointly developing a property in Kista. The project is expected to lead to the creation of around 1,000 small apartments and commercial spaces in

the form of offices, shops, restaurants and a garage. Klöver acquired its ownership share (49.9 per cent) of the jointly owned company for a purchase price of SEK 355 million based on an underlying property value of SEK 750 million. According to the present development plan, the total investment is estimated at around SEK 800 million.

DIVESTMENTS

During the year, 86 properties were divested with a total lettable area of 477,509 sq.m. for SEK 5,029 million. Through divestments, the property portfolio is now even more concentrated to the prioritized areas. With these divestments, Klöver has left Karlstad and Örebro (with the exception of a project property).

During the year, ten properties were divested which had been taken over in connection with the takeover of the real estate company Agora. The divestments are in line with the strategy that has been communicated, i.e. to divest the Agora properties that are in locations where Klöver is not active.

2019's divestments also include over 200,000 sq.m. of warehouse and logistics properties at a number of locations in Sweden. The divestments are in line with the strategy of mainly focusing on office properties.



The property Blåfjäll 1 in Kista, acquired in 2019.

PROPERTY TRANSACTIONS IN 2019: ACQUISITIONS

City	Property	Property classification	Lettable area, sq. m	Quarter
Stockholm	Blåfjäll 1	Office	18,728	Q1
New York	118 10th Avenue ¹	Land	0	Q2
Eskilstuna	Vestalen 8	Land	0	Q3
TOTAL			18,728	

PROPERTY TRANSACTIONS IN 2019: DIVESTMENTS

City	Property	Property classification	Lettable area, sq. m	Quarter
Malmö	Haken 3	W/L*	3,441	Q1
Stockholm	Mandelblomman 1	W/L*	6,905	Q1
Falköping	Ciselören 2	Retail	4,649	Q1
Falköping	Hjälmen 1	Retail	2,699	Q1
Falköping	Lilla Björn 1	E/H/O**	3,418	Q1
Nässjö	Lejonet 2, 8, 13, 14 ³	Retail	4,458	Q2
Västerås	Allmogekulturen 5	E/H/O**	14,932	Q2
Partille	Ugglum 126:4	Office	468	Q2
Malmö	Kajan 33	E/H/O**	0	Q2
Haninge	Jordbromalm 6:3, 6:20, 6:76 ²	W/L*	27,625	Q3
Malmö	Brudbuketten 11	Office	1,346	Q3
Malmö	Getingen 5 ¹	W/L*	8,335	Q3
Malmö	Lillgrund 5	W/L*	4,430	Q3
Malmö	Spindeln 2 ¹	W/L*	7,232	Q3
Motala	Plåtslagaren 7	Retail	8,124	Q3
Växjö	Sunaman 5	E/H/O**	7,826	Q3
Örebro	Barkenlund 11	Office	2,819	Q3
Örebro	Forskarbyn 2	Office	5,501	Q3
Örebro	Fåraherden 1	Office	2,948	Q3
Örebro	Importören 2	W/L*	2,565	Q3
Örebro	Karossen 5	Office	5,127	Q3
Örebro	Karossen 19	W/L*	12,760	Q3
Örebro	Karossen 32	E/H/O**	2,530	Q3
Örebro	Kitteln 11	Retail	13,620	Q3
Örebro	Lantmannen 2	W/L*	10,480	Q3
Örebro	Oxbacken 7	Office	2,942	Q3
Örebro	Pigan 1	Office	931	Q3
Örebro	Vindrutan 1	Retail	1,315	Q3
Örebro	Vindtunneln 1	Office	3,369	Q3
Örebro	Bleckslagaren 3	W/L*	18,842	Q4
Kalmar	Borret 10	W/L*	10,898	Q4
Halmstad	Fläkten 1 ¹	W/L*	12,200	Q4
Linköping	Kättaren 7	W/L*	14,890	Q4
Linköping	Navbössan 1	W/L*	11,212	Q4
Linköping	Navhålet 3	W/L*	6,462	Q4
Västerås	Ringborren 15	W/L*	19,609	Q4
Karlstad	Part of Kanoten 10 & Part of Vänersnipan 1 ⁴	Office	0	Q4
Karlstad	Part of Vänersnipan 1 ⁴	Office	0	Q4

PROPERTY TRANSACTIONS IN 2018: DIVESTMENTS , CONT.

City	Property	Property classification	Lettable area, sq. m	Quarter
Karlstad	Barkassen 9	Office	7,045	Q4
Karlstad	Pinassen 2	Office	14,308	Q4
Karlstad	Tornadon 2	W/L*	13,226	Q4
Karlstad	Barkassen 7	Office	12,338	Q4
Karlstad	Björnen 13	Office	7,453	Q4
Karlstad	Björnen 7	Office	3,324	Q4
Karlstad	Blåsten 3	W/L*	2,088	Q4
Karlstad	Blåsten 4	Office	2,416	Q4
Karlstad	Brisen 4	Office	1,045	Q4
Karlstad	Bromsen 1	Retail	1,220	Q4
Karlstad	Bromsen 6	W/L*	3,606	Q4
Karlstad	Bälgen 9, 10, 11 ⁵	Office	2,822	Q4
Karlstad	Druvan 13	Retail	4,241	Q4
Karlstad	Ekorren 11	Office	6,638	Q4
Karlstad	Fjädern 14	Retail	3,901	Q4
Karlstad	Fjädern 16	Office	4,330	Q4
Karlstad	Freja 13	Office	6,826	Q4
Karlstad	Grästegen 2 ¹	Office	2,523	Q4
Karlstad	Gångjärnet 2	W/L*	3,069	Q4
Karlstad	Hammaran 21 ¹	W/L*	1,946	Q4
Karlstad	Herrhagen 1:10	E/H/O**	1,515	Q4
Karlstad	Hybelejen 17	Office	2,921	Q4
Karlstad	Kanoten 10	Office	10,072	Q4
Karlstad	Kulingen 4	W/L*	8,165	Q4
Karlstad	Mercurius 3	Retail	2,605	Q4
Karlstad	Monitorn 9	Office	3,427	Q4
Karlstad	Passadvinden 3	W/L*	3,684	Q4
Karlstad	Regnvinden 1	W/L*	9,983	Q4
Karlstad	Skepparen 15	E/H/O**	22,049	Q4
Karlstad	Släggan 13	W/L*	1,750	Q4
Karlstad	Spärren 7	Office	1,908	Q4
Karlstad	Stolpen 1	Office	4,122	Q4
Karlstad	Stolpen 6	Office	598	Q4
Karlstad	Styrmannen 5 ¹	Office	7,388	Q4
Karlstad	Sågen 1	Office	3,213	Q4
Karlstad	Sågen 2	Office	1,611	Q4
Karlstad	Sågen 9	Office	2,301	Q4
Karlstad	Tången 15	Office	1,974	Q4
Karlstad	Ugnen 1	Office	1,687	Q4
Karlstad	Vänersnipan 1	Office	8,894	Q4
Lerum	Berg 1:82	E/H/O**	1,456	Q4
Lerum	Tollestorp 7:6	W/L*	3,197	Q4
Lerum	Ölslanda 10:81	W/L*	1,716	Q4
TOTAL			477,509	

- 1) Site leasehold.
- 2) The properties Jordbromalm 6:3, 6:20 and 6:76 are treated as one.
- 3) The properties Lejonet 2, 8, 13 and 14 are treated as one.
- 4) Building rights.
- 5) The properties' Bälgen 9, 10 and 11 are treated as one.

* Warehouse/logistics
** Education/Health care/Other

Property value

The fair value of Klöverns 343 properties was SEK 52,377 million on 31 December 2019. At the same time, the average yield requirement for the property portfolio, excluding land and building rights, was 5.4 per cent. The changes in value amounted during the year to SEK 2,125 million.

The Swedish transaction market was very strong during 2019. According to Cushman & Wakefield, the transaction volume amounted to SEK 220 billion, just under ten per cent higher than the previous record from 2016 and over 20 per cent higher than in 2018. Never before have so many transactions exceeding SEK 1 billion taken place in the course of a year, in total over 40. Foreign investors were very active during the year and their share of the transaction volume amounted to 28 per cent, an increase of 6 percentage points. In other words, Swedish investors accounted for 72 per cent of the volume. On the divestment side, Swedish players still dominated with over 80 per cent of the volume, which is the same level as the past two years.

As in 2018, residential and office properties were the most attractive segment of the transaction market. Housing was the most popular market segment accounting for 32 per cent of the total volume of transactions, which was, however, a decrease of 5 percentage points from 2018. Offices were the second largest segment, accounting for 28 per cent, which is an increase of 6 percentage points compared with 2018. The interest in residential properties and residential building rights is attributable to the housing shortage in Sweden's growth cities. The interest in office properties is explained by the high level of employment, which has led to stable or increasing cash flows, and the continued good access to capital at a low interest rate.

Geographically, the Stockholm region has lost its predominance. Many transactions have taken place outside the three metropolitan areas and the Major city segment was largest with around 40 per cent of the total transaction volume. The Stockholm region was the second largest at 28 per cent of the transaction volume, Västra Götaland and Skåne accounted for 9 per cent and 7 per cent of the volume respectively.

CHANGES IN PROPERTY VALUES

Changes in property values amounted to SEK 2,125 million (2,309) in 2019. The changes in value include realized changes of SEK 14 million (-15) and unrealized changes of SEK 2,111 million (2,324), corresponding to 4.0 per cent of Klöverns property value at the beginning of 2019.

At year-end 2019, the average yield requirement for

Klöverns properties was 5.4 per cent (5.7), excluding land and building rights. The main reasons for the rise in the value of properties were investments made in connection with new letting, lower yield requirements and rising market rents. Klöverns average yield requirement has dropped by 0.3 percentage points compared to the previous year, mainly linked to the strong interest among investors, positive development of the operating surplus and further streamlining.

VALUATION MODEL

Klövern reports investment properties at their fair value. Every quarter, 100 per cent of the properties are valued, 20–30 per cent normally by external valuers and the rest internally. Every property in the portfolio is valued externally at least once during a rolling 12-month period.

The valuations are yield-based, using the cash flow method, i.e. based on forecasts of future cash flow. The yield requirements of the properties have been assessed on the basis of the unique risks of each property as well as transactions made at the respective location according to the location price method.

All external valuations have been carried out in accordance with the international valuation standard. External valuations have been carried out by Cushman & Wakefield, Savills and Newsec.

Klövern uses yield-based valuation according to the cash flow method both for external and internal valuations.

	Rental income (payments)
-	Operating expenses (payments)
=	Operating surplus
-	Deduction for investments
=	Property cash flow

- The property's cash flow is discounted to present value each year using the cost of capital/discount rate.
- The residual value of the properties is assessed by perpetual capitalization for which the yield requirement is used. The residual value is then discounted by the cost of capital to yield a present value.

- The value of any building rights and undeveloped land is added to the present value.
- The normal period of calculation is five or ten years.
- The long-term development of inflation has been assessed at 2 per cent (The Riksbank's inflation target).

BASIS FOR VALUATION

Every assumption about a property has been assessed individually on the basis of the available material about the property and the market information and experience-based assessments of the external valuers.

RENTAL INCOME

The current lease contracts, as well as known lettings and vacancies, provide the basis for an assessment of the property's rental income. The external valuers have, in collaboration with Klöver's managers, made an individual assessment of the market rent for both vacant and let areas when the contract expires. The external valuers also assess long-term vacancy in each property.

OPERATING EXPENDITURE

Operating expenditure comprises the costs for the normal operation of the properties, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating expenditure is based on the properties' budgets and outcome and the external valuers' experiences of comparable properties. The maintenance level of the properties is assessed on the basis of their current condition, ongoing and budgeted maintenance measures as well as the assessment of future maintenance requirements by the external valuers.

INVESTMENT REQUIREMENTS

The property's investment requirements are assessed by the external valuers on the basis of the condition of the

properties. Klöver informs the external valuers about any ongoing projects. In the event of major vacancies in the property, the need for investments often increases.

YIELD REQUIREMENT AND COST OF CAPITAL

The yield requirement for each property has been assessed on the basis of the unique risk for each property and can be divided into two parts, a general market risk and a specific property risk. Market risk is associated with the general state of the economy and is affected, for instance, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, the type of property, efficiency of its use of space, the standard of the premises, the quality of the installations, site leasehold, type of tenant, and the terms of the lease.

From a theoretical perspective, the cost of capital is set by adding a risk-free real interest rate to inflation expectations as well as a risk factor. The cost of capital is calculated individually for every property.

RESIDUAL VALUE

Residual value consists of the operating surplus during the remaining economic lifetime, which is based on the year after the last calculation year. The residual value is calculated for each property by perpetual capitalization of the estimated market-based operating surplus and its assessed market yield requirement. The yield requirement consists of the risk-free interest rate together with the unique risk of each property. A property's unique risk is assessed on the basis of the external valuers' market databases, experience and transactions made according to the location price method in each specific market. The cost of capital/discount rate is used to discount the residual value of the properties to current value.

CALCULATION PERIODS

The calculation periods are mainly five years. The exceptions are properties with substantial contracts which have a remaining term of more than five years. In that case, a calculation period of ten years or the remaining contract term plus at least a year has been selected.

BUILDING RIGHTS AND LAND

Properties which have unutilized building rights and land are valued on the basis of the location price method or alternatively a present value based on the estimated market value after development of building rights and land.

INSPECTION OF THE PROPERTIES

Over a three-year period all properties are inspected by external valuers. Where major refurbishment has taken place, new tenants have moved in, or in other circumstances that may have a significant impact on the value, new inspections are made.



The property Isafjord 8 in Kista, Stockholm. Tele2's head office.

SUMMARY

Value date	31 December 2019
Fair value	SEK 52,377 million
Calculation period	Normally 5 or 10 years
Yield requirement for assessment of residual value	Between 3.50 and 9.00 per cent
Cost of capital/discount rate	Between 5.50 and 11.00 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent

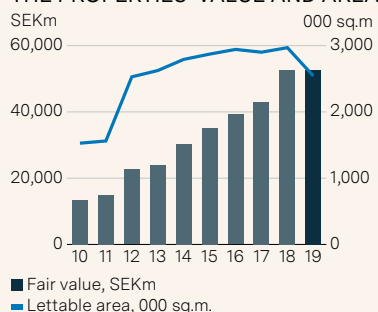
KÄNSLIGHETSSANALYS, FASTIGHETSVÄRDERING

	Change +/-	Effect on property value, SEKm
Yield requirement	0.5 percentage point	-4,284/+ 5,153
Rental income	SEK 50/sq.m.	+/- 2,342
Operating costs	SEK 25/sq.m.	-/+ 1,171
Vacancy rate	1.0 percentage point	-/+ 704

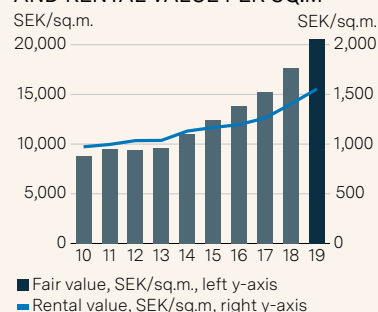
PROPERTIES, FAIR VALUE, SEKm

	2019	2018
Fair value as at 1 January	52,713	42,961
Acquisitions	959	8,056
Investments	1,550	1,791
Divestments	-5,029	-2,464
Unrealized changes in value	2,111	2,324
Foreign currency conversion	73	45
FAIR VALUE AT YEAR END	52,377	52,713

THE PROPERTIES' VALUE AND AREA



INVESTMENT PROPERTIES: FAIR VALUE AND RENTAL VALUE PER SQ.M



Before 2012, the statistic refers to all properties.
From 2012 onwards, the statistic refers to investment properties.

PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2019

	Fair value, SEKm	No. of properties	Rental value, SEKm	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm Region	29,534	120	2,078	88	1,129	5.50-10.50	3.50-8.50	5.2
East Region	8,485	113	771	91	708	7.00-11.00	5.00-9.00	6.4
West Region	8,067	100	729	87	609	6.10-10.25	4.10-8.25	6.2
International	6,291	10	241	100	96	5.50-8.25	3.50-6.25	4.2
<i>of which</i>								
Investment	45,743	299	3,455	92	2,222	5.50-11.00	3.50-9.00	5.5
Development	6,634	44	364	71	320	5.55-11.00	3.55-9.00	5.2
TOTAL	52,377	343	3,819	90	2,542			5.4

Finance



Financing

Klöver's average interest rate amounted to 2.3 per cent at the end of 2019. Access to bank loans and financing through bonds has been good with decreasing margins. The trend among some other real estate companies to endeavour to obtain a credit rating and, in connection with this, to replace bank loans by capital market products, has continued. This has made available additional scope for loans for Klöver, amongst others. A more stable housing market has had a positive effect on bank's risk appetite, which has also been noticeable in project financing. During the year, foreign banks and institutions have also shown increased interest in lending.

THE CREDIT MARKET

During the fourth quarter, the Riksbank increased its policy rate, the repo rate, by 25 basis points to 0 per cent. Weak inflation statistics during 2019 and the expectation on the part of many market participants that there will be a slowdown in growth in the Swedish economy during 2020 make it probable that interest rates will remain low over the next few years and a period with a negative repo rate cannot be excluded.

During 2019, the size of Klöver's commercial paper programme remained unchanged at SEK 4,000 million, of which SEK 2,472 million was outstanding at the year-end. There has been high demand for commercial paper throughout the year and even if the margin has increased slightly, it continues to be an attractively priced source of capital.

During the year, Klöver has issued SEK 1,600 million in green unsecured bonds under an existing green framework. Demand for green capital market products is expected to increase over time, although uncertainty about certification

rules and supranational intervention by the EU makes the situation somewhat unpredictable.

KLÖVERN'S FINANCIAL MANAGEMENT

The finance department is intended to support the company's core activities by keeping the long-term cost of borrowed capital at a minimum. Its tasks are to manage the existing debt, take care of new borrowing for investments and acquisitions, improve the efficiency of cash management and limit the financial risks. This work is governed and controlled by the financial policy adopted by the Board once each year. The financial policy establishes the allocation of responsibility for financial matters and the rules relating to reporting, monitoring and control. Financial matters of strategic importance are dealt with by Klöver's Board of Directors.

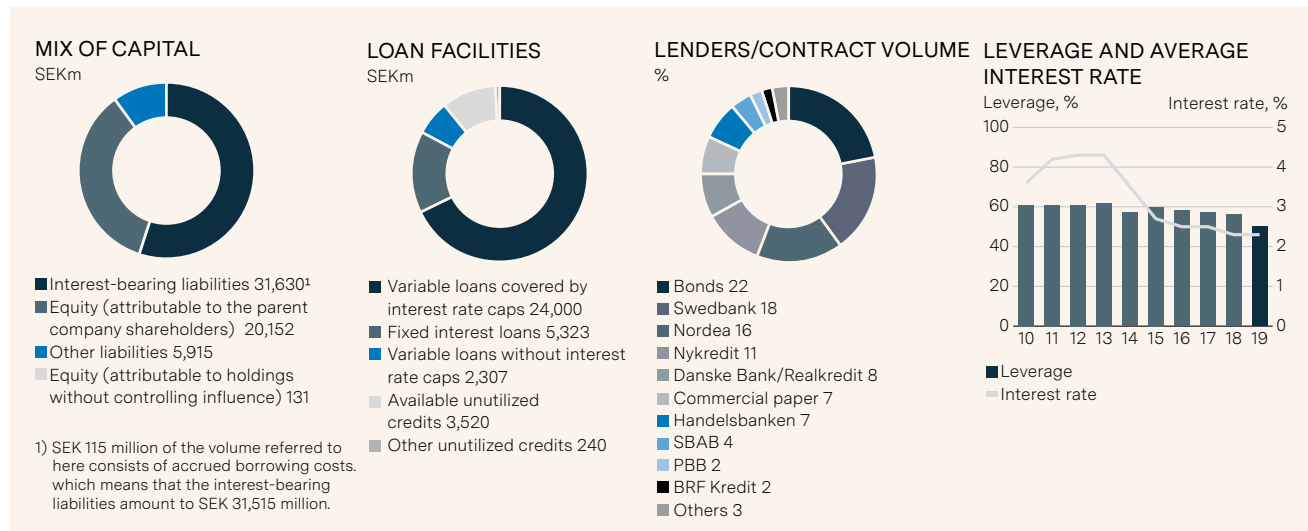
RAISING CAPITAL

Running a real estate company is capital intensive. The total amount of assets, which to a large extent is constituted by

FIXED INTEREST AND TIED-UP CAPITAL

Maturity year	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which outstanding bonds, SEKm	Unutilized, SEKm
Variable ¹	26,307	–	–	–	–
2020	1,491	5,790	5,632	2,250	158
2021	1,900	11,176	8,074	2,350	3,102
2022	–	6,368	5,868	2,500	500
2023	100	5,286	5,286	700	–
2024	832	832	832	–	–
2025	–	2,355	2,355	–	–
Future	1,000	3,583	3,583	–	–
TOTAL	31,630	35,390	31,630	7,800	3,760

1) SEK 24,000 million of the reported variable volume is covered by interest rate caps.



the value of the properties, is financed with equity and liabilities. The proportions of these two depend on various factors such as the cost of the different forms of finance, the focus of the property portfolio and the risk aversion of the shareholders and creditors. For a company like Klöver's equity is normally the most expensive form of financing.

On 31 December 2019, Klöver's assets amounted to SEK 57,713 million (56,462), of which investment properties amounted to SEK 52,377 million (52,713) or 91 per cent (93).

Equity

At year-end 2019, Klöver's equity (attributable to the parent company's shareholders) totalled SEK 20,152 million (17,972). The equity ratio was 34.9 per cent (31.8). If equity is adjusted for the value of derivatives, goodwill, repurchased shares (based on the share price at the end of respective period of time) and deferred tax liability exceeding 5 per cent of the difference between the tax value and the fair value of the properties and placed in relation to the reported assets adjusted for good will and right-of-use assets, the adjusted equity ratio was 43.5 per cent (37.4).

Return on equity is calculated as profit after tax in relation to average equity. As from 2017, the goal is for the return in the long term to amount to at least 10 per cent. The goal was achieved in 2019, by a broad margin, as return on equity amounted to 15.9 per cent (21.2). As net profit is not only affected by the operating profit but also by changes in value of properties, currencies and derivatives, the level of return varies sharply from year to year.

Liabilities

At the year-end, the total liabilities amounted to SEK 37,545 million (38,318). Interest-bearing liabilities accounted for SEK 31,630 million, of which accrued borrowing costs amounted to SEK 115 million, which entails that the interest-bearing liabilities reported in the balance sheet amounted to SEK 31,515 million (33,688). As interest-bearing liabilities are normally a cheaper form of financing than equity, there is an incentive to have a relatively high share of interest-bearing liabilities, within the given risk mandate. At the year-end, the interest-bearing liabilities accounted for 55 per cent (60) of the total financing. Leverage, measured as interest-bearing liabilities after deduction for the market value of the listed shareholdings and liquid funds in relation to total assets amounted to 50 per cent (56). Leverage, secured, i.e. interest-bearing liabilities with collateral in properties after deduction for the market value of listed shareholdings and liquid funds in relation to total assets at the end of the period, amounted to 34 per cent (42). Interest-bearing liabilities, which do not have collateral in properties consist mainly of unsecured bonds and commercial paper issued by Klöver. More information about bonds and commercial paper is available on page 58-59.

Practically all loans are based on the variable Stibor rate, which normally makes it possible to change the capital structure without having to pay early redemption charges. With a view to reducing the interest rate risk, Klöver has chosen to swap 14 per cent (17) of the interest-bearing liabilities, SEK 4,415 million (5,730) for fixed interest with a long maturity. Normal fixed-interest loans total 3 per cent



Sketch of the property at Kalvebod Brygge in Copenhagen, acquired by Klövern at the end of 2019. Handover will take place after refurbishment and is expected to be in April 2021.

(5) or SEK 908 million (1,558). Variable loans account for 83 per cent (78) or SEK 26,307 million (26,400), SEK 24,000 million (23,500) of which are covered by interest-rate caps.

During the year, SEK 2,469 million of existing credit facilities have been refinanced and SEK 5,001 million raised in new loans.

During the first quarter, the Company issued SEK 1,600 million under an existing green bond framework and established a new bond framework maturing in June 2023 with a volume of SEK 700 million. In addition, Klövern issued, commercial paper, the outstanding volume of which totalled SEK 2,472 million (1,845) at year-end. As well as existing loans Klövern had unutilized credits and overdraft facilities of SEK 3,760 million (2,110), of which SEK 3,520 million (2,110) was available for immediate use with existing collateral. The unutilized loan facilities are distributed among four different lenders and are subject to renegotiation in 2021-2022. 91 per cent of the interest-bearing liabilities were in SEK, 8 per cent in DKK and 1 per cent in USD. At year-end 2019, liquid funds amounted to SEK 449 million (576).

Other liabilities consist mainly of deferred tax liability, accounts payable, liabilities for rights-of-use, prepaid income, derivatives and accrued expenses. At year-end, other liabilities amounted to SEK 5,915 million (4,630) and

constituted 10 per cent (8) of Klövern's total financing. The accrued tax liability amounted to SEK 3,220 million (2,884) and includes differences between the properties' and the derivatives' fair value and tax value (temporary differences, although excluding acquired temporary differences). The tax liability is realized when and if the derivatives are sold and the properties are divested as separate properties. There will be no tax effect if companies, with properties as assets, are sold. In Klövern's case, practically all properties are sold in corporate form, which, given current tax legislation, means that it is highly probable that only a small part of the total deferred tax liability will be paid. The difference between the tax value and the fair value of the investment properties amounted to SEK 27,162 million (24,797) at the year-end.

TIED-UP CAPITAL

At year-end, the average period of tied-up capital was 4.1 years (4.3). Credit facilities maturing during 2020 total SEK 5,632 million (4,843), excluding overdraft facilities.

AVERAGE INTEREST RATE AND FIXED INTEREST

At year-end, Klövern's average interest rate was 2.3 per cent (2.3). Somewhat decreasing margins on bank loans are counteracted by already agreed interest rate swaps to

hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest rate caps, as well as costs for credit facilities and overdraft facilities, Klöver's average borrowing rate was 2.1 per cent (2.1) at year-end. The average period of fixed interest, taking into consideration interest rate derivatives, was 2.5 years (2.9).

DERIVATIVES

Klöver uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 28,415 million (29,230) at year-end, corresponding to 90 per cent (86) of the interest-bearing liabilities. Taken together with fixed-interest loans of SEK 908 million, this entails that the fixed-interest share of credit volume amounted to 93 per cent. Klöver normally uses two types of derivatives: interest rate swaps and interest rate caps.

Interest rate swaps entail an agreement between two parties to exchange interest payments with one another. Klöver has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, primarily with three months' maturity, and fixed interest is paid varying between 0.07 and 2.24 per cent.

At year-end 2019, the volume of interest rate swaps was SEK 4,415 million (5,730). No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Nordea and Swedbank.

Holdings of interest rate caps amounted to SEK 24,000 million (23,500) at year-end. Interest rate caps protect against rising variable interest rates by providing interest income when the pre-selected variable market rate in the form of Stibor with a certain maturity passes the strike level. A premium is paid to the bank for the interest rate cap, which is booked as a cost during the time to maturity of the cap and increases Klöver's average borrowing rate. The counterparties for the interest rate caps are Danske Bank, Nordea and Swedbank.



Personnel at Klöver's head office in Nyköping.

Valuation of derivatives

The value of the interest rate caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2019, the change in value of the derivatives amounted to SEK -14 million (67), of which SEK 0 million (6) was realized. The value of derivatives at year-end was SEK -65 million (-85). All changes in value regarding derivatives have been reported in the income statement. Hedge accounting has not been applied.

CREDITORS AND COLLATERAL

The loan portfolio is distributed among a number of lenders, the largest being Swedbank, Nordea, Danske Bank/Real-kredit, Handelsbanken, SBAB, Deutsche Pfandbriefbank and BRF Kredit.

Property mortgages of SEK 28,205 million (29,842) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klöver has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klöver AB.

COVENANTS AND RISK-TAKING

Klöver's financial risk taking and position are shown, among other things, by the key figures equity ratio, interest coverage ratio and leverage. There are sometimes set limit values, known as covenants, in credit agreements with banks and credit institutions specifically for these three key figures.

Klöver's goal is for the adjusted equity ratio in the long term to amount to 40 per cent. The banks that have an equity ratio covenant have set 20–25 per cent as the lower limit. Klöver's goal for the interest coverage ratio target is that it should be at least 2.0, which exceeds the banks' requirements of 1.25–1.50. Klöver has no goal of its own for leverage but the banks' requirements vary between 50 and 70 per cent, depending for instance on the volume of collateral.

Klöver meets all of the banks' requirements as at 31 December 2019 and expects that it will continue to do so in 2020. The equity ratio was 34.9 per cent (31.8), the adjusted equity ratio 43.5 per cent (37.4), the interest coverage ratio 2.6 (2.7), leverage 50 per cent (56) and leverage secured amounted to 34 per cent (42).

Bonds and commercial paper

During 2019 Klöver issued bonds totalling SEK 2,300 million. Klöver has also continued to issue commercial paper. At year-end outstanding bonds totalled SEK 7,800 million and commercial paper totalled SEK 2,472 million. Bonds and commercial paper constitute a complement to bank financing.

ALTERNATIVE FORMS OF FINANCING

Banks continue to be relatively conservative when it comes to leverage, i.e. the proportion of loans in relation to the property value. Most of the newly extended bank loans have a leverage of around 55-60 per cent, which can be compared to 75 per cent before the financial crisis in 2008. To optimize the company's capital structure, it is necessary to continue to look for alternative sources of finance, such as bonds and commercial paper. The capital raised from alternative sources of financing is not only used to cover the difference between the banks' maximum leverage limit and Klöver's wishes but also to simplify and enable projects and acquisitions.

THE BOND MARKET

During 2019 real estate bonds to a value of around SEK 136 billion were issued in the Swedish market. The absolute majority of the volume of bonds issued by real estate companies in 2019 were unsecured bonds. Secured bonds at a value of only SEK 4 billion were issued during the year. The Swedish bond market was relatively stable during the year.

SELECTED REAL ESTATE BONDS ISSUED IN SWEDEN

Issuers	Volume issued in 2019 SEK million
SBB	25,566
Heimstaden Bostad	15,836
Vasakronan	15,231
Balder	11,251
Castellum	9,146
Hemsö	7,291
Heimstaden	4,730
Sagax	3,918
Humlegården	3,566
Rikshem	2,968

Source: Swedbank

KLÖVERN'S BOND ISSUES

During the year, Klöver established a new framework for bonds in the Swedish market amounting to SEK 2,500 million. In all, bonds were issued to a value of SEK 2,300 million, of which SEK 700 million were issued under the new framework established during the spring. The issues were carried out in collaboration with Danske Bank, Nordea and Swedbank.

BONDS PER 31 DECEMBER 2019

ISIN code	Type	Issued	Maturity	Fixed/Variable	Volume SEKm	Spread over 3 month Stibor on issue, %	Current spread over 3 month Stibor, % ¹
SE0008015119	Unsecured	Jun 16	Jun 20	Variable	750	4.15	1.31
SE0009241805	Unsecured	Nov 16	Nov 20	Variable	1,500	3.90	0.83
SE0010831198	Unsecured	Jan 18	Feb 21	Variable	1,500	3.50	1.49
SE0010546747	Secured	Nov 17	Nov 21	Variable	850	1.70	1.66
SE0011063163	Unsecured	Apr 18	Apr 22	Variable	2,500	4.00	2.18
SE0012702785	Unsecured	May 18	Jun 23	Variable	700	4.25	2.84

1) As at 3 March 2020.



The property Stapelbädden 4 in Malmö.

INVESTORS

A large number of institutional investors invest in Klöver's different bonds. A considerable amount has also been invested through the banks' Private Banking operations.

Investors include banks, pension funds, trade unions, real estate companies, private companies and private individuals. The minimum investment in the bonds Klöver issued during 2019 was SEK 1,100,000.

SECONDARY MARKET

All of the bond loans issued by Klöver as of 31 December 2019 are listed on the Corporate Bond List at Nasdaq Stockholm. The bond loans are not, however, traded on the stock exchange but instead via Swedish banks and brokerage firms. Some of these market participants voluntarily set indicative prices for each bond loan.

MARGINS

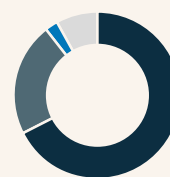
All of Klöver's outstanding bonds provide a coupon based on a pre-set margin over three-month STIBOR.

HYBRID BONDS

Klöver has not issued any hybrid bonds during the year. As at 31 December 2019, the total volume of outstanding hybrid loans was SEK 1,300 million. The hybrid bond loan has a perpetual maturity and is reported as equity in the balance sheet. Klöver is able to redeem the hybrid loans prematurely on 21 June 2023 and on every subsequent interest payment day. The instrument runs with a variable interest rate of STIBOR 3m + 600 basis points until the first redemption date.

DISTRIBUTION OF INTEREST BEARING LIABILITIES

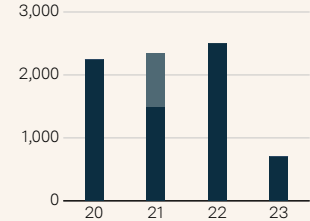
SEKm



■ Bank loans 21,358
■ Unsecured bonds 6,950
■ Secured bonds 850
■ Commercial paper 2,472

BOND MATURITY

SEKm



■ Bond maturity, unsecured bonds
■ Bond maturity, secured bonds

COMMERCIAL PAPER PROGRAMME

During 2015, Klöver established a commercial paper programme that is traded via Danske Bank, Nordea and Swedbank. At year-end 2019, the programme had a framework amount of SEK 4,000 million. The outstanding volume on 31 December totalled SEK 2,472 million (1,845). A commercial paper programme works in the same way as bonds with the exception of the period to maturity, which is limited to a maximum of 364 days. The short maturity period means that the proportion of early maturing credit in the loan portfolio rises but this is compensated for by unutilized credit frameworks and overdraft facilities.

Shares

Klövern is listed on Nasdaq Stockholm and belong to the Large Cap segment. The total market value of Klöver's outstanding ordinary and preference shares at year-end was SEK 27,177 million.

MARKET INFORMATION

On 30 December 2019, the closing price for Class A ordinary shares in Klöver was SEK 22.90 (10.15), and for Class B ordinary shares SEK 22.98 (10.28), while the closing price for the preference shares was SEK 373.00 (307.00).

The share price performance during 2019 amounted to 126 per cent for Class A ordinary shares and 124 per cent for Class B ordinary shares. In comparison the Stockholm stock exchange, measured by the OMX Stockholm All-Share index (OMXS), rose by 30 per cent while the Nasdaq OMX Stockholm Real Estate index (SX8600) rose by 59 per cent. Including four paid quarterly dividends, the total return was 130 per cent for Klöver's Class A ordinary share and 128 per cent for the Class B ordinary share.

The share price development of the preference shares during the year amounted to 21 per cent. Including the dividend paid of SEK 20.00 per preference share this resulted in a total return of 28 per cent.

Klövern belongs to the Large Cap segment on Nasdaq Stockholm. Klöver's market capitalization amounted to SEK 27,177 million (14,455) by year-end 2019, ordinary shares accounted for SEK 21,044 million and preference shares accounted for SEK 6,134 million. The turnover rate was 11 per cent (14) for Class A ordinary shares, 56 per cent (39) for Class B ordinary shares and 33 per cent (35) for preference shares.

DIFFERENT CLASSES OF SHARES

Klövern has three classes of shares: Class A and Class B ordinary shares and preference shares. There are differences between the share classes with regard to voting rights and entitlement to the company's assets and profit. The regulations on voting rights and dividends are decided upon by the Annual General Meeting and can be found in the Articles of Association.

Ordinary shares

Klövern's Class A ordinary shares, which until the middle of November 2014 were called only ordinary shares, have been listed on Nasdaq Stockholm since 2003. A new class of share, Class B ordinary shares, was added in December 2014 through a bonus issue. A Class A ordinary share entitles the holder to one vote unlike a Class B ordinary share, which

only entitles the holder to one tenth of a vote.

Holders of Class A ordinary shares may on two occasions during the year (January and July) request conversion of their shares to Class B ordinary shares. After a total of 1,709,015 Class A ordinary shares had been converted to Class B ordinary shares during 2019, the total number of Class A ordinary shares amounted to 71,951,248 and Class B ordinary shares to 844,042,732.

Preference shares

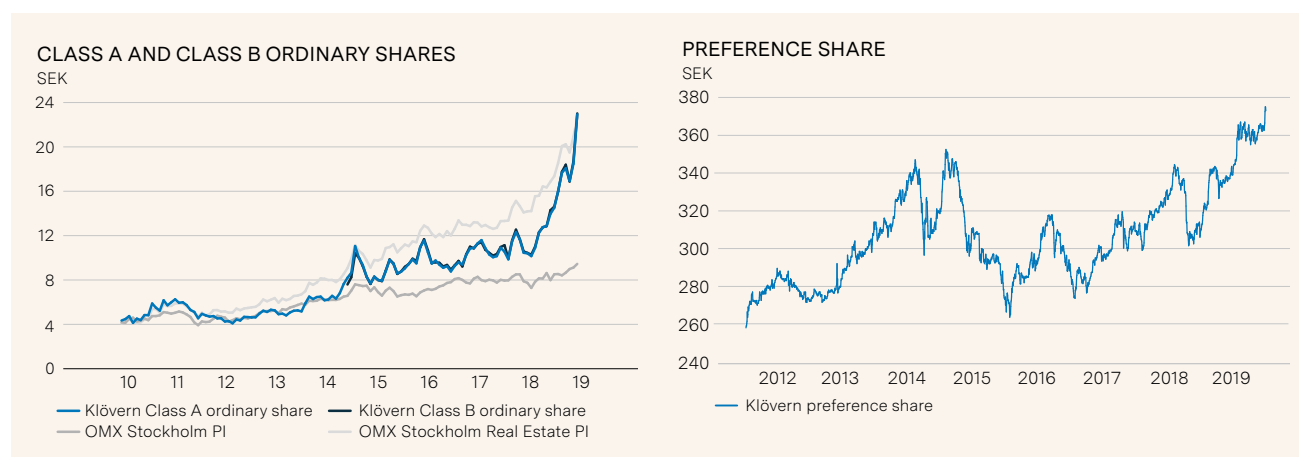
Klövern's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote. The total number of outstanding preference shares remained unchanged at 16,444,000 during 2019.

Klövern's preference shares confer a preferential right over ordinary shares to an annual dividend of SEK 20.00 per preference share. Payments of the decided dividend are made quarterly with SEK 5.00 per preference share. The preference share does not otherwise confer a right to dividend. If the general meeting decides not to pay a dividend or to pay a dividend below SEK 5.00 per preference share during a quarter, the difference between the dividend paid and SEK 5.00 has to be accumulated and adjusted upwards with an annual interest rate of 8 per cent until the full dividend has been distributed. No dividends may be distributed to the holders of ordinary shares until the holders of preference shares have received their full dividend including the withheld amount. Any difference between SEK 5.00 and the dividend paid per preference share is accumulated for each quarter.

The annual general meeting may decide to redeem preference shares, in which case for the sum of SEK 500 plus any withheld amount. In the event of liquidation, the preference shares have priority over the ordinary shares corresponding to an amount of SEK 400 plus any withheld amount.

The record days for payments are the last weekday in the months of June, September and December respectively after the Annual General Meeting and in the month of March the year after the Annual General Meeting.

More detailed information regarding dividends, issues and redemption can be found in this annual report and on Klöver's website.

KEY FIGURES, SHARES¹

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Equity per ordinary share, SEK	17.19	14.54	11.22	9.09	7.34	5.81	4.99	4.58	5.36	5.11
NAV, SEK	21.17	18.13	14.55	11.78	9.49	7.65	6.09	5.83	5.95	5.24
Equity per preference share, SEK	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92	–	–
Profit from property management per ordinary share, SEK	1.37	1.19	1.03	0.93	0.78	0.61	0.49	0.43	0.48	0.50
Earnings per ordinary share, SEK	3.24	3.54	2.53	2.11	1.83	1.02	0.68	0.23	0.53	0.68
Share price at end of period, Class A ordinary shares, SEK	22.90	10.15	10.87	9.38	9.45	8.20	5.18	4.65	4.71	6.18
Share price at end of period, Class B ordinary shares, SEK	22.98	10.28	10.72	9.55	9.50	7.60	–	–	–	–
Share price at end of period, preference shares, SEK	373.00	307.00	309.60	288.50	281.50	317.50	300.00	273.50	–	–
Market capitalization, SEKm	27,177	14,455	14,922	13,479	13,327	12,232	7,527	6,670	4,165	5,467
No. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0
No. of outstanding ordinary shares at end of period, million	825.0	825.8	876.6	916.0	916.0	916.0	916.0	888.5	884.4	884.4
Average no. of outstanding ordinary shares, million	824.9	852.4	902.8	916.0	916.0	916.0	914.9	874.0	884.4	884.4
No. of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	9.3	9.3	–	–
No. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	9.3	9.3	–	–
Average no. of outstanding preference shares, million	16.4	16.4	16.4	16.4	16.4	10.5	9.3	5.9	–	–
Dividend per ordinary share, SEK	0.50 ²	0.46	0.44	0.40	0.35	0.30	0.27	0.27	0.23	0.27
Dividend per preference share, SEK	20.00 ²	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	–
Dividend for ordinary and preference shares in relation to profit from property management, %	51 ²	53	57	59	62	77	68	83	79	55
Dividend for preference shares in relation to profit from property management, %	22 ²	24	26	28	32	42	29	35	27	–
Dividend yield, Class A ordinary shares, %	2.2	4.5	4.1	4.3	3.7	3.7	5.3	5.9	4.8	4.4
Dividend yield, Class B ordinary shares, %	2.2	4.5	4.1	4.2	3.7	3.9	–	–	–	–
Dividend yield, preference shares, %	5.4	6.5	6.5	6.9	7.1	6.3	6.7	7.3	–	–
Total return, Class A & B ordinary shares, % ³	127.8	–0.2	14.4	4.2	28.9	53.0	17.2	3.7	–19.4	54.0
Total return, preference shares, %	28.0	5.6	14.2	9.6	–5.0	12.5	17.0	–	–	–

1) Historical figures based on bonus issue and reverse split that was completed during 2014.

2) Based on proposed dividend.

3) Based from 2015 on Class B.

ISSUES, REVERSE SPLIT AND CONVERSION PROVISIO

After the issues of preference shares made during 2014 and the bonus issue of Class B ordinary shares in the same year no new shares have been issued.

The bonus issue involved issuing all holders of ordinary shares ten new Class B ordinary shares for each existing Class A ordinary share.

At the end of 2014 a 1:2 reverse split was implemented that applied to all classes of shares so that two existing shares of the same class were merged into one share of the same kind.

In connection with the introduction of the new class of shares, Class B ordinary shares, a conversion proviso was laid down which meant that Class A ordinary shares could at their holder's request be converted to Class B ordinary shares. More details about this can be found in paragraph 5.6 of the Articles of Association and on Klöver's website under the heading Investor Relations. Class B ordinary shares offer an opportunity for growth with limited dilution of the voting rights of holders of Class A ordinary shares.

REPURCHASE

Since 2007, the Board of Directors of Klöver has been authorized by the Annual General Meeting to repurchase shares up to a maximum of ten per cent of the total number of registered shares. This is intended, inter alia, to enable continuous adaptation to the company's capital requirements and thus contribute to increased shareholder value. In accordance with this authorization, Klöver repurchased a net total of 756,740 Class B ordinary shares in 2019, for a total of SEK 7 million. At year-end, Klöver's holdings of its own shares amounted to 90,956,740 Class B ordinary shares, corresponding to 9.8 per cent of the total number of registered shares.

DIVIDEND

Klöver's goal is that dividends (on ordinary shares and preference shares) in the long term shall amount to at least

50 per cent of the profit from property management.

The Board of Directors' proposal to the Annual General Meeting for the financial year 2019 is for a dividend of SEK 0.50 (0.46) per ordinary share to be paid in four instalments at SEK 0.12, SEK 0.12, SEK 0.13 and SEK 0.13 respectively and a dividend of SEK 20.00 (20.00) per preference share to be paid in four instalments at SEK 5.00 on each occasion. This proposal means that the dividend amounts to 51 per cent (53) of the profit from property management. Over the past ten years, this would mean an average dividend amounting to 64 per cent of the profit from property management.

Klöver also has a goal that in the long term dividend to preference shareholders shall not exceed 30 per cent of the profit from property management. The proposed dividend for 2019 corresponds to 22 per cent (24) of the profit from property management.

During 2019 a total of SEK 692 million (688) has been paid as dividend, of which SEK 329 million (329) was paid to holders of preference shares and SEK 363 million (359) to holders of ordinary shares.

The dates for record days and distribution of dividends are available in the calendar on www.klovern.se.

DIVIDEND YIELD

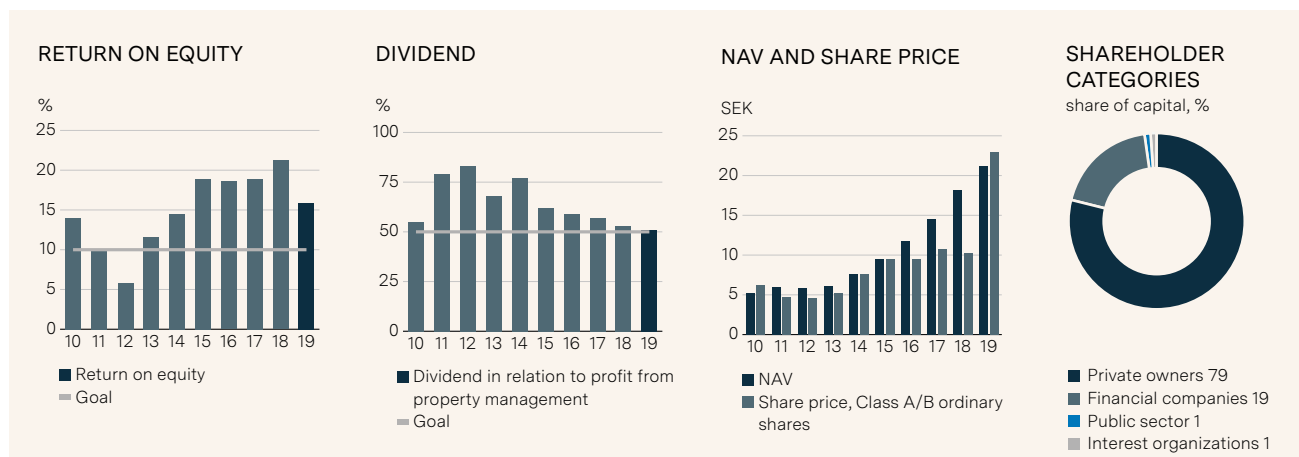
The proposed dividend of SEK 0.50 per ordinary share and SEK 20.00 per preference share corresponds to a dividend yield of 2.2 per cent for Class A ordinary shares and 2.2 per cent for Class B ordinary shares and 5.4 per cent for preference shares based on the share prices at year-end 2019.

RETURN ON EQUITY

Klöver's goal for return on equity is that it should in the long term amount to at least 10 per cent. The return on equity attained during 2019 was 15.9 per cent (21.2).

EQUITY PER ORDINARY SHARE AND NAV

Equity per ordinary share amounted at year-end 2019 to SEK



17.19 (14.54). The long-term net asset value per ordinary share (NAV), calculated by adding back derivatives and deferred tax liability to equity, amounted on the same date to SEK 21.17 (18.13) after having increased by 17 per cent during the year. The calculation of both equity per ordinary share and NAV was adjusted in connection with the 2019 year-end report due to the changed definition of equity per preference share. Historic figures have been adjusted in accordance with the new definition.

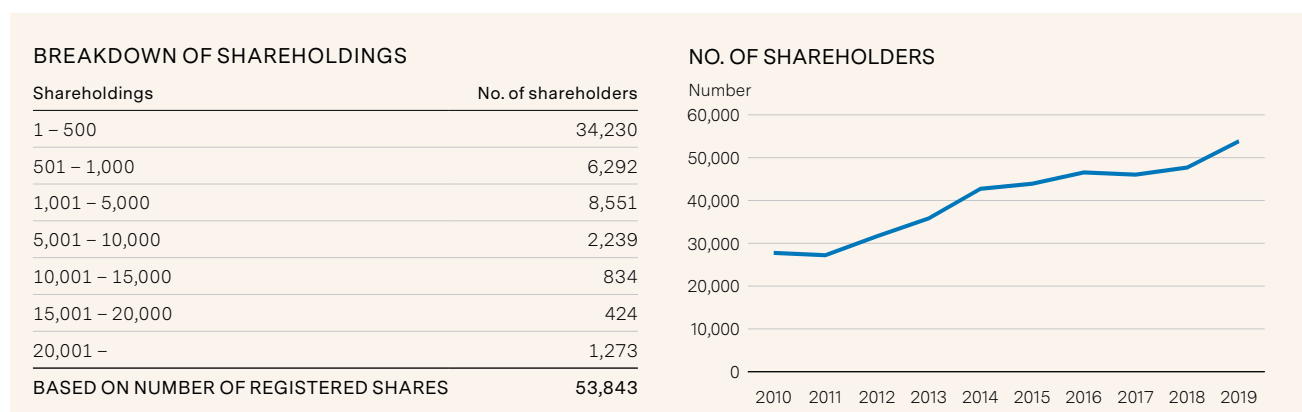
OWNERSHIP STRUCTURE

At year-end there were 53,843 shareholders (47,696) in Klövern. The 15 largest shareholders represented 63 per cent of the total number of registered shares. 78 per cent (80) of the total number of shares were held by Swedish shareholders.

Rutger Arnhult (via company) and Corem Property Group had shareholdings that each exceeded 10 per cent of the capital and voting rights as at 31 December 2019.

DEVELOPMENT OF THE SHARE CAPITAL 2010–2019

	No. of Class A ordinary shares	No. of Class B ordinary shares	No. of Class A&B ordinary shares	No. of preference shares	Accumulated share capital, SEK
1 Jan 2010	166,544,326	–	166,544,326	–	832,721,630
13 Jan 2012 Cash issue	166,544,360	–	166,544,360	–	832,721,800
13 Jan 2012 Bonus issue	166,544,360	–	166,544,360	4,163,609	853,539,845
6 Mar 2012 New issue	166,544,360	–	166,544,360	11,708,140	891,262,500
10 Apr 2012 New issue	166,544,360	–	166,544,360	11,774,778	891,595,690
19 Apr 2012 New issue	166,544,360	–	166,544,360	11,775,363	891,598,615
29 Jun 2012 New issue	166,544,360	–	166,544,360	12,238,363	893,913,615
09 Jul 2012 New issue	166,544,360	–	166,544,360	12,686,363	896,153,615
14 Sep 2012 New issue	166,544,360	–	166,544,360	13,598,863	900,716,115
17 Sep 2012 New issue	166,544,360	–	166,544,360	13,731,338	901,378,490
08 Oct 2012 New issue	166,544,360	–	166,544,360	17,314,688	919,295,240
08 Oct 2012 New issue	166,544,360	–	166,544,360	18,419,688	924,820,240
17 Oct 2012 New issue	166,544,360	–	166,544,360	18,536,338	925,403,490
24 Mar 2014 New issue	166,544,360	–	166,544,360	18,836,338	926,903,490
11 Apr 2014 New issue	166,544,360	–	166,544,360	19,823,806	931,840,830
28 May 2014 New issue	166,544,360	–	166,544,360	20,388,000	934,661,800
11 Nov 2014 Reduction of share capital	166,544,360	–	166,544,360	20,388,000	186,932,360
25/27 Nov 2014 New issue	166,544,360	–	166,544,360	32,888,000	199,432,360
5 Dec 2014 Bonus issue	166,544,360	1,665,443,600	1,831,987,960	32,888,000	1,864,875,960
22 Dec 2014 Reverse split	83,272,180	832,721,800	915,993,980	16,444,000	1,864,875,960
20 Jan 2015 Conversion	82,187,432	833,806,548	915,993,980	16,444,000	1,864,875,960
3 Feb 2015 Conversion	81,871,406	834,122,574	915,993,980	16,444,000	1,864,875,960
16 Jul 2015 Conversion	81,862,506	834,131,474	915,993,980	16,444,000	1,864,875,960
5 Aug 2015 Conversion	81,862,397	834,131,583	915,993,980	16,444,000	1,864,875,960
4 Feb 2016 Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960
9 Aug 2016 Conversion	78,360,480	837,633,500	915,993,980	16,444,000	1,864,875,960
3 Feb 2017 Conversion	74,787,201	841,206,779	915,993,980	16,444,000	1,864,875,960
3 Aug 2017 Conversion	74,552,820	841,441,160	915,993,980	16,444,000	1,864,875,960
5 Feb 2018 Conversion	74,389,011	841,604,969	915,993,980	16,444,000	1,864,875,960
3 Aug 2018 Conversion	73,660,263	842,333,717	915,993,980	16,444,000	1,864,875,960
4 Feb 2019 Conversion	73,307,804	842,686,176	915,993,980	16,444,000	1,864,875,960
9 Aug 2019 Conversion	71,951,248	844,042,732	915,993,980	16,444,000	1,864,875,960



SHAREHOLDERS, 31 DECEMBER 2019

Name	No. of Class A ordinary shares, 000s	No. of Class B ordinary shares, 000s	No. of preference shares, 000s	Proportion of share capital, %	Proportion of votes, % ¹
Rutger Arnhult via companies	12,528	127,419	655	15.1	17.0
Corem Property Group	9,500	129,400	–	14.9	15.1
Gårdarike	31,500	59,571	50	9.8	25.2
Länsförsäkringar fund management	–	49,823	–	5.3	3.3
State Street Bank and Trust Co, W9	313	30,878	219	3.4	2.3
Swedbank AS (Estonia)	2	18,562	58	2.0	1.3
Swedbank Robur funds	584	17,869	–	2.0	1.6
Handelsbanken funds	–	16,375	–	1.8	1.1
Prior & Nilsson	–	15,729	–	1.7	1.1
UBS Switzerland AG	208	13,688	25	1.5	1.1
CBNY-Norges Bank	536	13,143	175	1.5	1.3
Alfred Berg	–	12,689	–	1.4	0.9
JPM Chase NA	1	9,485	199	1.0	0.7
Verdipapirfond Odin Ejendom	–	7,914	–	0.8	0.5
SEB Investment Management	–	7,235	14	0.8	0.5
TOTAL MAJOR OWNERS	55,172	529,780	1,395	62.9	72.7
Other owners	16,779	223,306	15,049	27.3	27.3
TOTAL OUTSTANDING SHARES	71,951	753,086	16,444	90.2	100.0
Repurchased own shares	–	90,957	–	9.8	–
TOTAL REGISTERED SHARES	71,951	844,043	16,444	100.0	100.0

Due to routines at Ålandsbanken and Banque Internationale à Luxembourg, the banks have been registered in Euroclear's share register as owners to some of their clients' Klövern shares. Klövern assesses that the table above gives a correct picture of the company's 15 largest owners.

1) Repurchased shares cannot be represented at General Meetings.

Taxes

Klövern reports tax expenses in the income statement in the form of current tax and deferred tax. In addition to tax on profit, real estate companies in Sweden pay property tax, value-added tax, stamp tax, advertising tax and energy tax.

CURRENT TAX

Current tax is tax payable for the current year. Current tax is calculated on the taxable profit, which in most cases is less than the reported profit. This is mainly due to the possibility of making use of deductible depreciation on properties, tax deduction for certain refurbishment, tax-free sales of properties via companies and utilization of approved tax loss carryforwards from previous years. Current tax can also include tax arising from reassessment of previous years and tax from companies acquired or sold during the year, see also Note 9. Income tax for 2019 amounted to 21.4 per cent.

Current tax is the tax paid and thus, unlike deferred tax, has an effect on the cash flow.

DEFERRED TAX

Deferred tax means a schematic calculation of possible future tax. The deferred tax includes changes in deferred tax assets and deferred tax liabilities. The items are reported as net values under deferred tax liabilities in the balance sheet and the deferred tax in the income statement corresponds to the change in the balance sheet item deferred tax liabilities, see also Note 9.

Deferred tax assets are attributable to tax loss carry forwards and are reported to the extent that it is probable that it will be possible to make use of the tax loss carryforwards to set off against future taxable profit and thus reduce tax.

Deferred tax liability is calculated in accordance with the balance sheet method at nominal amounts on temporary differences, that is the difference between the fair value and the tax value of properties and derivatives.

Temporary differences acquired through company acquisitions are handled differently depending on whether they are asset acquisitions or business combinations. No deferred tax liabilities are reported on the temporary differences for asset acquisitions. If the acquisition is classified as a business combination, the deferred tax liabilities are reported for the entire temporary difference.

If a company is sold with the property as an asset, there is normally no tax effect, which means that the previously reported deferred tax is reversed. The tax liability is realized if the properties are sold separately. In Klöver's Swedish companies, deferred tax in 2019 has been calculated at a nominal tax rate of 20.6 per cent (20.6) on the difference be-

tween reported value and tax value of assets and liabilities. Deferred tax in the Danish companies has been calculated at 22.0 per cent.

OTHER TAXES

In addition to tax on profit, real estate companies pay a number of other taxes. Some of these taxes with the greatest impact on Klöver's profit and cash flow are described below.

Property tax: Property tax is paid on almost all properties in the Group. The amount of tax paid depends on the type of building involved. In the case of offices, tax is 1 per cent of the tax value and for logistics and warehouse properties 0.5 per cent. No tax is payable for special buildings such as communication buildings, educational and health care buildings.

Value-added tax: Properties are exempt from mandatory value-added tax. If letting of premises takes place to a customer who regularly engages in activities subject to value-added tax, the property owner may voluntarily register for value-added tax and in this way be able to deduct input VAT on both operating expenses and investments. No deductions may be made for input VAT for housing and premises not subject to tax. This non-deductible value-added tax is an expense which is charged against profit from property management and has a negative effect on the cash flow.

Stamp tax: Stamp tax (land registration) of 4.25 per cent is payable when acquiring properties in Sweden on whichever is the higher of the purchase price and the tax value. The corresponding tax in Denmark is 0.6 per cent. In addition, stamp tax of 2.0 per cent is payable on mortgage deeds in properties (1.5 per cent in Denmark).

NEW LEGISLATION

On 1 January 2019, new rules came into force on corporate taxation. This decision entailed in brief that a maximum deduction of net interest income of 30 per cent of taxable EBITDA was introduced and that corporate tax was reduced from 22.0 per cent to 21.4 per cent in 2019 and 20.6 per cent from 2021 onwards.

Risk and risk management

A real estate company is exposed to various risks in its business. A number of internal guidelines and policies have been adopted by Klöver to limit exposure to various risks. Risk management is continuously updated and adjusted through a well-developed annual process.

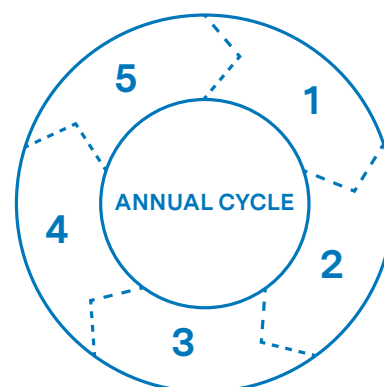
Klöver has identified seven main categories of risks which are shown in the table below. Each of these risk categories is in turn broken down into a number of underlying risks. For example, the category *Change in value of properties* is affected by the underlying risk *Geographic mix*. The assessment of which

are the main categories as well as the underlying risks and management of these risks are continuously updated and adjusted. The following section includes comments on the seven identified main categories of risk.

RISK CATEGORIES AND UNDERLYING RISKS

Risk category	Risk
Change in value of properties	Geographic mix
	Product mix
	Customer mix
	Rental levels
	Occupancy rate
	Property costs
	The economy
	Yield requirements
Project operations	Project implementation
	Suppliers
	Letting
Financial risks	Financing
	Interest rates
	Currency
Reputation and brand name	Unethical conduct
	Corruption
	Provision of information
	Security and safety
	Climate impact
Organization and personnel	Competence
	Working environment
IT security	Operational disruption
	Intrusion into systems
	Data virus
	Digitalization
Political decisions and changes in rules	Tax legislation
	Environmental legislation

PROCESS FOR RISK MANAGEMENT



- 1. Risk inventory**
Workshop with various parts of operations
- 2. Risk assessment and decision on important risks**
The Executive Management assesses the risks on the basis of effect and probability.
- 3. Decision on important risks**
The Board makes decisions on important risks and risk mandates.
- 4. Risk management**
Allocation of responsibility, prioritization and proposed measures. Risks are broken down to unit level and co-ordinated with business planning.
- 5. Follow-up**
The Executive Management undertakes continuous follow-up. Annual reporting on risk-related work to the Board and the Audit Committee.

CHANGE IN VALUE OF PROPERTIES

The value of Klöverns investment properties, the market value of which is continuously assessed, amounted on 31 December 2019 to SEK 52,377 million, corresponding to 91 per cent of the Group's total assets. Change in value of properties is a risk and an opportunity. During 2019, the change in value totalled SEK 2,125 million, corresponding to 4 per cent of the value of the properties at the beginning of the year, or 62 per cent of net profit for the year.

Change in value is affected by a large number of factors such as the geographic mix and product mix of the portfolio, the mix of customers and how well Klöverns succeeds in managing and developing its properties, which in turn is reflected in rental levels, occupancy rate and property costs. In addition, the economy and the yield requirement in valuations have an effect on the size and direction of changes in value.

Risk management is reflected in Klöverns during the past few years concentrating and focusing the property portfolio geographically to fewer – and larger – cities at the same time as the portfolio has to a greater extent been focused in terms of products on modern offices. The customer mix is very diversified in the form of 4,300 tenants in a broad spectrum of industries which creates stability when the economy slows down. Klöverns largest tenant is Ericsson, whose total contract value at the end of 2019 amounted to SEK 254 million, which corresponds to 7.4 per cent of Klöverns contract value.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %
Ericsson	254	7,4
Tele2 Sverige	72	2,1
WSP Sverige	64	1,9
Codan	55	1,6
Copenhagen Business School	42	1,2
CGI Sverige	35	1,0
Region Östergötland	32	0,9
Swedish Employment Service	31	0,9
ECDC	28	0,8
Municipality of Linköping	24	0,7
TOTAL	635	18,6

Klöverns conducts credit ratings in connection with all new letting. On the basis of a credit rating, supplementary guarantees, deposits or bank guarantees are required for certain leases. All rents are paid in advance. Total rent losses amounted to SEK 2 million in 2019, corresponding to 0.05 per cent of income.

Day-to-day property management takes place through own locally based staff at all business units, with the focus on achieving the best possible long-term mix of rental levels and occupancy rate. As regards property costs, the continuous long-term work with energy efficiency and reduced impact on the environment is very important. To reduce costs for unforeseen repairs, there is an ambitious maintenance programme with preventive measures.

To manage the risk in the actual valuation of the properties, this takes place in a systematic process, where Klöverns values 100 per cent of its property portfolio every quarter, of which 20–30 per cent is normally valued externally. During 2019, the external valuations were performed by Cushman & Wakefield, Savills and Newsec. Every property is externally value at least once during a rolling 12-month period.

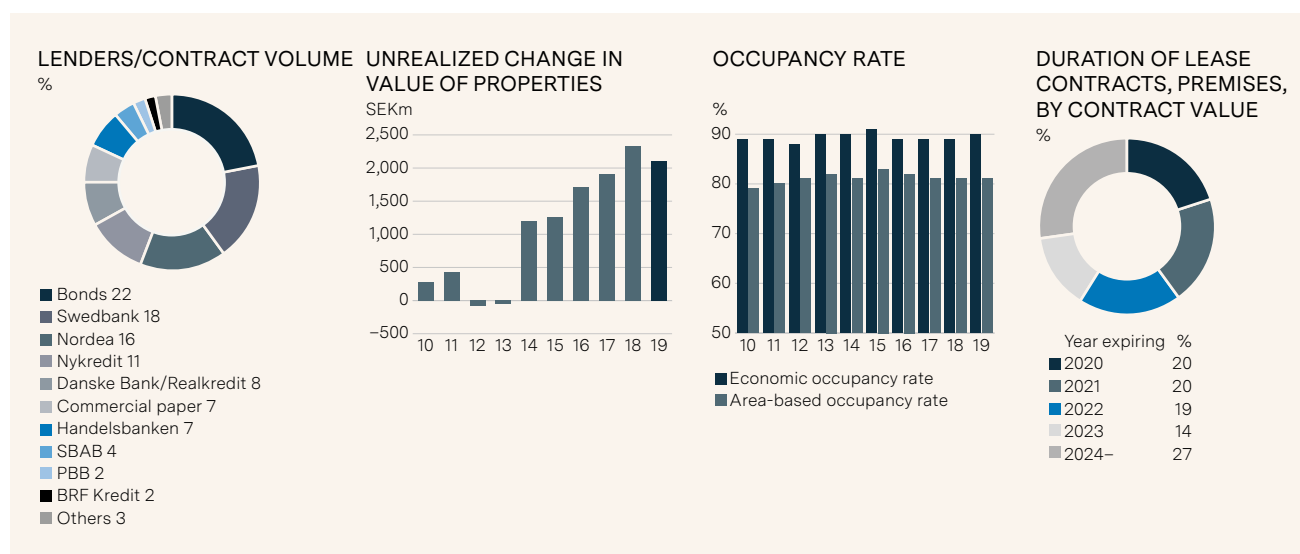
CHANGE IN VALUE, PROPERTIES

	-10%	-5%	0%	5%	10%
Change in profit before tax, SEKm	-5 238	-2 619	0	2 619	5 238
Equity ratio, %	30	33	35	37	39
Leverage, %	55	53	50	48	46

Sensitivity analysis

The sensitivity analysis is based on the Group's earnings capacity and balance sheet on 31 December 2019. The sensitivity analysis shows the effects on the Group's profit before tax after full impact of each of the parameters in the table below. Interest-bearing liabilities and lease contracts extend over several years, which means that changes in levels do not have full impact during a single year but only in a longer perspective.

	Change	Annual effect on profit, SEKm
Economic occupancy rate	1 percentage point	+/- 38
Rental income	1 percent	+/- 36
Property costs	1 percent	-/+ 12
Klöverns average interest rate	1 percentage point	-/+ 316



PROJECT OPERATIONS

There are risks attached to all phases of development and new construction and the risks increase depending on the complexity of the project. This applies both to the total project implementation and to supplier risks, workplace accidents, and the risk that letting of the premises will not proceed as planned.

Risk management takes place, in amongst other ways, by Klövern for a long time – in a large number of projects carried out – having developed a high level of expertise in the project organization, which is combined with a dedicated project control and systematic follow-up. In addition, there are clear internal regulatory frameworks and processes for quality assurance, a well-developed code of conduct for suppliers and systematic work with the working environment. In the US market, risk management is assured by external project management by Klövern's local partner.

FINANCIAL RISKS

On 31 December 2019, the interest-bearing liabilities were SEK 31,630 million. Accrued loan expenses amounted to SEK 115 million, which meant that the interest-bearing liabilities in the balance sheet amounted to SEK 31,515 million. 68 per cent of the interest-bearing liabilities consisted of borrowing from banks and credit institutions and just over 32 per cent of borrowing from the capital market via bonds and commercial paper. Of the total interest-bearing liabilities, 8 per cent were denominated in Danish kronor (DKK), while 1 per cent were in US dollars (USD).

Klövern is among other things exposed to financing risk, interest rate risk and currency risk.

The financing risk is managed by goals in the financial policy regarding tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. For 2019, the goal was for tied-up capital to be at least

2.0 years. Tied-up capital amounted to 4.1 years at year-end and is in line with comparable listed real estate companies. No more than 40 per cent of the total interest-bearing liabilities should mature in any single year according to Klövern's financial policy. Spreading borrowing between many lenders reduces the financing risk. Klövern has loans from a number of credit institutions and its liabilities to any one of them do not exceed the maximum of 40 per cent of Klövern's interest-bearing liabilities. In addition, at year-end 2019, Klövern had outstanding bonds totalling SEK 7,800 million and commercial paper of which the outstanding volume totalled SEK 2,472 million.

Klövern has limited the interest rate risk by entering into forward rate agreements. At year-end 2019, the total volume amounted to SEK 4,415 million swaps and SEK 24,000 million interest-rate caps which, together with fixed-interest loans of SEK 908 million, means that 93 per cent of Klövern's credit was hedged at that time. At the same time Klövern is prepared and has approved derivative lines in order to restructure its derivative portfolio if needed. When the agreed interest for derivatives deviates from the market rate, there is a change in value that affects the company's income statement and balance sheet. However, the change in value has no effect on the cash flow. On maturity, the value of the derivatives used by Klövern is always zero. Through Klövern using various derivatives to manage its interest rate risk and possibly in future its currency risk as well, the Company is also exposed to the risk that the value of the derivatives changes.

Klövern reduces currency risk in the foreign property holdings by to a great extent financing these properties in local currencies. According to the finance policy, Klövern's total currency exposure may at most amount to ten per cent of total assets.

GOALS AND OUTCOME ACCORDING TO FINANCE POLICY

	Goals 2019	Outcome 2019	Goals 2020
Interest coverage ratio	Shall amount to at least 2.0.	✓ Achieved, 2,6.	Shall amount to at least 2.0.
Adjusted equity ratio	Shall in the long term amount to 40 per cent.	✓ Achieved, 43,5%.	Shall in the long term amount to 40 per cent.
Interest rate risk	At least 50 per cent of total loan volume shall have fixed interest or be hedged. The average period of fixed interest shall be at least 2.0 years.	✓ Achieved, 93%. ✓ Achieved, 2,5 years.	At least 50 per cent of total loan volume shall have fixed interest or be hedged. The average period of fixed interest shall be at least 2.0 years.
Base risk	Tied-up capital shall be at least 2.0 years. At most 40 per cent of total liabilities should mature during the same year.	✓ Achieved, 4,1 years. ✓ Achieved, 26%.	Tied-up capital shall be at least 2.0 years. At most 40 per cent of total liabilities should mature during the same year.
Refinancing risk	No more than 40 per cent of the capital requirement should derive from the same lender.	✓ Achieved, maximum share 17%.	No more than 40 per cent of the capital requirement should derive from the same lender.
Currency risk	At most 10 per cent of the total assets	✓ Achieved, 6%.	At most 10 per cent of the total assets.

REPUTATION AND BRAND

Klövern's reputation, including its brand, can be damaged by personnel, the Board, or suppliers acting unethically, in breach of rules, providing insufficient or incorrect information, or otherwise acting in conflict with the Company's values. Furthermore, the brand may be affected if, for example, serious personal injury is incurred by personnel or tenants or if Klövern does not work in a proactive way to reduce the Company's impact on the environment.

To manage these risks in the best possible way, there are a number of guidelines, policies and other documents with clear allocation of responsibility and authorities. These include a clear code of conduct both for personnel and suppliers as well as a communications policy, supplemented with detailed guidelines for communication. As regards the impact on the environment, Klövern has a comprehensive sustainability strategy which includes a number of long-term goals, including energy efficiency.

ORGANIZATION AND STAFF

Committed staff with the correct expertise are crucial for Klövern to be able to compete successfully in the real estate industry. There is always a risk that competent personnel will leave the company and/or that Klövern does not succeed in attracting and recruiting new competence. There is also a risk that the commitment and performance of personnel will be affected if the Company does not communicate in a clear way what its strategy entails, does not provide opportunities for internal development or does not ensure a secure and safe working environment.

These risks are managed, in among other ways, by established processes which ensure long-term provision of expertise, including succession planning for key individuals, good management and an openness for internal recruitment when new posts are to be filled. The Company also works actively to offer relevant development opportunities through Klövern Academy and to take care of the brand as an attractive employer. This includes, for example, that Klövern shall be a sustainable company in all dimensions. As regards understanding of the Company's strategy and values, this is

ensured at an early stage by the so-called on-boarding programme which all new staff participate in. Klövern's managers and a safety organization have an important role in ensuring that a good working environment is offered.

IT SECURITY

Klövern is dependent on IT systems for operation of important business systems, including systems that are used by administrative and financial functions in the Company. A number of underlying risks are associated with this in the form of, for example, stoppage of servers and virus attacks, which could have a large negative impact on the Company's operations. There is also a risk that unauthorized persons will intrude into the Company's IT-systems and cause damage to Klövern or the Company's tenants. Digitalization creates new commercial opportunities but can also mean new risks such as management of personal data.

Klövern engages in continuous proactive work with IT security and the Company's IT policy, combined with the document Guidelines for information security, IT and telephone provides clear guidance for all employees.

POLITICAL DECISIONS AND CHANGES IN RULES

There is a risk that political decisions and changes in rules will lead to a deterioration in the conditions for Klövern's operations. Two examples of such decisions and changes in rules are changed tax legislation and environmental legislation, which could affect future investment opportunities, development of value, development of earnings and financing.

A high level of expertise in the areas concerned is required to be able to manage and respond to new political decisions and rules in the best way. The expertise that Klövern's personnel have is supplemented when necessary by assistance from external counterparties, for example, with regard to financial accounting, tax legislation or other areas of law. It is also important for Klövern to attempt to anticipate changes by continuously monitoring political developments, to be updated on questions concerning the real estate industry and to have an ongoing dialogue with important counterparties.

Investor Relations

Klövern's IR activities shall strive for good relations with the participants in the capital market, create confidence in the company and in this way contribute to cost-effective financing through the company receiving a fair valuation by the market. This is to be accomplished by provision of clear information, responsiveness and good access. IR activities and related provision of information shall take place in compliance with current legislation, the EU Market Abuse Regulation (MAR), Nasdaq's rules, the Swedish financial supervisory authority Finansinspektionen's guidelines for listed and MTF companies, the Swedish Code of Corporate Governance and Klöver's communication policy and guidelines for communication.

Klövern was ranked #4 out of 35 real estate companies in the 2019 edition of Hugin & Munin, Fastighetsvärlden's competition for best information and communication efforts. With a total of 81 points, just like #2 and #3 on the list, Klöver was only 3 points away from the #1 position. The ranking, which was conducted for the 21st time, incorporates a number of aspects such as annual report, property portfolio, projects, sustainability, IR/quick facts, financing, and web/social media. Transparent and clear provision of information are important components in the long-term efforts to build trust in Klöver among investors, media, tenants and other stakeholders.

Press releases, interim reports and annual reports are published on and can be downloaded, both in Swedish and in English, from Klöver's website which also contains current information about the company, the shares and financial statistics and offers possibilities of subscribing to press releases and reports.

Klövern has a large number of shareholders. On 31 December 2019, the number of shareholders totalled 53,843 (47,696).

EQUITY ANALYSTS

Company	Analyst
ABG Sundal Collier	Tobias Kaj
Carnegie	Erik Granström, Fredrik Cyon
Danske Bank Markets	Philip Hallberg
DnB Markets	Simen Mortensen, Niklas Wetterling
Handelsbanken	Johan Edberg, David Flemmich
Kepler Cheuvreux	Jan Ihrfelt
Nordea	Niclas Höglund
Pareto Securities	Markus Henriksson
SEB	Stefan Andersson

Press releases, 2019

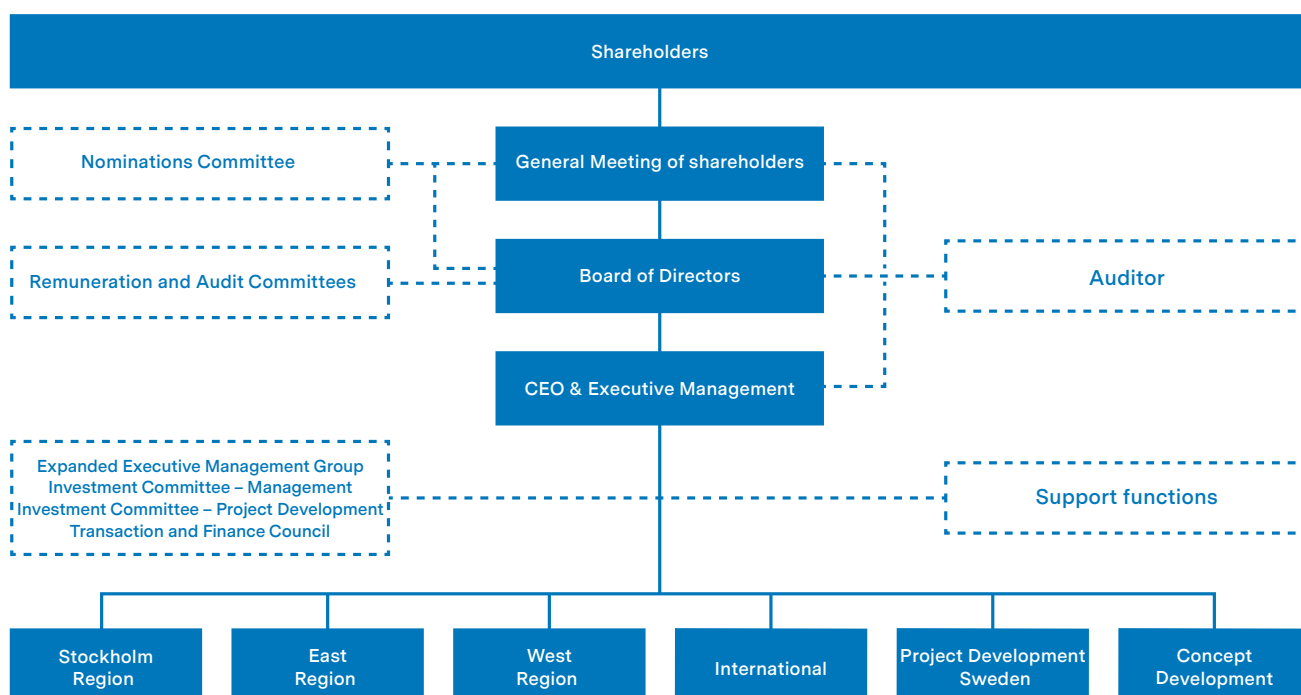
11 Jan 2019	Klövern publishes an updated base prospectus for MTN program
18 Jan 2019	Klövern acquires a property in Stockholm for SEK 633 million
21 Jan 2019	Klövern signs two rental contracts in Copenhagen
24 Jan 2019	Klövern issues SEK 1,000 million of additional green bonds
6 Feb 2019	Klövern issues SEK 400 million of additional green bonds
13 Feb 2019	Year-end Report January–December 2018
14 Feb 2019	Klövern issues SEK 200 million of additional green bonds and the framework of SEK 2,500 million is thereby fully utilized
21 Feb 2019	Klövern transfers own repurchased shares and acquires additional shares in Tobin Properties
28 Feb 2019	Number of shares in Klöver as of 28 February 2019
22 Mar 2019	Klövern's Annual report and Sustainability report for 2018
26 Mar 2019	Notice of annual general meeting of Klöver AB (publ)
3 Apr 2019	Klövern's property portfolio in Copenhagen fully let after signing of two additional contracts
5 Apr 2019	Klövern divests two properties in Partille and Västerås for SEK 75 million
26 Apr 2019	Interim Report January–March 2019
26 Apr 2019	Decisions at Annual General Meeting of Klöver AB (publ)
27 May 2019	Klövern increases its holding in Tobin Properties by subscription of shares in share issue with pre-emption rights for existing shareholders
28 May 2019	Klövern issues SEK 700 million of bonds
3 Jun 2019	Klövern acquires a property in New York
5 Jun 2019	Klövern requests compulsory redemption of all remaining shares in Tobin Properties AB (publ)
24 Jun 2019	Klövern divests 21 properties in Örebro, Malmö, Haninge and Växjö for SEK 1,570 million
26 Jun 2019	Klövern publishes prospectus and applies for listing of bond loan on Nasdaq Stockholm
27 Jun 2019	Klövern divests a property in Uppsala for SEK 258 million
12 Jul 2019	Interim Report January–June 2019
30 Aug 2019	Number of shares in Klöver as of 30 August 2019
13 Sep 2019	Klövern divests seven properties for SEK 622 million to funds managed by Blackstone
21 Oct 2019	Klövern divests 42 properties in Karlstad for SEK 2,610 million
23 Oct 2019	Interim Report January–September 2019
13 Nov 2019	Klövern signs a 20-year lease with Scandic Hotels
4 Dec 2019	Klövern and ALM Equity develop 1,000 apartments in Kista Square Garden
19 Dec 2019	Klövern acquires a property in Copenhagen for DKK 1,420 million
20 Dec 2019	Klövern acquires two properties in Linköping for SEK 345 million

Corporate governance



Corporate governance report

Klövern AB is a Swedish public real estate company which is listed on Nasdaq Stockholm and belongs to the Large Cap segment. Klöver's corporate governance describes how the owners control the company through the annual general meeting and the board and ensure that the CEO and the executive management create value and deal with the business risks.



Organization as from 1 January 2020.

The external framework for corporate governance is the Swedish Companies Act, the articles of association, Nasdaq's rules for issuers and the Swedish Code of Corporate Governance (The "Code"). There is also an internal framework issued by the Board, the most important parts being the rules of procedure of the Board, the instructions for the CEO and policies that serve as the framework for day-to-day operations including risk management and the ethical code and code of conduct.

The Code, which is supervised by the Swedish Corporate Governance Board, www.bolagstyrning.se, is based on self-regulation. The intention is to create good prerequisites for active responsible ownership. In 2019, Klöver has complied with the Code and there are accordingly no deviations to explain.

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance supplements current legislation and other regulations in order to provide appropriate and effective corporate governance. The code is not binding but deviations require explanation according to the principle of "comply or explain".

SHAREHOLDERS AND GENERAL MEETING

Shares and ownership

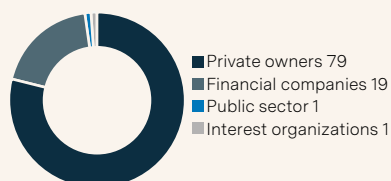
At year-end 2019, Klöver had 53,843 (47,696) shareholders and a share capital of SEK 1,865 million (1,865).



Part of Klöverns property portfolio in Kista, Stockholm, with Kista Gate in the foreground.

OWNER CATEGORIES

share of capital, %



The shares consisted of 71,951,248 ordinary shares of Class A, 844,042,732 ordinary shares of Class B and 16,444,000 preference shares, each with a quote value of SEK 2.00. Of the total number of shares 78 per cent (80) are owned by Swedish investors.

A Class A ordinary share confers one (1) vote while a Class B ordinary share, like a preference share, confers one-tenth (1/10) of a vote.

The fifteen largest shareholders represented together 63 per cent of the total share capital at the end of the year. Two shareholders, Corem Property Group AB and Rutger Arnhult via companies, each had a holding that exceeds 10 per cent of the capital at the end of 2019.

During the year, the share capital has not changed

through a new issue or similar. However, conversion of Class A ordinary shares has taken place as provided for in the articles of association, whereupon the number of votes in the company has changed. Further information is contained in the section Shares on page 60-64. There are no warrants or corresponding securities that can lead to additional shares in the company.

Articles of association

The name of the company is Klöver AB and the company is a Swedish public limited company, whose shares are registered on Nasdaq Stockholm and belong to the Large Cap segment. The company's corporate ID number is 556482-5833 with its registered office in Stockholm. Klöver has head offices in Stockholm and Nyköping. The annual general meeting may be held in Stockholm or Solna. Klöver's operations are, either directly or indirectly through subsidiaries, to own, manage, develop and sell properties as well as engaging in compatible activities. Class A ordinary shares, Class B ordinary shares and preference shares can be issued. The Company's financial year is the calendar year. Changes to the articles of association are made in accordance with the provisions of the Companies Act.

The articles of association are shown in their entirety at www.klovern.se.

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2019/2020

Director	Elected	Independent	No. of board meetings attended	No. of meetings of remuneration committee attended	Fee, Board, SEK 000s	Shareholding ³ , % of equity	Shareholding ³ , % of votes
Pia Gideon, Chairman	2013	Yes	17/17	6/6	420	0,0	0,0
Rutger Arnhult, CEO ^{1, 2}	2009	No	17/17	–	–	15.1	17.0
Eva Landén ¹	2011	No	17/17	–	200	–	–
Johanna Fagrell Köhler	2018	Yes	17/17	–	200	–	–
Ulf Ivarsson	2018	Yes	16/17	6/6	200	–	–

1) Rutger Arnhult and Eva Landén are dependent in relation to large owners and dependent in relation to the company and the Executive Management.

2) Rutger Arnhult also owns shares through companies corresponding to 45.0 per cent of the votes in Corem Property Group Source. Corem's Year-end report for 2019.

3) Direct or indirect shareholding in the Company as at year-end 2019/2020. Percentage of votes has been calculated excluding repurchased shares.

Minutes from all general meetings of shareholders are available at www.klovern.se. The 2020 annual general meeting will be held at Kista Gate, Kista at 2 pm on 24 April 2020.

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

The general meeting of shareholders is subject to the provisions of the Swedish Companies Act and the articles of association and is the highest decision-making body in a limited company. According to the Companies Act and the articles of association, all shareholders, who have a shareholding registered in their own name a certain number of days prior to the meeting and who have notified their intention to attend in the stipulated way, are entitled to participate in the general meeting and vote for the shares they own and represent. Shareholders also have the right to raise issues for discussion at the general meeting provided that the matter has been notified to the Board within the time limits specified in the Companies Act. Notice of general meetings of shareholders is issued in accordance with the Companies Act and the articles of association and is published by the Board. Notice of the annual general meeting of shareholders or an extraordinary shareholders meeting where the articles of association are to be considered shall be given no more than six weeks and no less than four weeks prior to the meeting. Notice of other extraordinary general meetings shall be given no more than six weeks and no less than three weeks prior to the meeting. At the meeting, shareholders have the right to decide, inter alia, on the appointment of the Board and auditors. Decisions at the annual general meeting are made with a majority of votes as stipulated by the Companies Act.

2019 ANNUAL GENERAL MEETING

Klövern's annual general meeting for 2019 was held on 26 April at Klöverns property, Kista Gate in Kista, Stockholm. The meeting was attended by 90 persons including shareholders, the Board, the auditor, representatives, assistants, analysts and other guests. They represented together 30 per cent (64) of the votes in the company. In addition to the mandatory items of business stated in the articles of association, decisions were made, inter alia, on

- A dividend of SEK 0.46 per ordinary share of Class A and B, in four instalments of SEK 0.11, 0.11, 0.12 and 0.12, and SEK 20.00 per preference share, in four instalments of SEK 5.00 each.
- Re-election of Pia Gideon as Chairman of the Board. Re-election of directors Rutger Arnhult, Johanna Fagrell Köhler, Ulf Ivarsson and Eva Landén.
- Re-election of Ernst & Young AB as auditor, with Fredrik Hävrén as auditor in charge.
- To increase the Board's fee from a total of SEK 1,000,000 to SEK 1,020,000, of which SEK 420,000 (400,000) shall be the fee for the Chairman of the Board and SEK 200,000

(200,000) the fee for each director. No fee is paid to directors who are employed by the company. No additional fee is paid to directors who perform work in committees. The auditor's fee is paid according to approved invoice.

- Renewed authorization for the Board to acquire and transfer the Company's own shares.
- Renewed authorization for the Board to decide on new issues of ordinary and/or preference shares.
- That no additional provision shall be made to Klöverns profit-sharing foundation for the time being.

SHARE REPURCHASE

Klövern has been authorized by the 2019 Annual General Meeting, until the 2020 Annual General Meeting, to repurchase its own shares so that the company holds a maximum of 10 per cent on any occasion of the total number of registered shares.

In accordance with this authorization, Klöverns acquired a net 756,740 Class B ordinary shares during the year for a total of SEK 7 million. At the end of the year, the holding of its own shares amounted to 90,956,740 Class B ordinary shares (90,200,000), corresponding to 9.8 per cent (9.7) of the total number of registered shares. The repurchased shares do not confer any votes or rights to dividend.

NOMINATIONS COMMITTEE

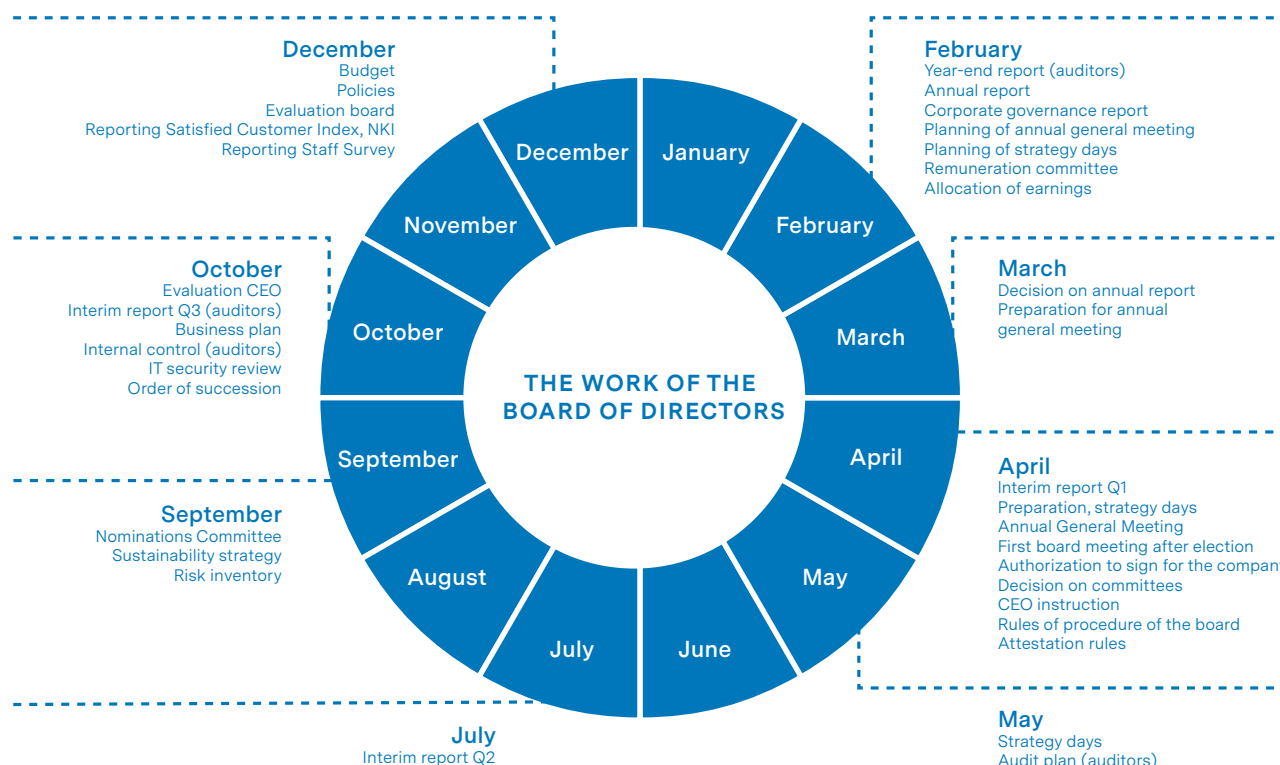
The work of the Nominations Committee

The 2019 Annual General Meeting decided that the Nominations Committee should be appointed annually and consist of the Chairman of the Board and representatives of each of the four largest shareholders in the Company on the last day of trading in September of the year prior to the annual general meeting. If one of these shareholders when approached does not wish to nominate a member to the committee, the next largest shareholder who has not been approached is to be asked to nominate a member.

The Nominations Committee ahead of the 2020 Annual General Meeting consists of Mia Arnhult (Rutger Arnhult via companies), Christina Tillman (Corem Property Group), Lars Höckenström (Gårdarika), Johannes Wingborg (Länsförsäkringars fondförvaltning) and Pia Gideon (Chairman of the Board). Mia Arnhult has been Chairman of the Nominations Committee during the year. No remuneration was paid to the members of the Nominations Committee.

Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail to styrelsenominering@klovern.se or by telephone on +46 10-482 70 00. The Nominations Committee has had three minuted meetings in preparation for the 2020 Annual General Meeting and has also been in contact by phone and e-mail.

The members of the Nominations Committee have considered and established that there is no conflict of interest in accepting the commission of member of Klöverns Nominations Committee. The work of the Nominations Committee has consisted of examining the evaluation of the Board and



The state of the market/business environment, transactions and projects, financial position, culture and organization, and update on strategic initiative are taken up at every Board meeting.

analyzing the experience and expertise required for the Board to work well based on the Company's strategy, position and business environment. The Nominations Committee has also held individual interviews with the board members. It also has the Nominations Committee's task to take into account in its work the matters referred to in the Code.

In its work ahead of the 2020 Annual General Meeting, the Nominations Committee has considered the company's strategy and its need of expertise in order to create good value growth for shareholders in a long-term sustainable way.

As a diversity policy, the company has applied Rule 4.1 of the Code which entails that there shall be an even gender distribution in the board, and that the board otherwise, taking into consideration the company's operations, stage of development and other factors, shall be diverse and broad with regard to competencies, experience and background. These qualifications taken together shall contribute to the independence and critical calling into question of the Board.

In the process of nominating directors, the Nominations Committee has applied Rule 4.1 of the Code. Klövern has for a long time had an even gender distribution, and will, if the Annual General Meeting vote according to the proposals of the Nominations Committee, continue to comply with the guidelines of the Code on this point. If the Annual General Meeting votes according to the proposals of the Nomina-

tions Committee, it is the understanding of the Nominations Committee that the Board will, given the above, be soundly composed.

The Nominations Committee has also examined and taken into account the recommendations of the Audit Committee on the appointment of an auditor.

The tasks of the Nominations Committee

The Nominations Committee shall make proposals to the annual general meeting on

- the chairman of the annual general meeting
- the chairman of the board
- board members with justification and the number of members and fee
- remuneration for participation in the work of committees
- rules for the composition of the Nominations Committee for the next annual general meeting
- the procedure for replacement of a member of the Nominations Committee before the work of the committee is completed.

The Nominations Committee shall also examine the recommendation of the Audit Committee on the appointment of auditor and the fee paid to the auditor, as well as making a proposal to the annual general meeting on the appointment of auditors.

THE BOARD OF DIRECTORS

The responsibility of the Board of Directors

The Board elected at the annual general meeting has the overall responsibility for the Company's strategy, organization and management on behalf of all shareholders. The Board works for the long-term creation of value in the Company. The responsibility of the Board of Directors comprises:

- drawing up a strategy, goal, budget and business plan,
- examining and approving the accounts,
- making decisions of investment and divestments,
- making decisions on capital structure and financial risk,
- developing the Group's policies,
- ensuring that there is a control system for follow-up,
- decisions on important changes of the organization and operations,
- appointing the CEO
- determining the salary and remuneration of the CEO and senior executives.

COMPOSITION

According to the Articles of Association, Klövern's Board of Directors shall consist of no less than four and no more than eight members. The Board consists of five directors, Pia Gideon (chairman), Rutger Arnhult (CEO), Johanna Fagrell Köhler, Ulf Ivarsson and Eva Landén.

INDEPENDENCE

According to the Swedish Code of Corporate Governance and Nasdaq Stockholm, the majority of the directors elected by the annual general meeting must be independent in relation to the Company and the Executive Management. At least two of the directors who are independent in relation to the Company and the Executive Management must also be independent in relation to the Company's major shareholders. To determine the independence of a director, the Nominations Committee is to make an overall assessment of all circumstances that may call into question the independence of that director. The results of the considerations made by the Nominations Committee must be presented in the Notice of the Annual General Meeting.

Three of Klövern's five directors, Ulf Ivarsson, Johanna Fagrell Köhler and Pia Gideon are independent both in relation to the Company and to the Executive Management. As at 31 December 2019, these three are also independent in relation to the major shareholders.

Rules of procedure

The work of the Board takes place in accordance with the rules of procedure adopted at the first ordinary board meeting after the annual general meeting. These rules of procedure include directives about the division of duties and reporting between the Board, the Chairman of the Board and

the CEO and the plan for the year which is followed for the work of the Board.

The Board's work during 2019

During 2019, there have been 17 (17) meetings, of which 1 (1) meeting following its election and 3 (2) meetings with decisions by circulation. In addition, the Board, the executive management and external lecturers have met for strategy-related work.

Every ordinary board meeting deals with the state of the market, acquisitions, divestments and investments, strategic initiatives, financial follow-up, the financial position, organization and company culture, a report from the management organization, customer-related issues and the state of the credit and financial markets. The head of finance reports regularly at every board meeting. In addition, senior executives are regularly invited to the Board to report on strategic initiatives.

During the year, focus has, among others, been placed on developing the Company's work with sustainability, the execution of a strategy resulting in a concentration on selected growth regions as well as expansion into markets outside of Sweden. The Board has also continued to follow the development of organization and leadership.

The Board has worked constantly with matters relating to internal control and risk management in the presence of the auditor. During the year, the Board has met the auditor without the CEO or another representative of the Company being present.

The work of the Board is continuously evaluated and an annual systematic and structured evaluation is drawn up in writing and the result reported by the Chairman of the Board to the Nominations Committee. The outcome in 2019 showed that the work of the Board functioned well, that the members of the Board had complementary expertise and that the composition of the Board promotes a good and open climate of discussion and collaboration.

THE TASK OF COMMITTEES

If the Board appoints committees, the rules of procedure must make clear which tasks and decision-making power have been delegated to the committees by the Board and how the committees are to report to the Board. The Audit Committee shall consist of at least three members of the Board. The majority of its committee members shall be independent in relation to the Company and the Executive Management. At least one of the members who are independent in relation to the Company and the Executive Management must also be independent in relation to the Company's major shareholders

Audit Committee

In the light of matters concerning financing, financial follow-up and risk management being so important in a real estate company of Klövern's size, the Board has decided that the whole board, with the exception of the CEO, shall constitute the Company's audit committee.

The Audit Committee and the board of the company meet the Company's auditor on a number of occasions during the year.

Remuneration Committee

The task of the Remuneration Committee is to prepare items of business concerning remuneration to the CEO and the senior executives and general principles for wages and incentives for decision by the Board. In 2019, the Remuneration Committee has consisted of the Chairman of the Board, Pia Gideon and Ulf Ivarsson. Malin Lundgren, Klövern's Head of HR, has been reporting to the committee. The Remuneration Committee has had 6 minuted meetings in 2019 and in addition continuously consulted on questions regarding remuneration and incentives.

The Nominations Committee has also used external expertise to ensure that the company's wages and incentives are at a market level.

Important decisions

- In January, a contract was signed to acquire a property in Stockholm for SEK 633 million.
- In January, a green bond loan was issued for SEK 1,000 million.
- In February, additional green bonds were issued totalling SEK 600 million.
- In May, SEK 700 million of bonds were issued.
- In June, an agreement was signed to acquire a property in New York for USD 22.6 million, corresponding to approximately SEK 215 million.
- In June, Klövern requested compulsory redemption of the minority shares in Tobin Properties as Klövern held more than nine-tenths of all shares.
- In June, an agreement was signed to divest 21 properties in Örebro, Malmö, Haninge and Växjö for SEK 1,570 million.
- In September, an agreement was signed to divest seven properties in Örebro, Kalmar, Halmstad, Linköping and Västerås for SEK 622 million.
- In October, an agreement was signed to divest the whole of Klövern's portfolio in Karlstad, consisting of 42 properties for SEK 2,610 million.
- In December, an agreement was signed with ALM Equity to jointly develop a property in Kista. The project is expected to result in around 1,000 small apartments and commercial areas in the form of offices, shops, restaurants and a garage.

- In December, an agreement was signed to acquire a property in Copenhagen for DKK 1,420 million, corresponding to around SEK 1,984 million with expected transfer of possession in April 2021.

AUDITORS

Ernst & Young AB was elected as the Company's auditor at the 2019 Annual General Meeting for the period until the 2020 Annual General Meeting. Fredric Hävrén is auditor-in-charge at Klövern AB. According to the Articles of Association, the auditor is elected annually. The auditor's mandate includes examination of the Company's accounts and annual report, as well as the management of the company by the senior executives and the Board. Unless specifically decided otherwise, the auditor is to examine the Company's corporate governance report, review remuneration to the senior executives and review the Company's nine-month report. Klövern's statutory sustainability report has also been examined by Ernst & Young.

The fee to the auditor is established, after a proposal from the Nominations Committee, at the Annual General Meeting. The 2019 Annual General Meeting decided that the fee to the auditor should be paid in accordance with approved invoices.

THE GROUP

The Group structure of Klövern AB consists of the parent company Klövern AB and 30 directly owned subsidiaries (29). The operations in Sweden are divided into 11 business units in three regions: Stockholm, West and East. Klövern also has properties in Copenhagen (which is a separate business unit) and New York. More information about the business units is available on pages 20-34.

FREDRIC HÄVRÉN

Born in 1971. Authorized public accountant since 2003. Employed by Ernst & Young AB since 1999.

Other assignments: Magnolia Bostad AB, Heba Fastighets AB, Nordisk Renting AB, Byggvesta AB, HSB Stockholm Ek. för and HSB Bostad AB.

Shareholding in Klövern: No shares.

THE CEO AND EXECUTIVE MANAGEMENT

The CEO reports at board meetings and provides the Board with ongoing information about the development of the Company.

The CEO leads the work of the Executive Management. As well as the CEO, the Executive Management group in 2019 consisted of the head of transactions, the head of finance, the corporate lawyer and the head of strategy and research.

The work of the Executive Management during 2019

The Executive Management deals with matters relating to ongoing activities and also matters of a financial character, strategy, personnel, transactions and financial reports.

The Executive Management participates in various councils and meetings within the organization.

The Executive Management has what are known as the Expanded Executive Management Group meetings regularly together with the regional managers and other key personnel in Klövern. Management-related, development and project-related issues are dealt with there.

The Investment Committee – Management meets every other week and consists of the CEO, project controllers, project managers, regional managers, head of valuation and head of transactions.

The Investment Committee – Project Development meets every sixth week and consists of the Executive Management and the head of the business area Project Development Sweden and project controllers. The Investment Committee scrutinizes all major projects in the Regions and Project Development and is also a preliminary body for projects that are to be passed on to the Board.

The Executive Management also continuously participates in Klövern's Transactions and Finance Council, where current transactions and financing are discussed with the relevant officers.

Once a year, the Executive Management and all personnel meet for a Klövern conference.

REMUNERATION AND INCENTIVE PROGRAMME

The CEO and senior executives

The Board proposes, and the Annual General Meeting decides upon, the principles for remuneration and other terms of employment for the CEO and other senior executives. The basic salary shall be at a market level and competitive and take into account the areas of responsibility and experience of the individual. Variable salary shall be linked to predetermined and measurable criteria, designed with the intention of promoting the long-term creation of value in the Company. The current incentive programmes are long-term and are intended to promote commitment to the Company and thus also added value for the shareholders.

The variable remuneration for Klövern's ordinary senior executives may amount to three months' basic salary. No variable remuneration is paid to the CEO. The period of notice is twelve months if notice is given by the Company and six months if notice is given by the employee. No severance pay is paid.

While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age is 65.

The Board's proposal for remuneration principles and conditions of employment which will be presented to the 2020 Annual General Meeting is substantially unchanged

compared with last year. However, they are updated in line with new rules in the area of remuneration, see www.klovern.se for complete guidelines.

During the year, Klövern has complied with the set guidelines for remuneration to senior executives. For more information, see Note 3.

REMUNERATION TO SENIOR EXECUTIVES

The process for determining the conditions for remuneration for the senior executives is to be formalized and transparent and take up the relationship between fixed and variable remuneration, as well as taking into account the link between performance and remuneration.

Board of directors and committees

Fees for the Board and participation in committees are proposed by the Nominations Committee and adopted by the annual general meeting.

INTERNAL GOVERNANCE AND CONTROL

Klövern is a highly active company with extensive transactions and projects that are initiated, carried out and completed during a financial year. Klövern encounters risks every day that can have an impact on its operations and ability to achieve the set goals. Risk management, good internal governance and control are therefore of high priority for the board and the company.

The Board's responsibility for financial reporting

According to the Companies Act and the Code, the Board bears ultimate responsibility for ensuring that the Company has sound internal governance and control and that its financial reporting complies with the applicable requirements. This is based on the parameters of COSO, the Committee of Sponsoring Organizations of the Treadway Commission. The internal control affects all functions in the Company and includes risk assessment and routines as well as following up goals.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board has the overall responsibility for the Company and is elected at the Annual General Meeting following a proposal made by the Nominations Committee. Its task is to manage the Company's business and safeguard the interest of all shareholders. Its undertakings are regulated by the Companies Act, the Articles of Association, the Swedish Code of Corporate Governance and its own rules of procedure. The Board must be of the size and composition that will ensure its ability to manage the Company's business with integrity and efficiency.

The control environment

The control environment and control measures ensure the effectiveness of the Company and serve as the basis for internal control. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO and includes rules of procedure for the Board and instructions to the CEO. Overall policies are continuously updated and adopted by the Board once a year. During the year, the Board has adopted the following policies:

- Audit policy
- Close associates policy
- Code of conduct and Sustainability policy
- Communication policy
- Crisis management and security/safety policy
- Finance policy
- IT policy
- Working environment policy

Important processes, in addition to financial reporting, such as accounting instructions, project administration and rental administration are laid down in separate documents, which are evaluated and developed continuously in accordance with changes in laws, recommendations, risks and procedures.

Risk assessment and control activities

The extent and assessment of the Company's risk management as a whole and financial reporting in particular is undertaken continuously by the Executive Management, the Board and the auditors. Through the Company's ongoing work related to sustainability, risks are identified and action proposed and implemented.

The finance department and the real estate department work alongside one another to ensure compliance with the guidelines.

A limited number of persons are entitled to sign for the Company and attestation rules have been drawn up.

Matters for decision are prepared in the Investment Committees, the Expanded Executive Management Group and the Transaction and Finance Council with the Executive Management participating. Representatives of the Executive Management regularly attend board meetings and the Board then follows up current issues and assessments directly with senior executives. The Group's operations, financial management and administration are reviewed twice a year by the Company's auditors who report their observations and any points of view directly to the Board.

Principles for accounting, reporting and audit are reviewed at the ordinary audit of the annual report and continuously in a dialogue between the Board and auditors.

Information and communication

External information is communicated through press releases and the website and taken care of in accordance with the communication policy adapted in accordance with Nasdaq Stockholm's rules and the Code.

Internal information is communicated through regular meetings within the organization and also via the Company's intranet. The main purpose of the intranet is to provide employees with a structured overall picture of operations and to serve as an easily accessible platform through which current and relevant information and documentation can be made available.

Follow-up

Financial follow-up takes place quarterly of all business units and companies and at group level. The follow-up takes place in relation to budgets and forecasts, according to a tried and tested model. Follow-up regarding liquidity and financial ratios take place monthly. The result is analyzed by the business unit, the real estate and finance departments and the regional manager responsible for performance. Reports are submitted to the Executive Management, the Board and the auditors.

Internal audit

Klövern's Board has made the assessment that no separate function for internal audit need be established. The method of work applied by Klövern for follow-up and control is considered to be sufficient and takes place as follows.

Klövern has a decentralized and transparent organization. The financial operations, accounting and rental administration as well as external information and the major part of internal information are handled mainly by the head office in Stockholm and Nyköping. The follow-up of profit and balance take place quarterly by both the various functions and by the business units, the Executive Management and the Board. The head of finance, the head of transactions and regional managers regularly attend board meetings. Clear documentation through policies and instructions together with recurrent follow-up and regular, ongoing and active discussions with auditors, ensure the correctness of the process. Management and reporting are formally scrutinized by the Company's auditor three times a year and reported to the Board.

Detailed information about Klövern's risk assessment, exposure and management is available in the section Risk and risk management on page 66-69.

Whistleblower function

Klövern has a whistleblower function to ensure correct application of the Code of Conduct. The whistleblower function is available for all employees through the Company's intranet. To ensure anonymity and correct handling of the information, the function is administered by an external party.



Board of Directors

The Board of Directors consists of five members with Pia Gideon as Chairman.

JOHANNA FAGRELL KÖHLER

Director since the 2018 Annual General Meeting. Born 1966.

CEO of Creuna AB.

Independent director.

Education: Graduate in business administration.

Other board assignments: Chairman of ClayPort AB, director of Creuna AB, G5 Entertainment AB (publ), S-group Holding AB, Julia Holding AB and Julia AB.

Shareholding in Klövern: No shareholding

RUTGER ARNHULT

Director since 2009. Born 1967.

CEO of Klövern AB (publ).

Dependent in relation to the Company, the Executive Management and major shareholders

Education: Graduate in business administration.

Other board assignments: Chairman of M2 Asset Management AB (publ), Director of Corem Property Group AB (publ).

Shareholding in Klövern: 12,528,484 Class A ordinary shares, 127,419,499 Class B ordinary shares and 655,284 preference shares, via company, directly and indirectly.

ULF IVARSSON

Director since the 2018 Annual General Meeting. Born 1961.

Co-founder and executive chairman of AB Stratio.

Independent director.

Education: Graduate in business administration.

Other board assignments: Chairman of Curago AB, FlexQube AB (publ), SmartHome4U Sweden AB and Syntegra Invest AB, director of PostProcess Technologies Inc.

Shareholding in Klövern: No shareholding

EVA LANDÉN

Director since the 2011 Annual General Meeting. Born 1965.

CEO of Corem Property Group AB (publ).

Dependent in relation to the Company, the Executive Management and major shareholders.

Education: Graduate in business administration.

Other board assignments: Chairman of Specialfastigheter AB (publ).

Shareholding in Klövern: No shareholding

PIA GIDEON

Chairman since the 2016 Annual General Meeting.

Director 2013-2016

Born 1954.

Independent director

Education: Graduate in business administration.

Other board assignments: Chairman of Action Aid Sverige and Qlucore AB, director of Metria AB, and Apoteket AB.

Shareholding in Klövern: 31,500 Class B ordinary shares.

Shareholding as at 31 December 2019.



Executive Management

The Executive Management consists of the CEO Rutger Arnhult and four executives with different areas of responsibility.

PEETER KINNUNEN

Head of Transactions
Born 1973

Employed since 2012.

Education: Master's degree in engineering.

Previous employment: COO Vanir Asset Management 2010–2012, Head of Transactions and Research Kungsleden AB (publ) 2007–2010.

Board assignments: No external assignments.

Shareholding in Klövern: 109,568 Class B ordinary shares and 1,685 preference shares.

RUTGER ARNHULT

CEO
Born 1967

Employed since 2012.

Education: Graduate in business administration.

Board assignments: Chairman of M2 Asset Management AB (publ), Director of Klövern AB (publ) and Corem Property Group AB (publ).

Shareholding in Klövern: 12,528,484 Class A ordinary shares, 127,419,499 Class B ordinary shares and 655,284 preference shares, via company, directly and indirectly.

MALIN LÖVEBORG

Corporate lawyer
Born 1978

Employed since 2017.

Education: Graduate in law. *Previous employment:* Lawyer/senior assistant lawyer Setterwalls advokatbyrå 2007–2017, assistant lawyer Hamilton advokatbyrå 2005–2007.

Board assignments: None.

Shareholding in Klövern: No shareholding

SUSANNE HÖRNFELDT

Head of Strategy and Research
Born 1969

Employed since 2014.

Education: Master's degree in engineering.

Previous employment: Consultant/Partner Newsec 2001–2014.

Board assignments: None.

Shareholding in Klövern: No shareholding

JENS ANDERSSON

Head Of Finance
Born 1973

Employed since 2013.

Education: Graduate in business administration.

Previous employment: Project manager, Catella Corporate Finance 2012–2013, CFO Vanir Asset Management 2010–2012. Senior Vice President Aareal Bank 2001–2010.

Board assignments: No external assignments.

Shareholding in Klövern: 67,000 Class A ordinary shares and 107,000 Class B ordinary shares via company directly and indirectly.



The property Arenan 3 in Stockholm adjacent to Globen.

Sustainability



Sustainability strategy and management

The starting point for Klöver's sustainability strategy can be found in the company's vision, business concept and values. The strategy describes Klöver's economic, environmental and social responsibility based on the UN global sustainability goals and the global climate agreement.

A strategic approach makes it possible to manage operations in a responsible way and respond to sustainability-related challenges and opportunities. It is important that Klöver's brand name inspires confidence and provide stability for shareholders and customers as well as our staff and other stakeholders.

For Klöver being a sustainable company is self-evident. As well as extensive environmental work, Klöver wishes to take social responsibility for its personnel and all the people

in and around our properties. We are convinced that sustainability is a prerequisite for successful business operations, attractive properties, satisfied customers and committed personnel. This is how Klöver creates value.

Work with sustainability applies to the whole organization. Responsibility is clearly shared in the organization through policies, guidelines, overarching goals and detailed plans of action. In addition, there are a number of laws, guidelines and regulations that govern activities.



The property Sigurd 7 (S7) in Västerås, certified according to Miljöbyggnad Silver. Smart redevelopment is about resource efficiency and seeing a building's potential.



The property Kopparhammaren 2 in Norrköping is environmentally certified according to Miljöbyggnad Guld and Silver.

For example, Klöver applies the principles of the UN Global Compact and the prudence concept in all aspects of its operations. Klöver's shareholders are those that ultimately make decisions on the company's governance and appoint the board.

DIALOGUE WITH STAKEHOLDERS AND MATERIALITY ANALYSIS

Klöver's work with sustainability is based on a broad dialogue with stakeholders and a materiality analysis, together with a close relationship with the most important groups of stakeholders. Accordingly, work with sustainability is based on the questions that are essential to the company's business strategy, taking into account stakeholder expectations and where the company has the greatest opportunities to contribute to a sustainable development of society.

Klöver reports on its work with sustainability in accordance with the Global Reporting Initiative (GRI) Standards level core which describes how we have worked with sustainability-related issues during 2019. The starting point for the report is the dialogue that has taken place with stakeholders and the materiality analysis. The report has been reviewed by Ernst & Young AB.

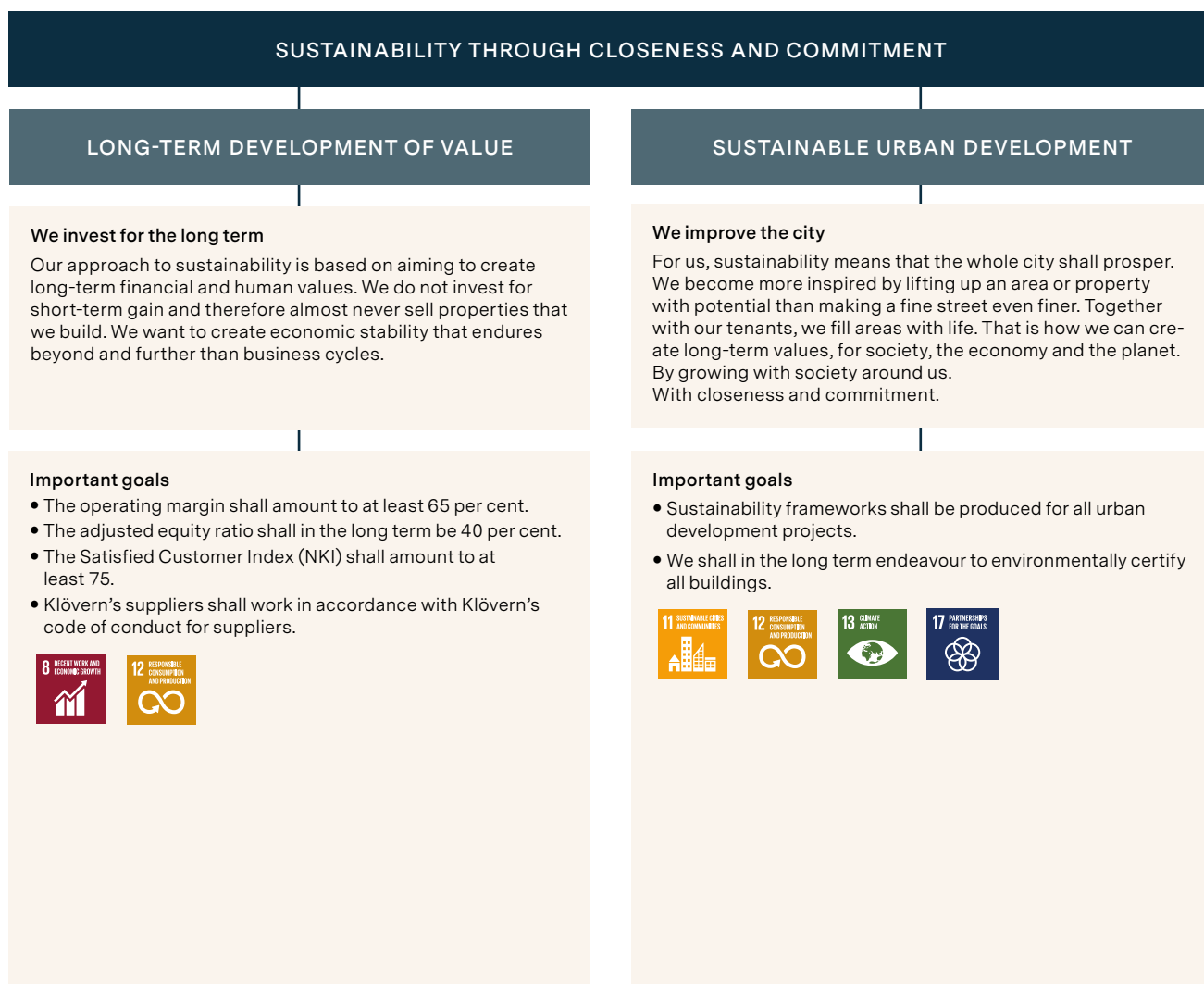
Sustainability goals

Klövern has long-term and ambitious goals for sustainability. The overall goal is to ensure an attractive property portfolio which creates long-term sustainable value without a negative impact on people or the environment.

The work with sustainability is integrated into all aspects of operations and shall lead to tangible results. The selected focus areas and sustainability goals reflect Klöver's responsibility to its stakeholders but also the areas where the opportunities for having an impact are greatest, the most important aspects. They describe how Klöver's operations

contribute to fulfilling the UN Global Sustainability goals and they address at the same time the greatest business- and climate-related risks as well as the great challenges facing the construction and real estate industry.

Klövern's goals aim to ensure that it maintains its position as one of the most sustainable real estate companies.





GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

The global goals, also known as Agenda 2030, are the most ambitious sustainable development agenda adopted by the countries of the world to date. Klöver's focus areas and sustainability goals describe how Klöver's operations contribute to the Global Goals in the areas where our ability to contribute is greatest.

SUSTAINABILITY THROUGH CLOSENESS AND COMMITMENT

THE CLIMATE

Climate-related work worthy of the name

We are confident about our climate-related work and allow independent researchers from the organization Science Based Targets to examine whether we comply with the goals of the Paris Agreement to stop climate change.

Important goals

- By 2022, all energy used in Klöver's buildings shall originate from renewable sources.
- By 2022, at least half of Klöver's properties shall have energy consumption lower than 100 kWh/sq.m.
- By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources.
- By 2025, Klöver's property management shall be climate-neutral.
- By 2030, Klöver's energy consumption shall be halved compared with 2018.
- Klöver shall endeavour to minimize the waste that is incinerated and sent to landfill, as well as increasing the waste that is recycled or reused.
- We shall make sure that our project operations are resource-efficient in the long term with as little impact on the climate as possible.



HEALTH AND COMMITMENT

Better health for staff and customers

For us sustainability means committed people who feel well. We are accordingly continuously working for Klöver to contribute to improving the health of its tenants and staff.

Important goals

- Klöver shall have committed, business-driven staff who live up to the company's values and are good ambassadors.
- Klöver shall provide a sound and safe work environment where everyone feels well.



Economic

Klövern's overall objective is to generate good value growth for the shareholders in a long-term sustainable way. Good profitability is a prerequisite for being able to invest in sustainability with full force, which in turn can contribute to the company's profitability in a virtuous cycle.

Being a financially stable commercial partner is good for the relationship with tenants, suppliers and creditors at the same time as a sound financial footing is important for retaining and attracting competent staff. From the strategies and targets presented by Klöver in the annual report it can be seen that, among others, the return on equity in the long term shall amount to at least 10 per cent. This target was exceeded by a wide margin in 2019, as the return on equity during the year amounted to 15.9 per cent.

Klövern's financial stability, measured as adjusted equity ratio, improved during the year by a bit more than 6 percentage points to 43.5 per cent, which is above the long-term target of 40 per cent.

It can be noted through the dialogue with stakeholders that it is important to achieve Klöver's financial goals. The stakeholder dialogue also indicates that climate impact is one of the most important areas for tenants. This is of key importance for Klöver; without customers who are satisfied with Klöver's work to reduce the company's climate impact it may be difficult to achieve the goals for, for example, net moving-in and profitability.

Green financing

During 2019, Klöver issued SEK 1,600 million of unsecured green bonds. The bond loan, with a total amount of SEK 2,500 million, has a maturity of four years with final maturity in April 2022. Green financing can be an increasingly important part of Klöver's financing in the future.

Value creation

The economic value created by Klöver consists mainly of rental income but also of changes in value of properties including the value created by project development and development of building rights. Income and changes in value ultimately create scope for dividend for shareholders; after suppliers, creditors, personnel and society have taken their share of the value created.

CUSTOMER SATISFACTION

Klövern's business concept is, with closeness and commitment, to offer attractive premises and actively contribute to urban development in growth regions. By being close at hand with its own locally based personnel, Klöver can provide fast service and keep good contact with its tenants. Being close also means having good knowledge of the market and good knowledge of its tenants and their everyday situation.

Klövern works in a structured and continuous way with customer care. This work includes internal workshops and measurement of the Satisfied Customer Index, an important tool to follow up customer service and ensure quality. The result of the NKI measurements also serves as the basis for improvement measures which can create even better customer satisfaction and loyalty.

NKI is measured every other year. The most recent measurement took place during the autumn of 2019 and produced an NKI of 70 (69) on a scale from 0 to 100. This is a good result even if some way still remains to Klöver's goals of at least 75. The tenants give Klöver a good rating in the categories Service reports and Customer care & personal service while there is scope for improving Customer dialogue and Care & Maintenance.



In the Stockholm Region, Klöver has beehives that produce honey and contribute to urban ecosystem services.

Environment

Klövern is part of a sustainable future. Through a high level of requirements and ambition, we create sustainable solutions for the businesses, individuals and society of the future.

Klövern works continuously to decrease the climate impact by

- lower use of energy,
- an increased share of renewable energy and
- increased resource efficiency.

In addition to initiatives to reduce the climate impact, Klöver has, as part of refining and improving our properties, started work to environmentally classify all buildings. Environmental classification is also a basis for climate adaptation, which is required to deal with future challenges arising from a more extreme climate.

ENERGY EFFICIENCY

Klövern has always worked to reduce the properties' energy consumption and optimize operations. New energy targets were adopted for 2019 with the long-term goal of halving energy consumption per square metre by 2030 in comparison with 2018. The first intermediate goal in the energy strategy is that at least half of the properties shall have a lower energy consumption than 100 kWh/sq.m. by 2022. We will achieve this, in among other ways, by optimizing operations and replacing older inefficient technology with modern technology, which reduces energy consumption. In line with this, Klöver is also testing the next innovation. During 2019, AI technology has been installed at one of our properties as a smart way of saving energy, and reduce the use of power.

At the end of 2019, the share of properties with a lower energy consumption than 100 kWh/sq.m amounted to 50

per cent. The property portfolio's average energy consumption was 95.4 kWh/sq.m. which can be compared with the average for the industry of 160 kWh/sq.m. (The Swedish National Board of Housing, Building and Planning and the Swedish Energy Agency).

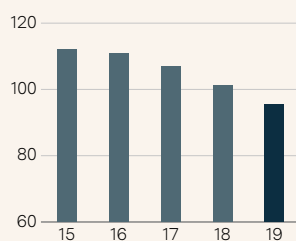
RENEWABLE ENERGY

Energy consumption in the form of electricity, cooling and heating accounts for a large part of a real estate company's climate impact. The energy purchased by Klöver is accordingly crucial for the work of adaptation. The goal is for all energy consumed in the buildings to have originated from renewable sources by 2022. During 2019, the share of renewable energy increased from 61.9 per cent to 68.2 per cent.

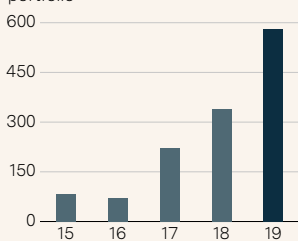
All electricity used in Klöver's buildings is renewable and comes from solar power or hydro-electric power. In cases when the district heating supplier cannot offer district heating solely from renewable sources of energy, climate compensation is made by the supplier for the emissions. The changeover to using only renewable energy is a crucial part of Klöver's goal to be climate-neutral in the property management by 2025.

Our ambition to adjust also entails producing renewable energy. We do this by using our roofs for solar power facilities. By 2025, the equivalent of five per cent of electricity consumption shall be self-produced from renewable sources. This corresponds to 5 GWh of electricity or household electricity to around 1,000 single-family houses a year. During 2019, we produced 580 MWh solar energy. Six new facilities were built during the year in Karlstad, Stockholm,

ENERGY CONSUMPTION
kWh/sq.m.



SOLAR ENERGY PRODUCTION
MWh total production comparable portfolio



In 2019, Klöver invested in the car sharing service Elbilio.



The property Kista Gate, Stockholm, During the year, several health-promotion activities took place and a refurbishment of Klöver's recycling office was started.

Nyköping, Gothenburg and Malmö with installed power of 745 kW.

RESOURCE EFFICIENCY, RENOVATION AND RECYCLING

Sustainable refurbishment and tenant customizations are among the real estate industry's great challenges. Klöver is focusing on increasing the share of waste which is recycled or reused and minimizing the waste which is incinerated or dumped. We see great opportunities to contribute to resource efficiency and a cyclical economy by environmentally-smart management of the flows of material and new business models. During 2019, the focus has been on sustainable adaptation of premises and increased reuse through our participation in IVL Svenska Miljöinstitutets's cross-industry projects on increased reuse when customizing premises. In the case of new construction or total refurbishments of buildings, Klöver uses the environmental certification system which secures energy efficiency and a resource efficient process.

ENVIRONMENTAL CERTIFICATION AND CLIMATE ADAPTATION

During 2019, Klöver has started work on environmentally classifying all properties. This means that we work, measure and report in the same way at all properties and can thus monitor, compare and plan improvement work. Our ambition

is to improve every property's environmental performance and environmentally certify the properties with the right prerequisites. In this way, Klöver creates sustainable and attractive properties with a long-term development of value. Environmental certification and active work to reduce energy consumption also enables green financing.

Klöver's work with environmental classification creates prerequisites to be better able to handle future climate crises by good knowledge of each particular property and carrying out climate adaptation where needed. It is also evident that environmentally classified or certified properties support our tenants in their adjustment work.

During the year, three new buildings were certified. Klöver now has 14 certified buildings according to the Swedish Green Building Council's Miljöbyggnad Silver/Gold level or a corresponding level of BREEAM and LEED.

CLIMATE REPORT

Our long-term aim is for operations to give rise to as little negative impact on the climate as possible. Since 2013, Klöver has calculated emissions according to the Greenhouse Gas Protocol. Klöver uses the protocol's scope 1, 2 and parts of Scope 3. The aim is to increase the number of

Social

We take responsibility for sustainability in the capacity of employer, company and participant in the community. This entails creating prerequisites for all personnel to prevent occupational injuries and ill health, and for seeing how people's differences and complementary expertise contribute to an innovative corporate environment.

categories in scope 3. For 2019 improved statistics for waste and commuting has been added. The outcome for the key figure kilograms CO₂e per sq.m. amounted to 5.2 during the year.

HEALTH AND COMMITMENT

Klövern's basic values consist of three parts: driving force, closeness and commitment. Driving force stands for creativity, curiosity and daring to try new things. Closeness stands for our way of working together with customers and colleagues. Commitment means going the extra mile and contributing to a good atmosphere but also taking great personal responsibility for the commercial operation. Klöver's core values are core parts of the business concept and are reflected in Klöver's code of conduct and sustainability policy.

Committed staff

Committed and business driven staff are Klöver's most important asset. Together with our personnel, we want to create a corporate culture that feels good and which we can be proud of – this strengthens Klöver's brand both as employer and real estate company.

We have carried out a staff survey for the seventh consecutive year to find out how our staff perceive their work situation and also how Klöver is regarded as an employer. We know that well-functioning work groups and management and a good culture lead to committed personnel, growth and efficiency. The staff survey for 2019 was carried out in a new format, eNPS (employee Net Promoter Score), to function better as a tool for change and improvement-related work in the organization. This means that the year's result cannot be compared with previous years' results or measured against the social sustainability goals for 2019. The measurement of Klöver's attractiveness and staff loyalty, eNPS, can instead be compared with a Nordic benchmark for 2019. In the result for 2019, all Klöver's indexes are above the external comparative figure. Furthermore, the response rate was 89 per cent (87), which is a very high level.

STAFF SURVEY

	2019	Nordic benchmark 2019	2018	2017
employee Net Promoter Score (eNPS)	22	9	–	–
Satisfied Employee Index (NMI)	–	–	73	75
Attractive Employer Index (AAI)	–	–	86	84
Leadership Index (LSI)	77	76	–	–
Management Index (CI)	–	–	80	81

Health and benefits

Klövern has invested in a number of health promotion measures to prevent occupational injuries and work-related ill health.

- Sustainability month. The year's sustainability initiative included a month-long climate challenge, and an investment in health which enabled all personnel to train with their colleagues once a week.
- External activities. Training and health are an important topic for external activities and events as well in which both customers and personnel are invited to participate. One example is "Lidingöloppet on Tour – Powered by Klöver" where we invited our tenants to run together with personnel at the locations where Klöver has properties.
- Health check-up. Every other year, all staff are offered a health check-up where a plan of action is produced to improve the health of staff. Check-ups took place during 2019.
- Keep-fit grant. All permanent employees have an annual keep-fit grant which 82 per cent used in 2019, a very high figure.
- Other benefits. All staff are offered health insurance, an occupational pension, subsidized lunches and a share in Klöver's profit-sharing foundation. At the end of 2019, the profit-sharing foundation held shares corresponding to 0.6 per cent of the company's share capital.

KEY FIGURES – STAFF

	2019	2018	2017
Employees at year-end, number ¹	247	248	244
– of which women/men, %	43/57	42/58	42/58
– of which subject to collective agreement, %	22	23	22
Average age, years	44	43	43
Staff turnover, %	14 ¹	12	10
Absence because of illness, %	2.7	3.8	2.3

1) Excluding Tobin Properties and Denmark.

Working environment

Klövern's staff shall feel that they work in a secure and safe working environment. There is a clear working environment policy anchored in the company, which provides guidelines for the organization's work. Work with the working environment and safety has been a major focus for Klövern during 2019. At the start of the year, the project Arbetsmiljö 2.0 was initiated with the intention of further improving our work and which is ultimately about everyone in our buildings having a safe and healthy working environment. The project includes updating routines and instructions, training and also a focus on a changed culture where we act in such a way that we create a good safety culture and working environment both for ourselves and our colleagues.

SUSTAINABLE SUPPLY CHAIN

During 2019, Klövern has worked on developing methods for a sustainable supply chain. Our suppliers of goods and ser-



vices shall comply with the same requirements for environmental consideration, social responsibility, business ethics and efficiency as Klövern makes on its own operations. The requirements are defined in our code of conduct for suppliers.

During 2019, a method was produced for sustainability analysis of the supply chain and at the same time work was started on integrating it into the purchasing process. Work with a sustainable supply chain is long-term and will be implemented over a number of years. This contains a number of steps from risk analysis to risk management and final follow-up of suppliers. During the year, all suppliers have been risk classified on the basis of industry-specific sustainability risks and a supplier's tool for self-rating has been introduced.

During 2019 the number of suppliers increased by 4 per cent. The target to reduce the number of suppliers has accordingly not been attained and an action plan will be prepared during 2020.



Klövern works continuously to ensure a sound and safe working environment where everyone feels well.

Financial Reports



Consolidated Statement of Income

Amount in SEK million	Notes	2019	2018
Income	2, 4, 28	3,638	3,250
Property costs	3, 4, 6	-1,175	-1,080
Operating surplus		2,463	2,170
Central administration	3, 5, 6	-159	-126
Financial income	7	19	21
Financial expenses	7	-818	-721
Costs relating to rights of use	7	-44	-
Profit from property management (properties)		1,462	1,344
Income, residential development		0	123
Costs, residential development	3, 5	-173	-160
Net financial items, residential development		9	-22
Profit, residential development	8	-164	-59
Share in earnings of associated companies	14	17	7
Revaluation, transition from associated company to subsidiary	8	-	22
Changes in value, properties	11	2,125	2,309
Changes in value, derivatives	27	-14	67
Change in value, financial assets	27	13	25
Impairment of goodwill	10	-6	-27
Profit before tax		3,433	3,688
Tax on profit for the year	9	-410	-354
NET PROFIT FOR THE YEAR		3,023	3,334
Attributable to:			
Parent company shareholders		3,003	3,345
Holdings without controlling influence		20	-11
		3,023	3,334

Consolidated Report of Comprehensive Income

Amount in SEK million	Notes	2019	2018
Net profit for the year		3,023	3,334
Other comprehensive income			
<i>Items that may be transferred or have been transferred to this year's earnings</i>			
Translation difference for international operations		33	63
Other comprehensive income after tax		33	63
NET COMPREHENSIVE INCOME FOR THE YEAR		3,056	3,397
Attributable to:			
Parent company shareholders		3,036	3,408
Holdings without controlling influence		20	-11
		3,056	3,397
Earnings per ordinary share, SEK	21	3.24 ¹	3.54 ¹
Dividend per ordinary share, SEK		0.50 ²	0.46
Dividend per preference share, SEK		20.00 ²	20.00

1) No dilution.

2) Proposed dividend.

Consolidated Balance Sheet

Amount in SEK million	Notes	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Goodwill	10	148	155
Investment properties	11	52,377	52,713
Rights of use	12	733	–
Machinery and equipment	13	28	27
Shares in associated companies	14	414	217
Financial assets valued at fair value	15	145	74
Other long-term receivables	16	1,479	1,247
Total non-current assets		55,324	54,433
Current assets			
Properties classified as current assets	17	650	444
Accounts receivable	18	72	58
Other receivables		569	469
Prepaid expenses and accrued income	19	649	482
Liquid funds		449	576
Total current assets		2,389	2,029
TOTAL ASSETS		57,713	56,462
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	20	1,865	1,865
Other capital contributed		4,786	4,786
Retained profits including net profit for the year		13,501	11,321
Shareholders' equity attributable to the parent company's shareholders		20,152	17,972
Holdings without controlling influence		131	172
Total shareholders' equity		20,283	18,144
Long-term liabilities			
Other provisions	22	48	–
Deferred tax liability	9	3,220	2,884
Interest-bearing liabilities	23, 27	25,903	28,641
Other long-term liabilities		39	12
Right of use liabilities	12	733	–
Derivatives	26, 27	65	85
Total long-term liabilities		30,008	31,622
Current liabilities			
Interest-bearing liabilities	23, 27	5,612	5,047
Accounts payable		247	270
Tax liability		52	25
Other liabilities	24	541	449
Accrued expenses and prepaid income	25	970	905
Total current liabilities		7,422	6,696
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		57,713	56,462

Consolidated Report of Change in Group Shareholder's Equity

Amount in SEK million	Share capital	Other capital contributed	Foreign currency conversion reserves	Retained earnings including net profit for the year	Total	Holdings without controlling influence	Total shareholders' equity
Opening shareholders' equity, 01.01.2018	1,865	4,786	–	7,854	14,505	–	14,505
Net profit for the year	–	–	–	3,345	3,345	–11	3,334
Other comprehensive income	–	–	63	–	63	–	63
Comprehensive income for the year			63	3,345	3,408	–11	3,397
Repurchase of own shares	–	–	–	–558	–558	–	–558
Dividend to holders of ordinary shares	–	–	–	–366	–366	–11	–377
Dividend to holders of preference shares	–	–	–	–329	–329	–	–329
Capital contribution	–	–	–	1,261	1,261	–	1,261
Change in holdings without controlling influence	–	–	–	51	51	194	245
Total contribution from and transfers of value to owners	–	–	–	59	59	183	242
Closing shareholders' equity, 31.12.2018	1,865	4,786	63	11,258	17,972	172	18,144
Net profit for the year	–	–	–	3,003	3,003	20	3,023
Other comprehensive income	–	–	33	–	33	–	33
Total comprehensive income for the year			33	3,003	3,036	20	3,056
Repurchase of own shares	–	–	–	–7	–7	–	–7
Dividend to holders of ordinary shares	–	–	–	–380	–380	–8	–388
Dividend to holders of preference shares	–	–	–	–329	–329	–	–329
Capital contribution	–	–	–	–78	–78	–	–78
Redemption of preference shares	–	–	–	–	–	–76	–76
Changes in holdings without controlling influence	–	–	–	–62	–62	23	–39
Total contribution from and transfers of value to owners	–	–	–	–856	–856	–61	–917
Shareholders' equity, 31.12.2019	1,865	4,786	96	13,405	20,152	131	20,283

Consolidated Statement of Cash Flow

Amount in SEK million	Notes	31.12.2019	31.12.2018
Current operations			
Operating surplus		2,463	2,170
Central administration		-159	-126
Profit from residential development		-164	-59
Reversal of depreciation		15	6
Interest received		19	46
Interest paid		-843	-661
Income tax paid		-3	0
Cash flow from current operations before changes in working capital		1,328	1,376
Change in properties (current assets)		-134	-16
Change in operating receivables		-52	-196
Change in operating liabilities		-374	84
Total change in working capital		-560	-128
Cash flow from current operations		768	1,248
Investment operations			
Divestment of properties	11	5,014	2,303
Acquisition of and investment in properties	11	-2,510	-7,289
Acquisition of subsidiaries		-	-174
Acquisition of machinery and equipment	13	-16	-15
Increase in financial non-current assets		-774	-466
Decrease in financial non-current assets		51	317
Cash flow from investment operations		1,765	-5,324
Financing operations			
Loans raised		7,470	17,380
Amortization		-9,230	-12,631
Realized changes in value, derivatives		-	-217
Repurchase of own shares		-7	-558
Capital contribution ¹		-78	1,261
Dividend		-692	-688
Changes in holdings without controlling influence		-123	66
Cash flow from financing operations		-2,660	4,613
Cash flow for the period		-127	537
Liquid funds at beginning of year		576	39
Liquid funds at year-end		449	576

1) In its entirety issues of hybrid bonds

Parent company statement of income

Amount in SEK million	Notes	2019	2018
Net sales	2	264	237
Cost of services sold	30	-201	-195
Gross profit		63	42
Central administration	3, 5, 6	-137	-119
Operating profit		-74	-77
Change in value of derivatives	27	24	70
Financial income	7	2,694	1,579
Financial expenses	7	-1,520	-523
Profit before tax		1,124	1,049
Tax on profit for the year	9	-87	-38
NET PROFIT FOR THE YEAR		1,037	1,011

Parent company's report on comprehensive income

Amount in SEK million	Notes	2019	2018
Net profit for the year		1,037	1,011
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE YEAR		1,037	1,011

Parent Company Balance Sheet

Amount in SEK million	Notes	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Machinery and equipment	13	6	6
Participation rights in group companies	31	1,917	1,973
Receivables from group companies	30	24,069	21,879
Derivatives	26, 27	16	17
Deferred tax assets	9	300	371
Total non-current assets		26,308	24,246
Current assets			
Accounts receivable	18	0	0
Receivables from group companies	30	6,557	3,877
Other receivables		534	249
Prepaid expenses and accrued income	19	276	95
Cash and bank		309	37
Total current assets		7,676	4,258
TOTAL ASSETS		33,984	28,504
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	20	1,865	1,865
Statutory reserve		721	721
Retained earnings		4,353	4,137
Net profit for the year		1,037	1,011
Total shareholders' equity		7,976	7,734
Long-term liabilities			
Interest-bearing liabilities	23, 27	14,147	15,597
Derivatives		65	89
Liabilities to group companies	30	895	1,028
Other liabilities		4	4
Total long-term liabilities		15,111	16,718
Current liabilities			
Interest-bearing liabilities	23, 27	5,209	3,530,
Accounts payable		14	13
Liabilities to group companies	30	5,174	49
Other liabilities	24	404	365
Accrued expenses and prepaid income	25	96	95
Total current liabilities		10,897	4,052
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		33,984	28,504

See Note 29 for information about the parent company's pledged assets and contingencies.

Change in Parent Company's Shareholders' Equity

Amount in SEK million	Share capital	Statutory reserve	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 01.01.2018	1,865	721	4,128	6,714
Net profit for the year	–	–	1,011	1,011
Other comprehensive income	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	1,011	1,011
Repurchase of own shares	–	–	–558	–558
Dividend to holders of ordinary shares	–	–	–366	–366
Dividend to holders of preference shares	–	–	–329	–329
Capital contribution	–	–	1,261	1,261
Total contribution from and transfer of value to owners	–	–	9	9
Closing shareholders' equity, 31.12.2018	1,865	721	5,148	7,734
Net profit for the year	–	–	1,037	1,037
Other comprehensive income	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	1,037	1,037
Repurchase of own shares	–	–	–7	–7
Dividend to holders of ordinary shares	–	–	–380	–380
Dividend to holders of preference shares	–	–	–329	–329
Capital contribution	–	–	–78	–78
Total contribution from and transfer of value to owners	–	–	–794	–794
Shareholders' equity 31.12.2019	1,865	721	5,391	7,976

Parent Company Statement of Cash Flow

Amount in SEK million	Notes	31.12.2019	31.12.2018
Current operations			
Operating profit		-74	-77
Reversal of depreciation		2	2
Interest received		660	52
Interest paid		-848	-656
Income tax paid		0	-
Cash flow from operations before changes in working capital		-260	-679
Change in operating receivables		-2,395	-1,558
Change in operating liabilities		4,960	96
Total change in working capital		2,565	-1,462
Cash flow from current operations		2,305	-2,141
Investment operations			
Acquisition of machinery and equipment	13	-2	-5
Investment in non-current financial assets	32	-2,695	-2,049
Cash flow from investment operations		-2,697	-2,054
Financing operations			
Change in long-term receivables		-195	-
Loans raised		1,720	5,045
Amortization		-1,464	-2,428
Realized change in value of derivatives		-	-201
Change in long-term liabilities		-133	-341
Repurchase of own shares		-7	-558
Capital contribution ¹		-78	1,261
Dividend/group contribution from subsidiaries		1,513	1,233
Dividend		-692	-688
Cash flow from financing operations		664	3,323
Cash flow for the period		272	-872
Liquid funds at beginning of year		37	909
Liquid funds at year-end		309	37

1) In its entirety issues of hybrid bonds.

Notes

Amounts are given in SEK million, unless otherwise stated

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION ABOUT THE COMPANY

Klövern AB (publ), company registration no. 556482-5833 is a Swedish limited company with its registered office in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm.

The consolidated accounts for 2019 consist of the Parent Company and its subsidiaries, together referred to as the Group. The annual accounts and consolidated accounts have been approved for publication by the Board on 19 March 2020. The Group's statements of income and other comprehensive income and the statement of financial position and the Parent Company's statement of income and balance sheet will be presented for adoption by the Annual General Meeting on 24 April 2020.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements made by the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the EU. The consolidated accounts have also been prepared in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting rules for groups.

The Parent Company applies the same accounting policies as the Group except in the cases stated below in the section "Parent Company's Accounting Policies". The deviations between the Parent Company's and the Group's policies are due to limitations in the applicability of IFRS to the Parent Company as a consequence of the Annual Report Act and, in some cases, for tax reasons.

BASIS OF VALUATION APPLIED IN THE PREPARATION OF THE FINANCIAL REPORTS

Assets and liabilities are reported at their historical acquisition values, except for certain financial assets, liabilities and investment properties, which are valued at their fair value in the consolidated balance sheet. Financial assets and liabilities valued at their fair value consist of derivative instruments and securities, valued at fair value in the consolidated statement of income. Investment properties are valued at fair value.

The Group's accounting policies have been applied consistently to the reporting and consolidation of the Parent Company and subsidiaries.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group. All amounts, unless otherwise stated, are rounded off to the nearest million.

ASSESSMENTS AND ESTIMATES IN THE FINANCIAL REPORTS

Preparing the financial reports in compliance with IFRS requires that the executive management makes assessments and estimates as well as assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may deviate from these estimates and assessments.

Estimates and assessments are regularly reviewed. Changed estimates are reported in the period that the change takes place if the change affects only this period, or in the period the change is made and in future periods if the change affects both the current and subsequent periods.

See also Note 34.

AMENDED ACCOUNTING POLICIES

The Group applies IFRS 16 Leases for the first time as from 1 January 2019. The simplified method is applied and comparative figures have accordingly not been recalculated. The transition to IFRS 16 has not had any material effect on the Group's reporting, financial position and cash flow statement.

The standard means that lessees shall report all lease contracts in the balance sheet with the exception of contracts for shorter periods than 12 months or low value contracts. In principle, the standard does not entail any changes in accounting for lessors. Out of the Group's lease contracts, reporting of site leasehold agreements has most significance. As a result of the introduction of IFRS 16, Klöver AB has reported a right of use asset and a financial leasing obligation, attributable to site leaseholds, in the balance sheet. Site leasehold fees and perpetual lease fees linked to these agreements, which were previously reported in the operating surplus, are reported as from 2019 in net financial items in the statement of income.

NEW IFRS WHICH HAVE NOT YET COME INTO EFFECT

Reworking of existing standards and other approved new standards and statements by the IFRS Interpretations Committee which come into effect during the coming financial year are not considered to have any significant impact on Klöver AB's reporting or financial position.

CLASSIFICATION AND RELATED MATTERS

Non-current assets and long-term liabilities in the Parent Company and the Group consist only of amounts expected to be recovered or paid after more than 12 months from the balance sheet date while current assets and current liabilities in the Parent Company and Group consist only of amounts that are expected to be recovered or paid within 12 months of the balance-sheet date.

Input data for valuation at fair value

Level 1 – Listed, unadjusted prices on active markets for identical assets or liabilities which Klöver AB has access to at the time of valuation.

Level 2 – Other input data than the listed prices which are included in Level 1 which are directly or indirectly observable for assets and liabilities.

Level 3 – Input data at Level 3 are non-observable input data for assets and liabilities.

Asset acquisition or business combinations

Acquisition of companies can be classified either as business combination or asset acquisition in accordance with IFRS 3. An individual assessment is to be made for each particular acquisition. In the event of the company acquisition mostly only consisting of property/ies and not including any significant processes, the acquisition is classified as an asset acquisition.

In the event of acquisition of operations, an assessment is made of how the acquisition should be reported based on the following criteria. The existence of employees and the complexity of the internal processes. Further, the number of operations and existence of agreements of various degrees of complexity. A large occurrence of these criteria leads to the acquisition being classified as a business combination and low incidence as an asset acquisition. In the Group, company acquisitions are usually classified as asset acquisitions as the primary objective is normally to acquire the company's property/ies.

Asset acquisition

In the event of acquisition of a subsidiary which is an asset acquisition, the acquisition cost is distributed to the individual assets and liabilities based on their fair values at the time of acquisition. Transaction expenses are added to the acquisition cost for the acquired net assets.

Properties and financial instruments are valued at fair value. Other items have not been revalued. In the event of asset acquisition, no deferred tax is reported attributable to the property acquisition. Any discount for acquisition value which is not tax deductible instead reduces the property's acquisition value.

All acquisitions that were made during the 2019 financial year have been classified as asset acquisitions.

Business combinations

In the event of business combinations where the transferred payment, any holding without controlling influence and the fair value of previously

NOTE 1 CONTINUED

held share (in the event of acquisition in stages), exceeds the fair value of the acquired assets and liabilities taken over which are reported separately, the difference is reported as goodwill. When the difference is negative, a low-price acquisition is reported directly in net profit for the year.

In the event of the acquisition not consisting of 100 per cent of the subsidiary, a holding without controlling influence arises. Klöver reports the holding without controlling influence at fair value, which means that the holdings without controlling influence have a share of goodwill.

In the event of an acquisition in stages, the goodwill is established on the date that the controlling influence arises. Previous holdings are valued at fair and value changes are reported in net profit for the year.

In the event of business combinations, full deferred tax is payable on the temporary differences between the asset's fair value and its residual value for tax purposes.

CONSOLIDATION POLICIES**Subsidiaries**

Subsidiaries are companies where the Parent Company Klöver has a controlling influence. A controlling influence entails directly or indirectly a right to determine a company's financial and operational strategies with a view to obtaining financial benefits. In the assessment of whether a controlling influence exists, potential voting shares that can be used without delay or converted shall be taken into consideration. Subsidiaries are consolidated in accordance with the acquisition accounting method. The method means that acquisition of a subsidiary is to be treated as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingencies. The acquisition value for the Group is determined by an acquisition analysis at the time of the acquisition. In the analysis, the fair value at the time of acquisition is established of the acquired identifiable assets, debts assumed and any holding without controlling influence.

The subsidiary's financial reports are included in the consolidated accounts from the date of acquisition until the date when the controlling influence ceases.

Associated companies

A company is reported as an associated company as Klöver owns at least 20 per cent but not more than 50 per cent of the votes or otherwise has a substantial influence over the operational and financial control. Associated companies are reported in the consolidated accounts in accordance with the equity method. The equity method means that the value of the shares in associated companies reported in the Group is corresponded to by the Group's share of the associated company's equity and goodwill any residual surplus value or undervaluation in the Group. In net profit for the year, the Group's share in the earnings of associated companies adjusted for depreciation, impairment and dissolution of acquired surplus value or undervaluation, is reported as "Share in earnings of associated companies". This share of earnings decreased by dividends received from the associated companies are the main change of the reported value of the shares in the associated company. The Group's share of other comprehensive income in the associated companies is reported on a separate line in the total comprehensive income for the Group. Klöver does not own any shares in companies classified as jointly-owned companies.

Transactions which are to be eliminated on consolidation

The Group's receivables and liabilities, income or expenses and unrealized gains or losses that arise from intra-group transactions are eliminated in their entirety when preparing the consolidated accounts.

Holdings without controlling influence

In a not wholly-owned subsidiary, holdings without controlling influence are reported as external shareholder's share of the subsidiary's equity. This item is included as part of Klöver's equity. The share is included in the statement of income attributed to holdings without controlling influence. The disclosure about the share of earnings attributable to holding without controlling influence is reported together with the statement of income. The effects of transactions with holders without controlling influence are reported in equity if they do not lead to any change in the controlling influence.

TRANSLATION OF FOREIGN OPERATIONS

The accounts for each of the foreign subsidiaries are reported in the functional currency which is the local currency where the operation

takes place. The Group's financial reports are presented in Swedish kronor (SEK). The statements of income and balance sheets of foreign operations are converted into SEK in accordance with the current method, which means that the balance sheets are converted at the exchange rate on the balance sheet date except non-monetary assets and liabilities that are converted at the historical acquisition values. The statements of income are converted at the average exchange rate for the period. The exchange rate differences on conversion are reported through other comprehensive income as a translation difference.

Transactions in foreign currency

Transactions in foreign currency are converted at the exchange rate at the time of the transaction. Monetary assets and liabilities in foreign currency are converted at the rate on the balance sheet date. Exchange rate differences arising in conversion are reported in net profit for the year. Exchange rate differences regarding accounts receivable and accounts payable are reported in the operating profit, whereas exchange-rate differences regarding financial assets and debt are reported in net financial items.

INCOME

Klöver's income consists of rental income from letting of commercial properties. Rental income is reported in the period which the tenant makes use of the premises in accordance with IFRS 16 Leases. IFRS 15 requires a breakdown between rent for premises and services. Approximately 9 per cent of rental income consists of service income. Actions that Klöver undertakes in tenancy agreements such as providing the premises with, for example, heating and cooling are an integrated part of the rent as the tenants cannot affect the choice of supplier, frequency or other influence over performance. The service that is provided to the tenants has thus been considered to be an integrated part of the rent so that all compensation is reported as rent.

Rental income from investment properties is reported in the statement of income based on the terms of the lease contracts. In cases where leases allow for a reduced rent for a particular period, which is compensated for by a higher rent during another period, the difference is accrued on the straight-line method over the lease contract term.

Other income consists of income from early termination of leases, which is recognized as income at the time that the payment is received and income from rental guarantees recognized during the period covered by the guarantee as well as insurance indemnification.

Income from property divestments is normally reported on the date of transfer of possession unless the risks and benefits have passed to the purchaser at an earlier date. Control over the asset may have been transferred on an earlier occasion than the date of taking possession and, if this has been the case, the property divestment is reported as income at that earlier date. The assessment of appropriate revenue recognition considers the agreements made by the parties with regard to risks and benefits and commitment in the continuing administration of the property. In addition, circumstances are taken into account that may affect the result of the transaction, which are outside the control of the vendor and/or purchaser. The realized change in value of properties sold is based on the difference between the fair value of the properties in the most recent financial statements and the price that the properties have been sold for. Unrealized changes in value from previous years are included in the properties' fair value and are therefore not visible in the realized change in value.

SEGMENT REPORTING

An operating segment is part of a group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available.

The operations of the Group are divided into operating segments that are followed up by the executive management, which are three regions and international operations. Each segment has a manager who is responsible for the everyday operations and who makes regular reports to the executive management. The executive management follows up the operating profit and on the asset side the value of the properties and investments. Financing takes place centrally and is not divided up by segment.

RESIDENTIAL DEVELOPMENT

Klöver's residential development operations take place mainly in the subsidiary Tobin Properties AB are reported under the heading Residential development. The focus of this operation is development of housing.

NOTE 1 CONTINUED

Contract work

Tobin's residential project development takes place mainly through the company entering into agreements with a tenant-owners' association where one part concerns the transfer of land and the other the contract. These agreements are conditional on one another and are treated for accounting purposes as a single combined agreement.

Income from contract agreements is reported over time as Tobin performs the contract on the customer's land or that the access or service does not create any alternative use for Tobin and where Tobin is entitled to compensation including a margin for the performance achieved at every given point in time. Accordingly, control is progressively transferred over time and income is accordingly reported over time. The fact that income is reported in stages entails that the contract income and expenses are reported in accordance with the working up and extent of sales of the contract. According to this method, the contract income and expenses are matched on the basis of the work performed up to the end of the reporting period, which provides a direct link between the financial reporting and the operations engaged in during the period. The extent of working-up is determined mainly on the basis of project expenses incurred in relation to the estimated total project expenses.

Revaluations (changed forecasts) of the project's expected final earnings entail correction of previously reported earnings for the projects concerned. Such corrections are included in the reported earnings for the period. Assessed losses are charged in their entirety directly to net profit for the period. Reporting of income in accordance with percentage of completion is applied from the initial stage of the project if a reliable assessment can be made and continues on the same conditions until the project is completed.

Since 2018, Nasdaq Stockholm and now the financial supervisory authority, Finansinspektionen, has engaged in a dialogue with listed residential developers on application of IFRS 10 Consolidated Financial Statements, IFRS 15 Revenue from Contracts with Customers and the bases for assessments of whether tenant-owners' associations are independent or not. Given that a number of the largest companies in the industry consolidate or intend to consolidate tenant owners' associations and report income in accordance with the completed contract method, Tobin Properties AB has decided to comply with Finansinspektionen's intentions and changes its accounting policy as from 1 January 2020. This accordingly means that projects with Swedish tenants' owner associations will be consolidated in Klöver's accounts from 2020 and conversion figures for 2019 will be published. The changed accounting policy is not estimated to have any significant effect on Klöver's statement of income and balance sheet and key figures nor on Klöver's risk scenario and financial position.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE Property costs

Property costs consist of costs for operation, caretaking, letting, administration and maintenance of the property portfolio.

Central administration

Central administration consists of costs for group functions and ownership of the Group's subsidiaries.

Financial income and expenses

Financial income and expenses consists of interest income on bank funds and receivables and interest expenses on loans. Interest expenses include accrued amounts of issue costs and similar direct transaction costs to raise loans.

Dividend income is reported when the right to receive payment is established. Realized and unrealized profits and losses on financial investments and derivative instruments used in the financial operations are recognized as changes in value under a separate heading in the statement of income. Interest income and expenses are reported in profit in the period to which they are attributed.

TAXES

Income taxes comprise current tax and deferred tax. Taxes are reported in the statement of income except when the underlying transaction is reported directly against equity, in which case the accompanying tax effect is recognised directly in equity.

Current taxes are taxes payable or to be refunded relating to the current year, applying the tax rates that have been decided or are in practice decided on the balance-sheet date. Adjustment of current taxes attributable to earlier periods is also included here.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that have arisen at the time of initial reporting of assets and liabilities which are asset acquisitions and which at the time of the transaction neither affect the reported nor taxable earnings. Neither are temporary differences taken into account that relate to shares in subsidiaries or associated companies which are not expected to be cancelled in the foreseeable future. Deferred tax is calculated applying the tax rates and tax rules that have been decided or in practice are decided on the balance-sheet date.

Deferred tax assets for deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that they will be utilized. The value of the deferred tax assets is reduced when it is no longer regarded as probable that they can be used.

Current tax has been calculated at a tax rate of 21.4 per cent. Deferred tax has been calculated at the tax rate 20.6 per cent which is applicable from 2021 onwards, as the difference in tax rates attributable to what may be realized in the coming year and which affects taxes is an insignificant amount. With respect to Denmark, current and deferred tax are calculated at 22.0 per cent.

FINANCIAL INSTRUMENTS

Financial instruments reported in the balance sheet include on the asset side liquid funds, accounts receivable, other receivables and derivatives and securities. Liabilities include accounts payable, loan debts, other liabilities and derivatives and financial instruments.

Accounts receivable and debt instruments issued are reported when they are issued. Other financial assets and financial liabilities are reported when the Group becomes a party in accordance with the instrument's contractual terms.

Financial instruments are recognized initially at fair value, corresponding to acquisition value, with a supplement for transaction costs, with the exception of the category of financial instruments recognized at fair value through the statement of income where transaction costs are not included.

A financial asset is removed from the balance sheet when the rights in the agreement have been realized, mature or the company no longer has control over it. A financial liability is removed from the balance sheet when the obligation in the agreement has been performed or otherwise extinguished.

Financial assets and financial liabilities are set off and reported at a net amount in the statement of financial position only when the Group has a legal right to set off the reported amounts and it is intended to adjust the items at a net amount or to realize the asset at the same time and settle the debt at the same time.

Classification and valuation

Financial assets

The applicable categories for Klöver's financial assets are accrued acquisition value and fair value through profit or loss.

A financial asset is valued at accrued acquisition value if it is held with the intention of receiving contractual cash flows and it gives rise on set dates to cash flows that are only payments of principal amounts and interest on the outstanding principal. Klöver's financial assets included in this category are accounts receivable, liquid funds and other receivables.

The expected maturities of accounts receivable are, however, short, and the value is accordingly reported at the nominal amount without discounting. Accounts receivable and loans receivable are recognized at the amount expected to be received, that is after deduction for doubtful

NOTE 1 CONTINUED

claims. Liquid funds and other assets with short maturities are reported at nominal value.

Financial liabilities

Financial liabilities are classified as valued at accrued acquisition value or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as being held for purpose of trade, as a derivative for which hedge accounting is not applied or it has been identified as such at the time of initial recognition.

Subsequent valuation of other financial liabilities takes place at accrued acquisition value according to the effective interest method. Interest expense and profits or losses on removal from the balance sheet are reported in earnings. In particular, the Group's interest-bearing liabilities are included in this category. Accounts payable and other short-term operating liabilities which are financial liabilities are recognized due to the short maturity at nominal value.

Derivative instruments

Derivative instruments are reported in the balance sheet on the contract date and are valued at fair value, both initially and in subsequent revaluations. The Group uses derivatives of financial instruments to reduce interest rate risks. Borrowing at variable interest is exchanged for a fixed interest loan by interest rate swap contracts. The Group reports interest rate swap contracts as financial instruments valued at fair value through the statement of income. Hedge accounting is not applied. Interest rate coupons which are placed on interest rate swaps are reported under interest expenses.

Impairment

The Group makes an assessment on each balance-sheet date whether there are objective grounds for impairment of a financial asset. A provision is made for deterioration of value of accounts receivable by an assessment of expected credit losses. Significant financial difficulties for the debtor, the probability of a debtor being declared bankrupt or undergoing financial reconstruction and non- or delayed payments (more than 30 days past their due date) are considered as indicators that there may be a need for impairment of an account receivable.

INTANGIBLE ASSETS**Goodwill**

Goodwill mainly arises through deferred tax calculated according to accounting rules and the value of deferred tax set by the parties in transactions. In accounting terms, deferred tax is calculated on the difference between fair values and tax values. In transactions, deferred tax is evaluated usually based on the probability of it falling due for payment as well as a time factor when any payment will take place. Consideration of impairment requirements of goodwill relating to divestments and impairments of the value of the properties is made annually.

TANGIBLE NON-CURRENT ASSETS**Assets owned**

Tangible non-current assets are reported in the Group at acquisition value after deduction for accumulated depreciation and any impairment. The acquisition value includes the purchase price and costs directly attributable to the asset to bring it to the location and to put it in a condition to be used in accordance with the intention of the acquisition.

Lease assets

Lease contracts are classified in 2018 as either financial or operational leasing. Lease contracts where all significant risks and benefits associated with ownership pass to the lessor are classified as operational lease contracts. Tenancy contracts pertaining to investment properties are to be treated as operational lease contracts.

From 1 January 2019, IFRS 16 Leases comes into effect, which means that assets and liabilities relating to all lease contracts with some exemptions, are to be reported in the balance sheet as rights of use.

Klövern has decided to apply the simplified method of transition and does not apply the standard retroactively. The same value has been set

on the reported rights of use as the reported leasing liability as at 1 January 2019. In its capacity of lessee, Klövern has identified site leasehold agreements as the single most important item.

Site leaseholds are regarded by IFRS 16 as perpetual tenancy agreements and reported at fair value and will thus not be amortized. The value of rights of use remain to the next renegotiation of the respective site leasehold. Leasing liability is not amortized, the value is unchanged until the renegotiation of the respective site leasehold. Site leasehold costs are reported in their entirety as a financial expense, which differs from the previous application under IAS 17.

Other lease contracts identified by Klövern within the framework of definitions of lease contracts in accordance with IFRS 16 mostly concern vehicles. These lease contracts have been reported as rights of use assets and corresponding leasing liabilities as at 1 January 2019. Rights of use assets are amortized over the term of the lease while leasing liabilities run with interest and are amortized over the term of the lease.

Klövern continuously analyses the valuation of the leasing liability on the basis of changed or additional lease contracts. Short-term leasing and leasing involving small values are expensed over the term.

Depreciation principles, machinery and equipment

Linear depreciation takes place over the estimated period of use of the asset.

Estimated periods of use:

– machinery and equipment 3–10 years

Assessment of the residual value of an asset and period of use is made annually.

Investment properties

Investment properties are properties held with a view to obtaining rental income or an increase in value or a combination of these purposes. Initially, an investment property is entered in the balance sheet at its acquisition cost, which includes expenses directly attributable to the acquisition.

Investment properties are reported in consolidated balance sheet at their fair value, see Note 11. Every quarter, Klövern values 100 per cent of the property portfolio, of which normally 20–30 per cent externally and the rest internally. This means that every property in the portfolio is valued externally at least once during a rolling 12-month period. The valuation model used by both the external valuers and Klövern is yield valuation according to the cash flow model. From the outcome of the cash flow model, the fair value of the property is assessed before deduction for selling expenses.

Both realized and unrealized changes in value are recognized in the statement of income. Rental income and income from property sales are recognized in accordance with the policies described in the section on reporting of income. Additional expenses, which increase value, are capitalized. All other additional expenses are reported as a cost in the period in which they occur. Repairs and maintenance are expensed in connection with the expense arising. In major projects, the interest expense is capitalized during the period of production.

Reporting of borrowing costs

The Group does not capitalize interest on the assets' acquisition value from 2019 onwards.

Impairment

The Group's reported tangible non-current assets are assessed on every balance-sheet date to determine whether there are indications that impairment is required. Exemptions are made for investment properties which are reported at fair value according to IAS 40. If there are indications of an impairment requirement, the asset's recovery value is calculated.

LIQUID FUNDS

Liquid funds consist of cash and immediately available deposits at banks and corresponding institutions. Savings accounts deposits are funds

NOTE 1 CONTINUED

that serve as collateral for repayment of loans or for financing of investments in properties and are reported as other receivables.

STATEMENT OF CASH FLOW

The statement of cash flow has been prepared using the indirect method.

REPURCHASE OF OWN SHARES

Acquisition of own shares is reported as a deductible item from equity. Payments for divestments of such an equity instrument are reported as an increase in equity. Any transaction expenses are reported directly against equity.

DIVIDENDS

Dividends are reported as a liability after the annual general meeting/extraordinary general meeting of shareholders has approved the dividend. Anticipated dividend is reported as a financial income at the recipient.

EARNINGS PER SHARE

Earnings per share is calculated on the basis of net profit for the year in the Group attributable to the parent company's shareholders and on the weighted average number of outstanding shares during the year.

REMUNERATION TO EMPLOYEES

Pensions may be classified as defined contribution or defined benefit schemes. Plans where the company's undertaking is limited to the contributions the company has undertaken to pay are classified as defined contribution pension schemes. Klöver's pension schemes are considered to be defined contribution. Undertakings concerning contributions to defined contribution pension schemes are reported as a cost in the income statement when they arise.

Compensation to employees such as salaries, social costs, vacation and paid sickness leave are reported as the employees perform services.

Share-related remuneration

Cash-regulated options give rise to an undertaking to the employee, which is valued at fair value and reported as an expense with a corresponding increase of liabilities. Fair value is initially calculated on the allocation date and apportioned over the earning period. The fair value of the cash-regulated options is calculated applying the Black-Scholes model taking into consideration the terms and conditions and prerequisites of the instruments allocated. The liability is revalued on every balance-sheet date as well as when it is settled. All changes in fair value of the liability are reported in net profit for the year.

PROVISIONS

A provision is reported in the balance sheet when the Group has an existing legal or informal undertaking which is a consequence of an event that has taken place, and it is probable that an outflow of financial resources will be required to settle the undertaking and a reliable estimate of the amount can be made. When the effect of the time at which the payment is made is important, provisions are calculated by discounting the expected future cash flow at an interest rate before tax which reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

PROPERTIES CLASSIFIED AS CURRENT ASSETS

Short-term development properties

Development properties are wholly attributable to residential development operations, which are conducted in the subsidiary Tobin Properties AB. Short-term development properties are properties that are undeveloped or built for future production of tenant-owned apartments. The properties are not intended to be held in the long term. Short-term development properties are reported in accordance with IAS 2 Inventories which entails valuation at the lowest of acquisition value and the net sale value (estimated sale price after deduction of estimated completion costs). Property acquisition takes place either as direct acquisition of one or more individual properties or as acquisition of shares in a property-owning company. Short-term development properties acquired by

direct acquisition are normally reported as an asset during the reporting period when the binding agreement on acquisition was entered into unless circumstances in the agreement's wording affect the reporting period chosen. On acquisition of shares in a property-owning company, the asset is normally reported in the period when access to the shares takes place. Production costs for short-term development properties include direct costs and a reasonable share of indirect costs.

THE PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has drawn up its annual accounts according to the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Board RFR 2, Reporting of a legal entity. The statements of the Swedish Financial Reporting Board on listed companies are also applied. According to RFR 2, the Parent Company shall apply all of the IFRSs approved by the EU and opinions to the greatest possible extent in the annual accounts for the legal entity within the framework of the Annual Report Act and taking into consideration the link between accounting and taxation. The recommendation states the exceptions and additions that are to be made in relation to IFRS being applied consistently in all periods presented in the Parent Company's financial reports.

Differences between the Group's and the Parent Company's accounting policies

The differences between the Group's and the Parent Company's accounting policies are shown below. The accounting policies for the Parent Company shown below have been applied consistently in all periods presented in the parent company's financial reports.

Changed accounting policies

On 1 January 2019, IFRS 16 Leases came into effect. Klöver makes use of the exception in RFR 2 and reports leasing fees from any lease contracts as an expense on a linear basis over the term of the lease. Any right of use and leasing liability are thus not reported in the balance sheet and the change accordingly does not have any effect on the company's reporting.

Unless otherwise stated below, the Parent Company's accounting policies during 2019 have been changed in accordance with the above statements applicable to the Group.

Invoiced sales to subsidiaries

In the capacity of Parent Company, Klöver continuously provides the subsidiaries with services relating to operation, management, marketing, accounting, legal and financial advice, IT support, invoicing services, and group purchases. The amounts are invoiced to the subsidiaries quarterly in arrears and based on the respective subsidiary's property portfolio.

Subsidiaries

Shares in subsidiaries are reported in the Parent Company in accordance with the cost method. Group contributions and dividends received are reported as income. The value of shares in subsidiaries are continuously assessed. If the book value of the shares exceeds the consolidation value, impairment is made that is charged to earnings.

Financial instruments

The company applies the exemption in RFR 2 and reports financial instruments based on the principles of the Annual Reports Act. The differences that this entails in comparison with the Group's principles are that the Parent Company's holding of interest rate derivatives is reported in accordance with a form of the lower of cost or market, where values that are lower than the acquisition value are reported in the balance sheet with the change of value reported in the statement of income. Accordingly, interest rate swaps with a negative value are reported in the balance sheet at this negative value.

Receivables in the Parent Company consist only of receivables from subsidiaries recognized at acquisition value. Receivables on subsidiaries are analyzed in the general model and the expected credit provisions are calculated based on the contracts with adjustments for forward-looking factors and taking into consideration the value of collateral. Receivables without collateral in properties amount to insignificant amounts and given the value of the collateral the provisions are insignificant amounts.

NOTE 1 CONTINUED

The Parent Company applies the exemption not to evaluate financial guarantee agreements in favour of subsidiaries and associated companies in accordance with the rules in IFRS 9, but instead applying the principles of valuation according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Tangible non-current assets

Machinery and equipment in the Parent Company are reported at acquisition value after deduction for accumulated depreciation and any impairment in the same way as for the Group but with an addition for any write-ups.

Group contributions, dividends and shareholder contribution for legal entities

Group contributions from subsidiaries shall be reported in accordance with the same policies as dividend in the Parent Company. Group contributions are thus reported as financial income. Dividends are reported as a liability after the general meeting of shareholders has approved the dividend. Anticipated dividend is reported as a financial income at the recipient. Shareholders' contributions are reported directly against equity at the recipient and capitalized in shares and participation rights at the donor, to the extent that impairment is not required.

Contingencies

The Parent Company's financial guarantee agreements consist mainly of guarantees in favour of subsidiaries. A contingency is reported when there is a possible undertaking that derives from events that have occurred and whose existence is confirmed only by one or more uncertain future events or when there is an undertaking that is not reported as a liability or a provision due to it not being probable that an outflow of resources will be required.

NOTE 2 DISTRIBUTION OF INCOME

	2019	2018
Group		
Rental income	3,631	3,238
Rental guarantees	0	6
Redemption of lease contracts	7	6
Total income	3,638	3,250
Parent company		
Invoiced administration to subsidiaries	264	237

See note 4 for the geographical breakdown.
Income for residential development is reported over time.

NOTE 3 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION FOR SENIOR EXECUTIVES

Average number of employees	2019	Proportion of women, %	2018	Proportion of women, %
Parent Company – Sweden	248	44	246	42
Total Parent Company	248	44	246	42
Subsidiaries – Sweden	24	52	27	60
Subsidiaries - Denmark	3	–	2	–
Total subsidiaries	27	46	29	56
Group total	275	44	275	43

Gender distribution in executive management

Proportion of women, %	2019	2018
Parent Company		
Board	60	60
Other senior executives	40	27
Group total		
Board	60	46
Other senior executives	40	27

The average number of senior executives in the Parent Company is 5 (5), of which two (2) are women. Rutger Arnhult is CEO. Other senior executives are Peeter Kinnunen, Head of Transactions, Jens Andersson, Head of Finance, Malin Löveborg, Corporate Lawyer and Susanne Hörnefeldt, Head of Strategy and Research. At the end of 2019 the Board of the Parent Company (including the CEO) consisted of five (5) members, of which three women (3). The Chairman of the Board is Pia Gideon. Directors are Rutger Arnhult (CEO), Eva Landén, Johanna Fagrell Kohler and Ulf Ivarsson.

Remuneration

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting. Remuneration and benefits for other senior executives are proposed by the Remuneration Committee and decided upon by the Board.

A fee is paid to the Chairman of the Board and the board members in accordance with a decision at the Annual General Meeting. No director's fee is paid to a board member who is employed by the Company.

The CEO does not have a performance-based salary. The CEO is entitled to a company car as well as a subsistence benefit, health insurance and participation in Klöver's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. The period of notice for the CEO is 12 months in the event of termination at the company's initiative, and six months in the event of termination at the CEO's initiative. In the event of termination at the Company's initiative, full salary and all benefits are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while the employment continues.

The salary paid to other senior executives is to be at a market level and competitive. Variable salary may amount to at most the equivalent of three months' basic salary (not conferring pension rights). The pension premium may amount to at most 35 per cent of the basic salary during the period of employment. The retirement age of other senior executives is 65. The period of notice for termination at the Company's initiative is 12 months and at the employee's initiative six months. Other senior executives are entitled to a company car, subsistence benefit, health insurance and participation in Klöver's profit-sharing foundation.

There are no agreements on severance pay.

NOTE 3 CONTINUED

Share-related remuneration

In 2017, the Parent Company issued a total of 15,200,632 options to senior executives and key personnel on commercial terms. The premium paid amounted to SEK 0.25 and SEK 0.33 per option respectively. These options confer the right to a cash settlement, the cash amount being determined on the basis of the increase in the company's share price from the allocation date to the date when the options have been earned. The options have a maturity of three years and an exercise price of between SEK 10.42 and SEK 11.81.

Outstanding options as at 31 December 2019 have an exercise price in the interval SEK 10.42 to SEK 11.81 and a remaining contractual time to maturity of 0.4 years. The fair value of services received from employees in exchange for options allocated is valued on the basis of the fair value of the options allocated. The fair value of the options has been estimated with the aid of Black Scholes. At year-end, the closing debt amounted to SEK 39.1 million (6.4). Change in value for the year amounted to SEK -32.7 million.

Remuneration and benefits for the Board and senior executives, Parent Company

Amount in SEK 000s	2019	2018
Chairman of the Board		
Pia Gideon	420	400
Other members of the board		
Eva Landén	200	200
Johanna Fagrell Köhler	200	200
Ulf Ivarsson	200	200
CEO		
<i>Remuneration from Parent Company</i>		
Basic salary	5,638	5,500
Variable salary	–	–
Benefits	247	234
Pension cost	1,649	1,618
<i>Remuneration from subsidiaries</i>		
Board fees	17	200
Other senior executives, 4 persons (3.1)		
Basic salary	5,159	4,148
Variable salary	773	741
Benefits	294	207
Pension cost	1,247	1,047
Total	16,044	14,695

Salaries, other remuneration and statutory social security contributions

	Salaries and remuneration		of which the Board, senior executives and CEO ¹		Social security contributions		of which pension costs	
	2019	2018	2019	2018	2019	2018	2019	2018
Parent Company ²	144	138	13	11	74	69	21	19
Subsidiaries	34	24	0	7	14	13	4	5
International	2	1	–	–	0	0	0	0
Total, Group³	180	162	13	18	89	82	26	24

1) The Board of the Parent Company (excluding the CEO) consists of 4 people (4) and senior executives of 5 people (4.1). Three senior executives were included in subsidiaries in 2018.

2) SEK 2.9 million (2.7) of the pension costs of the Parent Company are for the CEO and senior executives.

3) SEK 2.9 million (4.1) of the pension costs of the Group are for the CEO and senior executives. The Group has no outstanding pension obligations for these individuals.

Profit-sharing foundation

Klöver has a profit-sharing foundation that covers all employees according to rules in the foundation's statutes. Allocation to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klöver's profit, required rate of return and dividend to shareholders.

For the 2019 financial year, SEK 14,000,000 including wages tax is reserved for the foundation. At year-end, the foundation owned 384,500

Class A ordinary shares and 5,508,546 Class B ordinary shares, corresponding to 0.6 per cent of the share capital and 0.6 per cent of the number of votes.

Defined contribution schemes

The Group's employees are covered by defined contribution pension schemes, which are wholly paid for by the company. Payment takes place on an ongoing basis according to set rules.

NOTE 4 BUSINESS SEGMENTS

Klöver's operations are divided into business segments based on which parts of the business the most senior decision-makers monitor.

Items not allocated are dealt with at group level.

Ericsson is Klöver's largest tenant and accounted for 7 per cent (6) of Klöver's contract value at year-end 2019. The area leased by Ericsson amounted to 129,000 sq.m. (112,000) and the average remaining contract period was 4.0 years (4.9).

	Stockholm		West		East		International ¹		Not allocated		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Income	1,806	1,573	832	714	803	771	197	120	–	72	3,638	3,250
Property costs	–596	–529	–287	–257	–267	–253	–25	–11	–	–30	–1,175	–1,080
Operating surplus	1,210	1,044	545	457	536	518	172	109	0	42	2,463	2,170
Central administration	–	–	–	–	–	–	–	–	–159	–126	–159	–126
Net financial items	–	–	–	–	–	–	–	–	–842	–700	–842	–700
Profit from property management	1,210	1,044	545	457	536	518	172	109	–1,001	–826	1,462	1,344
Profit, residential development	–	–	–	–	–	–	–	–	–164	–59	–164	–59
Share in earnings of associated companies	–	–	–	–	–	–	–	–	17	7	17	7
Revaluation on transition from associated company to subsidiary	–	–	–	–	–	–	–	–	–	22	–	22
Changes in value, properties	1,209	1,239	21	409	261	329	634	332	–	–	2,125	2,309
Changes in value, derivatives	–	–	–	–	–	–	–	–	–14	67	–14	67
Changes in value, financial assets	–	–	–	–	–	–	–	–	13	25	13	25
Impairment, goodwill	–	–	–	–	–	–	–	–	–6	–27	–6	–27
Profit before tax	2,419	2,283	566	866	797	847	806	441	–1,155	–791	3,433	3,688
Tax on profit for the year	–	–	–	–	–	–	–	–	–410	–354	–410	–354
Net profit for the year	2,419	2,283	566	866	797	847	806	441	–1,565	–1,145	3,023	3,334

1) International income consists of income from Denmark and the United States at SEK 193 million and SEK 4 million respectively.

Investment properties – investment, acquisition, divestment per segment

Investment	453	753	269	607	369	296	459	107	–	28	1,550	1,791
Acquisition	646	2,238	–	568	–	922	313	4,328	–	–	959	8,056
Divestment	209	808	2,748	971	2,072	685	–	–	–	–	5,029	2,464

Key figures per business segment and property segment

	Fair value, SEKm		Yield requirement ¹ , %		Area, 000' sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Stockholm	29,534	27,820	5,2	5,4	1,129	1,178	2,078	2,012	88	88
West	8,067	10,631	6,2	6,3	609	838	729	931	87	87
East	8,485	9,451	6,4	6,5	708	857	771	890	91	91
International	6,291	4,811	4,2	4,3	96	96	241	230	100	98
Total	52,377	52,713	5,4	5,7	2,542	2,969	3,819	4,063	90	89
of which										
Management	45,743	47,380	5,5	5,7	2,222	2,683	3,455	3,766	92	91
Development	6,634	5,333	5,2	5,6	320	286	364	298	71	66

1) Yield requirement is calculated excluding building rights.

NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS

SEK 000s	Group		Parent company	
	2019	2018	2019	2018
Ernst & Young AB				
Audit assignments	5,760	4,541	3,156	3,245
Tax advice	50	49	50	49
Other assignments	20	347	20	347
Total	5,830	4,937	3,226	3,641
Grant Thornton AB				
Audit assignments	–	1,551	–	–
Other assignments	57	620	57	–
Total	57	2,171	57	–
KPMG				
Other assignments	286	110	286	–
Total	286	110	286	–
GRAND TOTAL	6,173	7,218	3,569	3,641

Audit assignments means statutory audit of annual accounts and consolidated accounts and accounting records as well as the administration by the board of directors and the CEO and audit and other reviews performed by agreement or contract. This includes other work performed by the company's auditor and advice or other assistance occasioned by observations in the course of such audit or performance of other work. All other services provided are other assignments.

NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE

Group	2019	2018
Property costs		
Operating costs	–627	–592
Repairs and maintenance	–183	–153
Property tax	–195	–155
Site leasehold charges	–	–43
Personnel costs	–156	–135
Other property costs	–14	–2
Total	–1,175	–1,080
Central administration		
Personnel costs	–89	–66
Allocation to profit-sharing foundation	–3	–5
IT, advertising and cost of premises	–29	–24
Audit fees	–5	–6
Other costs	–33	–25
Total	–159	–126

NOTE 7 NET FINANCIAL ITEMS

	2019	2018
Group		
Interest income, other financial assets	19	21
Financial income	19	21
Interest expense, loans ¹	–731	–653
Exchange rate differences, financial items	–3	–1
Other financial expense	–83	–67
Expense for rights of use	–44	–
Financial expense	–861	–721
Net financial items	–842	–700
Parent Company		
Interest income, group companies	793	53
Interest income, other	11	13
Exchange rate differences, financial items	25	–
Dividend from group companies	1,235	890
Group contribution, group companies	630	623
Net financial items	2,694	1,579
Impairment of shares in subsidiaries	–560	–
Interest expense, group companies	–401	–3
Interest expense, loans ¹	–506	–473
Other financial expense	–53	–47
Financial expense	–1,520	–523
Net financial items	1,174	1,057

1) SEK 691 million (524) of the Group's interest expense is attributable to liabilities valued at accrued acquisition value. The corresponding figure for the Parent Company is SEK 470 million (349). The remaining interest expense refers to current interest attributable to Klövern's interest rate derivatives which are valued at fair value in the result.

NOTE 8 ACQUISITION OF BUSINESS

On 17 January 2018, Klövern acquired 7,500,000 ordinary shares in Tobin Properties in a directed issue. Klövern's holding in Tobin Properties amounted to 34.9 per share of the share capital and 36.5 per cent of the voting rights on 31 March 2018. During the first quarter of 2018, Klövern reported the holding in Tobin Properties as participation rights in associated companies as the holding exceeded 20 per cent but was less than 50 per cent of the voting rights. On 4 April 2018, Klövern obtained an additional 5,116,662 ordinary shares and 18,378 Class A preference shares in Tobin Properties through a mandatory public cash offer. Klövern's holding in Tobin Properties thereafter amounted to 12,616,662 ordinary shares and 18,378 Class A preference shares, corresponding to 58.9 per cent of the share capital and 61.4 per cent of the voting rights. Tobin Properties is consolidated in Klövern from 4 April 2018. Through a rights issue in June 2018, Klövern subscribed to an additional 13,407,496 ordinary shares, of which 790,834 shares through a guarantee commitment, in Tobin Properties. The holding thereafter amounted to 26,024,158 ordinary shares and 18,378 Class A preference shares, corresponding to 62.1 per cent of the share capital and 63.4 per cent of the voting rights. During the first half of September 2018, Klövern acquired an additional 7,994,433 ordinary shares in Tobin Properties. The ownership thereafter amounted to 34,018,591 ordinary shares and 18,378 Class A preference shares, corresponding to 81.2 per cent of the shares and 82.9 per cent of the voting rights.

Effects of acquisition in 2018

The acquired company's net assets on acquisition date

Shares in associated company	213
Properties (current assets)	712
Other assets	1,069
Interest-bearing liabilities	-1,017
Deferred tax liability	-82
Other liabilities	-113
Net identifiable assets and liabilities	782
Holding without controlling influence	-280
Goodwill – excess value, properties (current assets)	70
Transferred compensation	572

Holding without controlling influence

The fair value of holding without controlling influence has been calculated by application of a market-based approach (also referred to as relative valuation) and a yield-based approach.

Acquisition-related expenses

Acquisition-related expenses amount to SEK 1.4 million and concern fees to consultants in connection with due diligence. These expenses have increased the value of the shares.

Transferred compensation

Liquid funds	268
Revaluation of issue	22
Shares not accepted in mandatory offer	282
Total compensation transferred	572

NOT 9 TAXES**Tax reported in consolidated Statement of Income**

	2019	2018
Current tax	-44	-17
Current tax relating to previous years	0	0
Deferred tax income/expense (+/-)	-365	-337
Total taxes	-410	-354

Reconciliation, tax expense

	2019	2018
Reported profit before tax	3,433	3,688
Tax according to tax rate 21.4% (22%)	-735	-811
Tax effect relating to		
Foreign tax rates	-2	-
Tax attributable to previous years	0	0
Capitalization of previously not capitalized loss carryforwards	119	-
Divestment of subsidiaries not subject to tax	326	167
Goodwill	-1	-6
Non-deductible expenses	-147	4
Income not subject to tax	63	139
Other tax-related adjustments	-33	-22
Changed tax rate on deferred tax liability/claim	-	175
Reported tax	-410	-354
<i>Effective tax</i>	<i>-12%</i>	<i>-10%</i>

Deferred tax assets and deferred tax liabilities are reported net in the balance sheet. Deferred tax is calculated in accordance with the balance-sheet method on all temporary differences that arise between reported values and tax values, with the exception of temporary differences on properties in the event of asset acquisitions. Properties, derivative instruments and tax loss carryforwards are the main items that serve as a basis for reporting deferred tax. In the valuation of tax loss carryforwards, an assessment is made of the probability of it being possible to use loss carryforwards in the future. Klövern's established/available loss carryforwards amount to SEK 1,490 million (1,704).

Deferred tax reported in the consolidated balance sheet

	2019	2018
Tax loss carryforwards	307	351
Investment properties	-5,138	-4,817
Asset acquisition (less)	1,633	1,605
Derivatives and financial assets	8	16
Acquisitions	-29	-37
Untaxed reserves	-1	-1
Total deferred tax	-3,220	-2,884

NOTE 9 CONTINUED

Changes in deferred tax, Group

	Opening balance	Reported in earnings	Closing balance
2019			
Tax loss carryforwards	351	-44	307
Investment properties	-4,817	-321	-5,138
Asset acquisitions (less)	1,605	29	1,633
Derivatives and financial assets	16	-8	8
Acquisitions	-37	8	-29
Untaxed reserves	-1	0	-1
	-2,884	-336	-3,220
2018			
Tax loss carryforwards	401	-50	351
Investment properties	-4,832	14	-4,817
Asset acquisitions (less)	1,791	-187	1,605
Derivatives and financial assets	90	-74	16
Acquisitions	-	-37	-37
Untaxed reserves	-1	0	-1
	-2,550	-334	-2,884
Parent Company		2019	2018
Profit before tax		1,124	1,049
Current tax		-16	-
Deferred tax		-71	-38
Net profit		1,037	1,011
Deferred tax asset			
At beginning of year		371	409
Change during the year		-71	-38
At year-end		300	371

NOTE 10 GOODWILL

On 2 March 2012, Klövern AB acquired Dagon AB (publ). In conjunction with the drawing up of an acquisition analysis and the acquisition being classified as a business combination, an adjustment was made of the deferred tax liability in the balance sheet. Goodwill mainly arises owing to deferred tax being calculated in accordance with accounting rules and the value of deferred tax being set between the parties in the transaction. For the purpose of accounting, deferred tax is calculated as the difference between fair values and tax values. Impairment of goodwill is attributable to divestments and impairment of the fair value of the properties.

	2019	2018
Business combination	183	183
Impairment attributable to properties sold	-34	-27
Closing balance	148	155

NOTE 11 INVESTMENT PROPERTIES

The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3. No properties have been shifted between different valuation levels. Every quarter, Klövern values the whole of the property portfolio. 20–30 per cent of the property portfolio is normally valued externally, the rest being internally valued. This means that every property in the portfolio is externally valued at least once during a rolling 12-month period.

The valuations are yield-based using the cash flow method, i.e. based on forecasts of future cash flows. The yield requirement of the properties has been determined on the basis of their unique risk and completed transactions, according to the location price method. Changes during the period in the non-observable input data applied in the valuations are analysed by the executive management when closing the accounts in relation to internally available information, transactions that have been carried out or which are planned and information from the external valuers.

All external valuations have been carried out in accordance with the international valuation standard's instructions ("Red book"). External valuations have been carried out by Cushman & Wakefield, Savills and Newsec.

Calculation of the fair value of the property

- The cash flow of the property is discounted to present value each year with the cost of capital/discount rate.
- The property's residual value is assessed by a perpetual capitalization whereupon the yield requirement is used. The residual value is then discounted to present value with the cost of capital.
- The value of any building rights and undeveloped land is added to the present value.
- The normal calculation period is five or ten years.
- Inflation has been assessed at two per cent (The Riksbank's inflation target).

Summary

Value date	31 december 2019
Fair value	SEK 52,377 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 3.50 and 9.00 per cent
Cost of capital/discount rate	Between 5.50 and 11.00 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent

VALUATION METHOD

Klövern uses yield-based valuations according to the cash flow method for external and internal valuations. The same valuation method has been used for all of Klövern's properties except for building rights and land; see the section Buildings and land below for the valuation methods used for these. The fair value of the property before deduction for selling expenses is calculated from the outcome in the cash flow method. The investment amount in 2019 does not include any capitalized loan expenditure (20). An interest rate of 4.0 per cent has been used to determine the amount for 2018.

VALUATION MODEL

- + Rent payments
- Operating expenses (payments)
- = Operating surplus
- Deduction for investments
- = The property's cash flow

NOTE 11 CONTINUED**Sensitivity analysis**

A property valuation is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the property can only be reliably established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/- 5 - 10 per cent in a normal market. A changed property value of +/- 5 per cent affects Klövern's property value by +/- SEK 2,619 million. The table shows how different parameters affect the property value. The different parameters are each affected by different assumptions and do not normally interact in the same direction.

Sensitivity analysis, property valuation

	Change +/-	Effect on profit, property values, SEKm
Yield requirement	0.5 percentage point	-4,284/+5,153
Rental income	SEK 50/sq.m.	+/- 2,342
Operating cost	SEK 25/sq.m.	-/+ 1,171
Vacancy rate	1.0 percentage point	-/+ 704

Property holdings and valuation at fair value as at 31 December 2019

	Fair value, SEKm	No. of properties	Rental value, SEKm ¹	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement, average, %
Stockholm Region	29,534	120	2,078	88	1,129	5.50–10.50	3.50–8.50	5.2
East Region	8,485	113	771	91	708	7.00–11.00	5.00–9.00	6.4
West Region	8,067	100	729	87	609	6.10–10.25	4.10–8.25	6.2
International	6,291	10	241	100	96	5.50–8.25	3.50–6.25	4.2
Total	52,377	343	3,819	90	2,542			5.4
of which								
Investment	45,743	299	3,455	92	2,222	5.50–11.00	3.50–9.00	5.5
Development	6,634	44	364	71	320	5.55–11.00	3.55–9.00	5.2

1) The rental value includes the lease contract value for the areas let and assessed market rents for vacant space.

BASIS FOR VALUATION

Every assumption about a property is assessed individually on the basis of the material available about the property as well as the market information and experience-based assessments of the external valuers.

Rental payments

The current lease contracts and known lettings moving in/out serve as the basis for an assessment of the property's rental payments. The external valuers have, in collaboration with Klövern's managers, made an individual assessment of the market rent for the vacant areas, and the areas let at the end of the contract term. The external valuers also assess the long-term vacancy of each property.

Contract structure

The most common maturity for newly signed contracts is 3-5 years with a period of notice of 9 months. Klövern's average lease contract period is 3.6 years (3.5).

Maturity year	Contract value, SEKm	Proportion of contract value	Area, 000 sq.m.
2020	758	22	482
2021	674	20	450
2022	630	18	411
2023	464	14	266
2024	154	4	98
2025	234	7	104
2026	121	4	67
2027	26	1	14
2028–	357	10	179
Total	3,418	100	2,071

Operating payments

Operating payments consist of payments for the property's normal operations, including property tax, repairs and maintenance, property administration and, if appropriate, site leasehold charges. The assessment of operating payments is based on the properties' budgets and outcomes as well as the experiences of the external valuers of similar properties. The maintenance of the properties is assessed on the basis of their current state, ongoing and budgeted maintenance measures and the assessment by the external valuers of future maintenance requirements.

Required investment

The property's required investment is assessed by the external valuers on the basis of the state of the property. Klövern informs the external valuers about ongoing projects. In the event of large vacancies at the property, the required investment often increases.

Yield requirement and cost of capital

The yield requirement of the properties has been assessed on the basis of the unique risk of each property. It can be divided into two components, a general market risk and a specific property risk. The market risk is associated with the general development of the economy and is affected, inter alia, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, effective use of space, the standard of the premises, the quality of the installations, site leasehold, type of tenant and the terms of the lease contracts. In a theoretical reasoning, the cost of capital is set by inflation expectations being added to a risk-free real interest rate and a risk factor. The cost of capital is assessed for each property individually.

NOTE 11 CONTINUED

Residual value

Residual value consists of the operating surplus during the remaining economic lifetime which is based on the year after the last calculation year. Calculation of residual value takes place for every property by perpetual capitalization of the estimated market operating surplus and the estimated market yield requirement for the respective property. The yield requirement consists of the risk-free rate and each property's unique risk. The unique risk of the properties is assessed on the basis of the external valuers' market databases, experiences and transactions carried out in accordance with the location price method in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

Calculation periods

The calculation periods are mainly five years. Exceptions are properties with major contracts where the remaining contract term exceeds five years. In these cases, a calculation period corresponding to 10 years or the remaining contract term plus at least one year has been adopted.

Building rights and land

At the properties where there are unused building rights and land, these are valued on the basis of the location price method or a present value based on the estimated market value on development of the building rights and land.

Inspection of the properties

All properties are inspected by the external valuers within a three-year period. The external valuers make new inspections where major refurbishment, moving-in or other circumstances affecting the value have taken place.

INTERNAL PROPERTY VALUES

In the internal property valuations, the yield requirements are decided after review with the external valuers. The development of the yield requirements of the internal valuations in this way complies with the external valuations. The internal valuations are performed in the same valuation programme as the external valuations.

CHANGES IN VALUE

The fair value of Klöver's properties was SEK 52,377 million (52,713) on 31 December 2019. Changes in value for 2019 amounted to SEK 2,125 million (2,309). The changes in value include realized changes in value of SEK -14 million (-15) and unrealized changes in value of SEK 2,111 million (2,324). Klöver's property portfolio has been valued at an average yield requirement of 5.4 per cent (5.7) on 31 December 2019.

Group	Properties
Opening fair value, 1 January 2018	42,961
Acquisitions	8,056
Investments	1,791
Divestments	-2,464
Unrealized changes in value	2,324
Currency conversion	45
Closing fair value, 31 December 2018	52,713
Acquisitions	959
Investments	1,550
Divestments	-5,029
Unrealized changes in value	2,111
Currency conversion	73
Closing fair value, 31 December 2019	52,377

TAX ASSESSMENT VALUES

Group	2019	2018
Tax assessment values, buildings	13,835	14,023
Tax assessment values, land	6,623	5,020
Total tax assessment value	20,458	19,043

TAX RESIDUAL VALUE

The residual value of the properties for tax purposes totalled SEK 25,215 million (27,916) on 31 December 2019.

NOTE 12 RIGHT-OF-USE ASSETS AND LIABILITIES

The reported right-of-use assets have been valued at the same amount as the reported leasing liability as at 1 January 2019. The introduction of IFRS 16 has not had any effect on earnings but leasing costs, which were previously reported in the operating surplus are reported, as from 2019, in net financial items at SEK 44 million and as amortisation at SEK 6 million. Accordingly, net profit from property management has not been affected by the changed accounting rules. The rights of use have been discounted at an average interest rate of 5.73 per cent.

Right-of-use assets

	Site leaseholds	Land lease	Vehicles	Total
1 January 2019	480	218	14	712
The year's capitalizations	43	–	2	45
Depreciation	–	–	–6	–6
Divestment	–15	–	–2	–17
Closing amount	508	218	7	733

Reconciliation operational leasing undertakings

Operational leasing undertakings. 31 December 2018	53
Discount effect taking into account perpetual term for site leasehold agreements	662
Expensed small amount leasing and short-term leasing	–3
Leasing liability as at 1 January 2019	712

Right-of-use liabilities

	2019
Carrying amount value as at 1 January 2019	703
New contracts	43
Acquired contracts	3
Amortization	–1
Terminated contracts	–15
Carrying amount as at 31 December 2019	733
of which short-term	252
of which long-term	481

Due date structure of leasing liabilities

	2019
1 year	14
Between 2 and 5 years	12
Later than 5 years	17
	44

Items attributable to leasing with impact on profits

	2019
Interest expense on leasing liabilities	–44
Depreciation of right-of-use assets	–6
Costs attributable to short-term leasing and small-value leasing	–4
	–54

During 2019, the cash flow has been affected by SEK 55 million for leasing. Future cash flows attributable to leasing are shown in the table above, Due date structure of leasing liabilities.

NOTE 13 MACHINERY AND EQUIPMENT

	Group		Parent company	
	2019	2018	2019	2018
Accumulated acquisition values				
Opening balance	67	52	15	13
Purchases	18	21	3	5
Acquisition of subsidiaries	–	–	–	–
Divestments and disposals	–10	–6	–2	–3
Total	75	67	16	15
Accumulated scheduled depreciation				
Opening balance	–40	–36	–9	–10
Acquisition of subsidiaries	–	–	–	–
Divestments and disposals	5	5	1	3
The year's scheduled depreciation on acquisition values	–12	–9	–2	–2
Total	–47	–40	–10	–9
Reported value at end of period	28	27	6	6

NOTE 14 PARTICIPATION RIGHTS IN ASSOCIATED COMPANIES

Tobin Properties AB owns shares in the following companies to such an extent that they are referred to as associated companies and are reported in accordance with the equity method.

Company, company registration no. and registered office	Owner-ship share, %	Reported value 2019	Reported value 2018
Pardes Holding AB, 556827-3139, Stockholm	–	–	57
Gladan Holding II AB, 559064-9918, Stockholm	25.0	0	24
Fagerö Holding AB, 559042-7521, Stockholm	33.0	14	95
Portgås Fastighets AB, 559073-2300, Stockholm	30.0	43	39
Golfbäcken Holding AB, 559003-1869, Stockholm	44.4	3	2
Fyrsidan Holding AB, 556990-6711, Stockholm	49.9	355	–
Kista Square Garden Förvaltning AB, 559030-7897, Stockholm	49.8	0	–
		414	217

	2019	2018
Reported value at the start of the year	217	–
Investment	355	476 ¹
Divestment	–59	–
Dividend	–116	–
Reclassification ²	–	–265
Share of earnings	17	7
Value at year-end	414	217

1) During the period 17 January to 31 March 2018, shares were acquired in Tobin Properties AB to such an extent that the voting share exceeded 20 per cent. During the stated period, shares were acquired in Tobin Properties AB for SEK 265 million. SEK 211 million was for shares in associated companies owned by Tobin Properties AB.

2) As from 4 April 2018, Klöver's holding in Tobin Properties is reported as a subsidiary.

Associated companies' statement of income and balance sheet (100 per cent), summary

2019	Gladan Holding II AB	Fagerö Holding AB	Portgås Fastighets AB	Golfbäcken Holding AB	Fyrsidan Holding AB	Kista Square Garden Förvaltning AB	Total
Net sales	–	3	10	0	–	–	13
Earnings (corresponds to comprehensive income)	–	5	12	2	–	–	19
Total comprehensive income	–	5	12	2	–	–	19
Current assets	40	3	12	22	363	0	440
Non-current assets	0	38	133	0	–	–	170
Current liabilities	–40	–	–3	–15	–	–	–58
Long-term liabilities	–	–	–	–1	–21	–	–22
Net assets	0	41	142	6	342	–	531

2018	Gladan Holding II AB	Fagerö Holding AB	Portgås Fastighets AB	Golfbäcken Holding AB	Pardes Holding AB	Total
Net sales	2	39	18	0	–	59
Earnings (corresponds to comprehensive income)	–10	58	19	0	–17	50
Total comprehensive income	–8	97	37	0	–17	109
Current assets	103	17	9	14	3	146
Non-current assets	–	274	123	0	144	541
Current liabilities	–8	–3	–2	–10	0	–23
Long-term liabilities	0	–	–	–	–32	–
Net assets	95	288	130	4	115	632

NOTE 15 FINANCIAL ASSETS VALUED AT FAIR VALUE VIA THE INCOME STATEMENT

Group	2019	2018
Other securities	145	74
Other items	–	–
Total	145	74

SEK 95 million (491) has been valued at the listed price and is therefore allocated to Level 1. SEK 50 million (26) in other securities are holdings in unlisted companies. The value is based on assumptions that are not supported by prices of observable data and they are accordingly allocated to Level 3.

NOTE 16 OTHER LONG-TERM RECEIVABLES

	2019	2018
Vendor loan	173	160
Receivable, property development	1,264	1,062
Other	42	25
Total	1,479	1,247

NOTE 17 PROPERTIES CLASSIFIED AS CURRENT ASSETS

	2019	2018
At beginning of year	444	–
Acquisitions	109	426
Divestments	–	–305
Investment for the year	97	323
Value at year-end	650	444

Properties (current assets) are wholly attributable to Tobin Properties AB. The values are taken up as from 4 April 2018 when Tobin Properties AB was consolidated in Klövern and reported as a subsidiary.

NOTE 18 ACCOUNTS RECEIVABLE

A business model is applied for the Group's accounts receivable that is intended to collect cash flows which entail reporting according to accrued acquisition value as the cash flows only consist of payments on principal amounts and interest. Klövern's accounts receivable are reported at the amount that is expected to be received after deduction of doubtful claims which are assessed individually. The expected maturity of accounts receivable is short and the value is accordingly reported at nominal amounts without being discounted. Impairment of accounts receivable is reported in operating expenses.

Days	2019	2018
0–29	44	51
30–89	7	19
90–	37	8
Doubtful claims	–16	–20
Total	72	58

Doubtful claims	2019	2018
Doubtful claims at beginning of year	20	8
Provisions for anticipated rent losses	3	16
Claims collected	–2	–2
Established rent losses	–5	–2
Doubtful claims at year-end	16	20

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	2019	2018
Group		
Accrued property costs	10	24
Accrued project costs	50	60
Accrued rent discounts	223	169
Prepaid site leasehold charges	10	10
Prepaid financial expense	–	85
Property acquisition in process	225	–
Accrued interest income	116	56
Receivables from tenants	–	68
Prepaid insurance	1	1
Other prepaid expenses	14	9
Total	649	482

Parent Company		
Prepaid financial expense	87	75
Property acquisition in process	184	2
Accrued income	–	14
Other prepaid expenses	5	4
Total	276	95

NOTE 20 SHAREHOLDERS' EQUITY

No. of shares, thousands	2019	2018
Class A ordinary shares		
Issued as at 1 January	73,660	74,553
Conversion A to B	-1,709	-893
Total	71,951	73,660
Class B ordinary shares		
Issued as at 1 January	842,334	841,441
Conversion A to B	1,709	893
Total	844,043	842,334
Non-redeemable preference shares		
Issued as at 1 January	16,444	16,444
Total	16,444	16,444

As at 31 December 2019, the registered share capital consisted of 915,993,980 (915,993,980) ordinary shares and 16,444,000 (16,444,000) preference shares. All shares have a quota value of SEK 2 per share. Class B ordinary shares and preference shares confer one tenth of a vote per share unlike Class A ordinary shares which confer one vote per share. All shares have the same right to the Company's remaining net assets, except that preference shares confer the right to receive SEK 400 per share as well as any withheld amount before distribution to ordinary shareholders takes place. As regards the shares owned by Klövern (see below), all rights are cancelled until these shares are re-issued.

Repurchased shares, which are included in the equity item retained earnings including net profit for the year

	No. of shares, thousands		Amounts that have affected equity, SEKm	
	2019	2018	2019	2018
Opening repurchased own shares	90,200	39,367	977	419
Purchases for the year	757	50,833	7	558
Closing repurchased own shares	90,957	90,200	984	977

Repurchased shares include the acquisition expense for Klövern's own shares which are held by the Parent Company.

Dividend

The Board of Directors of Klövern proposes to the Annual General Meeting that the dividend for the 2019 financial year shall amount to SEK 0.50 per preference share (0.46) and SEK 20.00 (20.00) per preference share, totalling SEK 741 million (709).

Parent Company

Restricted funds

Restricted funds must not be reduced by distribution of earnings.

Non-restricted equity

Non-restricted equity consists of retained profit and net profit for the year, i.e. the amount available for distribution to shareholders.

Retained earnings

Retained profit consists of the previous year's retained profit and net profit after deduction of the profit distributed during the year. In addition, capital contributions and repurchased shares are included.

NOTE 21 EARNINGS PER SHARE

The calculation of earnings per ordinary and preference share for 2019 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 3,003 million (3,345). Earnings per preference share have been calculated on the basis of the year's dividend to the preference shares of SEK 329 million distributed on 16.4 million outstanding preference shares. The remaining part of the year's earnings, SEK 2,675 million has been distributed on 824.9 million average number of outstanding ordinary shares.

Net profit attributable to the Parent Company's shareholders

	2019	2018
Net profit attributable to the Parent Company's shareholders	3,003	3,345
Earnings per ordinary share, SEK	3.24	3.54
Earnings per preference share, SEK	20.00	20.00

NOTE 22 OTHER PROVISIONS

There is a risk of a dispute for Tobin Properties AB as Region Uppsala has made claims for compensation due to cancellation of a property transfer contract. For this reason, a provision of SEK 24 million has been made during 2019.

During 2019, the Tax Agency has initiated an audit for value-added tax in Tobin Properties AB. For this reason, provision of SEK 24 million has been made.

The provisions are expected to expire within 12 months.

NOTE 23 INTEREST-BEARING LIABILITIES

The following section contains information about the company's contract terms for interest-bearing liabilities.

Please see Note 27 for more information about the company's exposure to interest rate risk and the risk of exchange rate fluctuations.

	Group		Parent company	
	2019	2018	2019	2018
Long-term liabilities				
Long-term interest-bearing liabilities	25,903	28,641	14,147	15,597
Total	25,903	28,641	14,147	15,597
Current liabilities				
Current interest-bearing liabilities	5,612	5,004	5,209	3,530
Utilized overdraft facility	-	43	-	-
Total	5,612	5,047	5,209	3,530
Unused overdraft facility	558	535	550	550

Current interest-bearing liabilities include recurrent maturities of facilities at credit institutions with which Klövern has a long-term relationship. The current interest-bearing liabilities also include SEK 2,472 million of commercial paper with long-term back-up facilities. As from 2019, interest-bearing liabilities and accrued borrowing overheads are reported net.

NOTE 23 CONTINUED

Interest-bearing liabilities, nominal

The Group	2019	2018
Opening liabilities	33,688	25,529
Refinancing	2,469	11,962
New loans	5,001	5,418
Amortization	-9,528	-12,631
Acquisitions	-	3,410
Liabilities at year-end	31,630	33,688

NOTE 24 OTHER LIABILITIES

Group	2019	2018
Personnel's withholding tax and social security contributions	8	11
Dividend shares	366	346
Liabilities to previous property owners	98	3
Liabilities to purchasers	42	27
Value-added tax	-	12
Other items	27	50
Total	541	449
Parent Company		
Personnel's withholding tax and social security contributions	8	7
Dividend shares	362	346
Tax liabilities	17	-
Value-added tax	17	12
Total	404	365

NOTE 25 ACCRUED EXPENSES AND PREPAID INCOME

Group	2019	2018
Prepaid rents	629	578
Accrued property costs	201	165
Accrued interest expense	86	91
Accrued personnel costs	38	37
Other items	16	34
Total	970	905
Parent Company		
Accrued interest expense	59	43
Accrued personnel costs	19	20
Accrued costs, profit-sharing foundation	14	14
Other items	4	18
Total	96	95

NOTE 26 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities valued at fair value in the balance sheet

In compliance with IRFS 13, financial instruments are reported on the basis of fair value in a hierarchy of three levels, based on the input data used in valuation. When establishing the fair value of listed shareholdings, listed prices are used and they are accordingly attributable to Level 1.

The fair value of derivatives is calculated by the company's banks guided by current interest rate terms and the market rate. Input data is based on observable market values, which means that they are attributable to Level 2.

Valuation of unlisted shareholdings is based on assumptions which are not based on prices of observable data and are therefore attributable to Level 3.

Financial assets and liabilities are set off and reported at a net amount in the balance sheet when there is a legal set-off right.

Financial assets and liabilities not valued at fair value in the balance sheet

There is no material difference between reported value and fair value regarding loans with variable interest.

Financial assets and liabilities are otherwise reported at accrued acquisition value with a deduction for impairment and the reported value is accordingly considered to coincide with the fair value.

No reclassifications have taken place during the period.

	Financial assets/ liabilities valued at fair value through the statement of income		Financial assets/ liabilities valued at accrued acquisition value	
Group	2019	2018	2019	2018
Assets				
Financial assets	145	74	-	-
Other long-term receivables	0	0	1,479	1,247
Accounts receivable	-	-	72	58
Other receivables	-	-	494	329
Liquid funds	-	-	449	576
Total	145	74	2,494	2,210
Liabilities				
Long-term interest-bearing liabilities	-	-	25,903	28,641
Derivatives	65	85	-	-
Current interest-bearing liabilities	-	-	5,612	5,047
Accounts payable	-	-	247	270
Other liabilities	-	-	579	461
Total	65	85	32,341	34,419

NOTE 27 FINANCIAL RISKS AND RISK MANAGEMENT

Through its operations, the Group is exposed to different kinds of financial risks. Financial risks mean fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klövern is mainly exposed to liquidity risk, financing risk, interest rate risk, currency risk and credit risk. The Group's finance policy for managing financial risks has been formulated and decided upon by the Board. The finance policy creates a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Responsibility for the Group's financial transactions and financial risks is dealt with centrally by the Parent Company's finance function. The overall aim of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's profit due to market fluctuations. Financial issues of strategic importance are dealt with by the Board. Additional information is contained in the section on Financing on pages 54–57, Bonds and commercial paper on pages 58–59 and Risk and risk management on pages 66–69.

Liquidity and financing risk

Liquidity risk means the risk of liquidity being insufficient to meet future payment commitments. Internal liquidity forecasts are drawn up in connection with quarterly reports for the coming twelve months where all items affecting cash flows are analysed in aggregate form. The liquidity forecast is intended to verify the need of capital. The financing risk also refers to the risk that financing cannot be obtained at all, or only at greatly increased costs. To manage this risk, the finance policy contains rules on the spread of tied-up capital for the loan stock and the size of unutilized loan facilities and investments. According to the finance policy, the average remaining maturity, the period of tied-up capital, on the loan stock should be at least 2.0 years, and at most 40 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities should be kept at an average level that corresponds to the due date of the tied-up capital during a quarter. As at 31 December 2019, the average remaining term of the loan stock was 4.1 years (4.3). At the same time, liquid assets were available totalling SEK 449 million (576) and granted, but not utilized credit facilities of SEK 3,760 million (2,110), SEK 558 million (535) of which were unutilized overdraft facilities.

Structure of tied-up capital

Maturity year	Credit agreement, SEKm	Utilized, SEKm	Share, %
2020	5,790	5,632	18
2021	11,176	8,074	25
2022	6,368	5,868	19
2023	5,286	5,286	17
2024–	6,770	6,770	21
Total	35,390	31,630	100

Liquidity flows

Year	Maturing loans ¹	Interest on loans ²	Interest on derivatives ³	Total
2020	5,842	644	31	6,517
2021	8,139	452	23	8,614
2022	5,889	257	19	6,165
2023	5,147	137	13	5,297
2024–	6,612	400	72	7,085
Total	31,630	1,890	159	33,678

1) Including expected current amortization

2) When calculating interest on liabilities, the Stibor interest rate is assumed to be unchanged during the period to maturity.

3) When calculating the interest on derivatives, the variable portion is assumed to run at the Stibor rate as at 31 December 2019 over the whole period to maturity.

Interest rate risks

The interest rate risk can partly consist of a change in fair value due to changes in interest rates, the price risk, and changes in cash flow, the cash flow risk. A significant factor that affects the interest rate risk is the period of fixed interest. Long periods of fixed interest entail a higher price risk while shorter periods of fixed interest entail a higher cash flow risk. Of the total interest-bearing liabilities of SEK 31,630 million (33,688), 83 per cent (78) had variable interest and the average fixed-interest period was 2.5 years (2.9) at year-end. As at the balance-sheet day, the Group had the following fixed interest period in its financial instruments excluding the effects of interest caps.

Interest maturity structure

Maturity year	Interest due, SEKm	Proportion, %
Variable	26,307	83
2020	1,491	5
2021	1,900	6
2022	–	–
2023	100	0
2024–	1,832	6
Total	31,630	100

According to the finance policy, the cash flow risk is to be limited as follows: At least 50 per cent of the total loan volume should have fixed interest or be hedged with derivative instruments. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining period of fixed interest, according to the finance policy, should be at least 2.0 years; at the year-end it was 2.5 years (2.9). The strike level for the interest rate caps may when taken be equivalent to at most the five-year government bond rate plus 3.0 percentage points. At year-end, Klövern had a volume of SEK 24,000 million (23,500) interest rate caps and SEK 5,323 million (7,288) fixed interest loans (mainly through swaps), in total SEK 29,323 million, corresponding to 93 per cent, compared with SEK 15,815 million, 50 per cent, which was a minimum requirement according to the policy.

During 2019, changes in value of interest rate caps amounted to SEK -10 million (-15). The fair value amounted to SEK 1 million (10) at year-end. At year-end, Klövern had 8 interest rate swap agreements maturing between 2020 and 2029. The fair value of the swaps amounted to SEK -66 million (-95) and changes in value totalled SEK 29 million (80) during the year, of which SEK 0 million (6) were realized. Value changes of options to senior executives and key personnel amounted to SEK -33 million (2). Total value changes for derivatives were SEK -14 million (67), Interest caps and swaps both increase Klövern's price risk. The interest rate caps have been valued by Danske Bank, Nordea and Swedbank based on the current interest rate curve and the volatility of the respective maturity. The interest rate swaps have been valued by Danske Bank, Nordea and Swedbank by expected future cash flows being discounted to present value. In the parent company, the interest rate caps are reported at acquisition value.

Derivatives

Interest rate swaps

Maturity date	Nominal amount, SEKm	Interest rate level, %	Fair value, SEKm
2020-01-07	100	1.9	0
2020-06-03	500	0.1	0
2020-06-03	500	0.1	0
2020-07-06	315	0.7	-1
2021-01-04	1,000	0.2	0
2021-06-01	900	0.3	-1
2023-04-11	100	2.2	-7
2029-12-27	1,000	1.3	-57
	4,415	0.6	-66

NOTE 27 CONTINUED**Interest rate caps**

Maturity date	Nominal amount, SEKm	Interest rate level, %	Fair value, SEKm
2020-12-14	2,500	2.5	0
2021-06-05	1,000	3.0	0
2021-06-28	5,000	2.5	0
2021-12-12	2,500	3.0	0
2022-12-22	2,000	3.0	0
2022-12-22	2,000	3.0	0
2023-01-02	3,000	2.5	0
2023-01-02	3,000	2.5	0
2023-05-04	2,500	3.0	0
2024-12-27	500	2.5	1
	24,000	2.7	1

Currency risk

The risk that fair values and cash flows of financial instruments may fluctuate when the value of foreign currency changes is referred to as currency risk. In Klöver's finance policy, the currency risk is defined as a cash flow risk and a price risk. According to the policy, these are to be limited by total currency exposure not being permitted to exceed 10 per cent of the balance sheet total after deduction of foreign currency derivatives and financing in local currency.

The currency risk in Klöver is primarily attributable to statements of income and balance sheets in foreign currency which are converted into Swedish kronor.

The functional value for the group companies are mainly in SEK. Transactions are made in SEK, DKK, EUR and US dollars. Klöver does not at present hedge conversion exposures in foreign currency. Conversion of foreign net assets affected Klöver's equity by SEK 33 million (63).

Credit risks

Credit risk means the risk of a counterparty or issuer not being able to comply with its undertakings to Klöver and thus causing the Group to incur a financial loss. Klöver's exposure to credit risk is overall very little. Rent is invoiced in advance, which leads to small accounts receivable and the tenants consist of a deliberate selection, which limits their credit risk.

Exposure to individual customers/tenants is also limited and the ten largest customers/tenants account together for 19 per cent of the contract value. Liquid funds are only deposited in stable banks with a high credit rating. In total, possible expected credit losses amount to an insignificant amount for the Group.

Covenants and risk-taking

Klöver's financial risk-taking and position can be seen, inter alia, from the key figures, equity ratio, interest coverage ratio and leverage. There are often set limit values, known as covenants, in the credit agreements with banks and credit institutions, specifically for these three key figures. Klöver's own goals accord well with the banks' requirements. Klöver's goal is for the adjusted equity ratio to be 40 per cent in the long term. The banks usually set 25 per cent as a lower limit for the equity ratio. Klöver's goal is for the interest coverage ratio to be at least 2.0, while the banks' requirements are usually 1.25 to 1.50. Klöver has not set its own goal for leverage although the banks usually have a limit of 50-70 per cent for the respective property portfolio.

Klöver meets all goals and requirements for 2019 by a good margin. The equity ratio was 34.9 per cent, the adjusted equity ratio 43.5 per cent and the interest coverage ratio 2.6. Leverage amounted to 50 per cent and leverage secured was 34 per cent.

Sensitivity analysis

In connection with the quarterly reports, an interest sensitivity analysis is also prepared, measuring the effects of changes in short market interest rates on the borrowing rate and the interest coverage ratio. A change in short market interest rates of +1 percentage point at year-end would have meant that Klöver's average borrowing rate would have changed by +0.8 percentage points, which would have been equivalent to a change in interest expense of SEK +266 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2.6 to 2.0. The effect of large increases in the interest rate is markedly limited by interest rate caps.

The calculations of the sensitivity analysis are based on the Group's earnings capacity and balance sheet as at 31 December 2019. The sensitivity analysis shows the effect on the Group's annual profit after full impact of each of the parameters. Interest-bearing liabilities and lease contracts have a term of a number of years, which means that level changes do not have full impact in one particular year but in a longer perspective.

	Change +/-	Annual effect on profit, SEKm
Economic occupancy ratio	1 percentage point	+/- 38
Rental income	1 percent	+/- 36
Property costs	1 percent	-/+ 12
Klöver's average interest rate	1 percentage point	-/+ 316

NOTE 28 OPERATIONAL LEASING

The Group mainly leases investment properties using operational lease contracts. The breakdown of future rental income which is attributable to operational lease agreements, which cannot be terminated, is as follows:

	2019	2018
Matures within a year	758	871
Matures between one and five years' time	5,862	6,524
Matures later than five years' time	6,245	6,215

NOTE 29 ASSETS PLEDGED AND CONTINGENCIES

	Group		Parent company	
	2019	2018	2019	2018
Assets pledged				
Property mortgages ¹	28,205	29,842	–	–
Company mortgages	10	10	–	–
Total assets pledged	28,215	29,852	–	–
Contingencies				
Guarantees in favour of subsidiaries	–	–	12,274	13,831
Other contingencies	198	1,175	–	–
Total contingencies	198	1,175	12,274	13,831

1) Refers to assets pledged for bank loans and for secured bonds.

NOTE 30 CLOSE ASSOCIATES

	Year	Services sold	Services purchased	Receivable	Liability
Group					
Other close associates	2019	6	4	–	–
Other close associates	2018	6	115	–	–
Parent Company					
Subsidiary	2019	263	14	30,626	6,069
Subsidiary	2018	230	13	25,756	1,077
Other close associates	2019	–	1	–	–
Other close associates	2018	–	1	–	–

The Parent Company has a close associate relationship with its subsidiaries, see Note 31. Transactions with close associates are priced on market terms.

Rutger Arnhult, who is Klöver's CEO and a board member, is owner of M2 Gruppen and has ownership in Wästbygg AB through companies in M2 Gruppen. Lease contracts with Wästbygg AB have an annual contract value of SEK 2 million (2). Klöver AB has signed a lease contract with M2 Gruppen with an annual contract value of SEK 1 million (1).

Pia Gideon is a board member of Metria AB, Apoteket AB and is the chairman of the board of Klöver AB. Lease contracts with Apoteket AB have an annual contract value totalling SEK 4 million (4) and with Metria of SEK 0.0 million (0.2).

Eva Landén is the CEO of Corem Property Group and a board member of Klöver.

Johanna Fagrell Köhler is the CEO of Creuna AB and a board member of Klöver. During 2019 and the beginning of 2020 Creuna AB has in total invoiced Klöver SEK 0.2 million.

Payments to the CEO, senior executives and the Board of Directors are shown in Note 3.

NOTE 31 PARTICIPATION RIGHTS IN GROUP COMPANIES

SEK 000s	31.12.2019	31.12.2018
Accumulated acquisition values		
Opening balance	1,826,130	1,728,627
Acquisitions	–	500
Contributions	505,179	97,103
Divestments	–250	–100
Reported value closing balance	2,331,059	1,826,130
Accumulated write-ups		
Opening balance	146,551	146,551
Impairment for the year	–560,299	–
Reported value closing balance	–413,748	146,551
Total	1,917,311	1,972,681

Specification of the Parent Company's directly owned subsidiaries is shown below. Other group companies are included in the respective subsidiary's annual reports.

Subsidiary/Reg. No./ Registered Office	No. of shares	Share in % ¹	Book value, SEK 000s
Klövern Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klövern Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klövern Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klövern Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klövern Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klövern Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klövern Bobby AB, 556594-9780, Nyköping	1,000	100	120
Klövern Komp Bobby AB, 556678-9938, Nyköping	100,000	100	100
Klövern Dante AB, 556594-9830, Nyköping	1,000	100	100
Klövern Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klövern Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klövern Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klövern Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klövern Karl AB, 556708-7985, Nyköping	1,000	100	5,139

Subsidiary/Reg. No./ Registered Office	No. of shares	Share in % ¹	Book value, SEK 000s
Klövern Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klövern Gerhard AB, 556634-5723, Nyköping	1,000	100	100
Klövern Helmut AB, 556634-5731, Nyköping	1,000	100	12,600
Klövern Ingmar AB, 556634-6598, Nyköping	1,000	100	100
Dagon AB, 556431-0067, Nyköping	23,580,999	100	1,519,055
Klövern Linus AB, 556896-7409, Nyköping	50,000	100	50
Klövern Verner AB, 556896-7474, Nyköping	50,000	100	10,050
Klövern Nord AB, 556072-3024, Nyköping	250,000	100	25,630
Klövern Mari AB, 556944-2196, Nyköping	50,000	100	50
Klövern Valdemar AB, 559003-2446, Nyköping	50,000	100	50
Klövern Gabriella AB, 556983-7544, Nyköping	50,000	100	50
Klövern Jonathan AB, 556634-6606, Nyköping	1,000	100	100
Klövern Lovisa AB, 559068-5334, Nyköping	50,000	100	50
Klövern Alfred AB, 556922-4255, Nyköping	50,000	100	50
Klövern CPH AB, 559042-7562, Nyköping	50,000	100	18,550
Klövern Signe AB, 559171-8779, Nyköping	50,000	100	19,050
Other subsidiaries, dormant			250
Total			1,917,311

1) Refers to the ownership portion of the capital, which also complies with the proportion of votes for the total number of shares.

NOTE 32 STATEMENT OF CASH FLOW

Reconciliation of cash flows attributable to financing operations

Group	2019	Cash flow	Changes that do not affect the cash flow				2018
			Change in fair value	Acquisitions	Exchange rate changes	Accrued loan overheads	
Long-term liabilities to credit institutions	25,903	-2,325	-	-230	-68	-115	28,641
Current liabilities to credit institutions	5,612	565	-	-	-	-	5,047
Derivatives	65	-	-20	-	-	-	85
Total liabilities attributable to financing operations	31,580	-1,760	-20	-230	-68	-115	33,773

Group	2018	Cash flow	Changes that do not affect the cash flow				2017
			Change in fair value	Acquisitions	Exchange rate changes	Accrued loan overheads	
Long-term liabilities to credit institutions	28,641	6,119	-	5,559	-	-	16,963
Current liabilities to credit institutions	5,047	-1,370	-	-2,149	-	-	8,566
Derivatives	85	-217	-65	-	-	-	367
Total liabilities attributable to financing operations	33,773	4,532	-65	3,410	-	-	25,896

Parent company	2019	Cash flow	Changes that do not affect the cash flow				2018
			Change in fair value	Acquisitions	Exchange rate changes	Accrued loan overheads	
Long-term liabilities to credit institutions	14,147	-1,422	-	-	-28	-	15,597
Current liabilities to credit institutions	5,209	1,679	-	-	-	-	3,530
Derivatives	65	-	-24	-	-	-	89
Total liabilities attributable to financing operations	19,421	257	-24	-	-28	-	19,216

Parent company	2018	Cash flow	Changes that do not affect the cash flow				2017
			Change in fair value	Acquisitions	Exchange rate changes	Accrued loan overheads	
Long-term liabilities to credit institutions	15,597	5,960	-	-	-	-	9,637
Current liabilities to credit institutions	3,530	-3,343	-	-	-	-	6,873
Derivatives	89	-201	-70	-	-	-	360
Total liabilities attributable to financing operations	19,216	2,416	-70	-	-	-	16,870

Investments in financial assets

Parent company	2019	2018
Shares in group companies	-504	-98
Derivatives	-1	-3
Receivables from group companies	-2,190	-1,949
Total	-2,695	-2,049

NOTE 33 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

On 17 January 2020, transfer of possession of Klöverns divested part of the property Fyrislund 6.6 in Uppsala took place for an underlying property value of SEK 258 million.

On 30 January 2020, two development properties were taken possession of in Linköping. This acquisition took place at an underlying property value of SEK 345 million.

On 18 February 2020, Klövern acquired all the units of a co-op owning a 14-story residential building in Manhattan. The building, encompassing around 8,300 sq.m., has the address 417 Park Avenue and is located at the corner of Park Avenue and East 55th Street.

During February 2020, 2,592,545 Class A ordinary shares have been converted into Class B ordinary shares. Subsequently, the total number of registered shares amounts to 932,437,980, of which 69,358,703 are Class A ordinary shares, 846,635,277 Class B ordinary shares and 16,444,000 preference shares.

During the first quarter of 2020 the coronavirus has created a rising uncertainty regarding the economic development. Klövern closely follows the situation but as the uncertainty is high regarding the consequences, the assessment is that the economic effect on the market and Klövern, both in the long and short term, cannot reasonably be estimated at present.

NOTE 34 IMPORTANT ESTIMATES AND ASSESSMENTS

Preparing the financial statements in compliance with IFRS requires that the Board and the Executive Management make assessments and estimates and assumptions that affect the application of the accounting policies and the amounts reported of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experiences and a number of other factors that would appear to be reasonable in present circumstances. The result of these estimates and assumptions is then used to assess the reported values of assets and liabilities which are not otherwise evident from other sources. The actual outcome may vary from these estimates and assessments. Estimates and assessments are regularly reviewed.

Investment properties

In the area of valuation of investment properties, assessments and assumptions may have a considerable impact on the Group's earnings and financial position. The valuation requires an assessment of and assumptions on the future cash flow as well as determination of a discount factor (yield requirement). To reflect the uncertainty contained in the assumptions and assessments made, an uncertainty range of +/-5-10 per cent is usually stated in the property valuation. More information about this and the assumptions and assessments made are shown in Note 11.

Deferred tax

An assessment of the probability of it being able to use the loss carryforwards is made when valuing the loss carryforwards. Established loss carryforwards which can be very probably used to set off future profits serve as the basis for calculation of the deferred tax asset.

Classification of acquisitions

An assessment is made, in connection with acquisitions of companies, of whether the acquisition is to be regarded as an asset acquisition or as a business combination. Companies containing only properties without appurtenant property management/administration are normally classified as asset acquisitions. See Note 1 Classification of acquisitions for more information.

Arrangement of the statement of income

The Group applies the arrangement which is usual for a large number of companies in the real estate industry. This means that the statement of income shows the result for operating profit, profit from property management and profit before tax. Profit from property management includes net financial items. Changes in value are reported after net financial items.

Reporting of preference shares

The company's assessment is that there is no contractual obligation to pay dividend between Klövern and the holders of preference shares at the time of issue of the preference shares. Klövern cannot with certainty conclude that in the future dividend will be paid to the holders of preference shares. Dividend payment ultimately depends on a decision by a general meeting of shareholders. In the light of this, the preference shares have been classified as equity.

NOTE 35 INFORMATION ABOUT THE PARENT COMPANY

Klövern AB (publ), reg. no. 556482-5833, is a Swedish-registered limited company with its registered office in Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head office in Stockholm is Bredgränd 4, SE-111 30 Stockholm and the address of the head office in Nyköping is Box 1024, SE-611 29 Nyköping. The consolidated accounts for 2019 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 36 PROPOSED APPROPRIATION OF PROFITS**SEK**

The following earnings are available to the Annual General Meeting:

Amount brought forward	4,353,727,022
Net profit for the year	1,036,870,090
Total	5,390,597,112

The Board proposes that profits be allocated as follows:

Dividend to shareholders	
SEK 0.50 per ordinary share, total	412,518,620
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,649,198,492
Total	5,390,597,112

Appropriation of profits

DIVIDEND

The dividend shall in the long term amount to at least 50 per cent of the profit from property management. The profit from property management shows how the real estate operations develop, including financial and central administration costs. When assessing the size of the dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

The proposal of the Board of Directors to the 2020 Annual General Meeting is that a dividend of SEK 0.50 per ordinary share be paid in four instalments of SEK 0.12, 0.12, 0.13 and 0.13 and a dividend of SEK 20.00 per preference share be paid in four instalments of SEK 5.00.

The proposal means a dividend corresponding to 51 per cent of the profit from property management for 2019. During the past ten years, this would correspond to an average dividend of 64 per cent of the profit from property management.

PROPOSED APPROPRIATION OF PROFITS

The Board proposes that the earnings (SEK) in the parent company available for distribution by the Annual General Meeting be allocated as follows:

Amount brought forward	4,353,727,022
Net profit for the year	1,036,870,090
Total	5,390,597,112
Dividend to ordinary shareholders	412,518,620
Dividend to preference shareholders	328,880,000
To be carried forward	4,649,198,492
Total	5,390,597,112

As at 31 December 2019, the number of registered ordinary shares in Klöver AB totalled 915,993,980, of which outstanding shares totalled 825,037,240 and repurchased shares 90,956,740. The total number of registered preference shares amounted to 16,444,000.

Allocation of earnings

THE BOARD'S STATEMENT ON THE PROPOSED ALLOCATION OF EARNINGS

The Board's proposal

In the proposed allocation of earnings for the 2019 financial year, the Board of Directors proposes to the Annual General Meeting on 24 April 2020 that a dividend be paid of SEK 0.50 per ordinary share in four instalments of SEK 0.12, 0.12, 0.13 and 0.13, and SEK 20.00 per preference share, distributed equally over four quarters. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 30 June 2020, 30 September 2020, 30 December 2020 and 31 March 2021 as the record dates for dividends on ordinary and preference shares.

If the AGM votes according to the proposal, the associated payment dates are estimated to be 3 July 2020, 5 October 2020 and 7 January 2021 and 7 April 2021.

The following earnings (SEK) are available to the Annual General Meeting for disposition:

Amount brought forward	4,353,727,022
Net profit for the year	1,036,870,090
Total	5,390,597,112

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders	
SEK 0.50 per ordinary share, total	412,518,620
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,649,198,492
Total	5,390,597,112

The above calculation is based on the total number of outstanding ordinary shares, 825,037,240 and the total number of outstanding preference shares, 16,444,000.

The Board further proposes that the Annual General Meeting decides that all new shares – a total of 91,599,397 ordinary shares and 1,644,400 preference shares – which may be issued by virtue of the Annual General Meeting's authorization, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 0.12 or SEK 0.13 per ordinary share and SEK 5.00 per preference share on the next following record date according to the above.

In the event of a maximum use of the authorization for the Board to decide on new issues, a dividend for additional ordinary shares of at most SEK 45,799,699 and for preference

shares of at most SEK 32,888,000 will be paid. Dividend for repurchased shares amounts to SEK 45,478,370. At least SEK 4,525,032,423 of the amount available for distribution will remain after dividends totalling at most SEK 865,564,689.

Klövern's financial position

Klövern's financial goals for 2019 were:

- Return on equity shall in the long term amount to at least 10 per cent.
- Dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management.
- Dividend to the preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.
- The adjusted equity ratio shall in the long term be 40 per cent.
- The interest coverage ratio shall be at least 2.0.
- The period of tied-up capital shall be at least 2.0 years.
- The period of fixed interest shall be at least 2.0 years.

All the financial goals were achieved in 2019.

According to the annual report, Klövern's equity ratio amounts to 34.9 per cent in the Group and 23.5 per cent in the Parent Company. After the proposed dividend, the equity

ratio will be 34.1 per cent in the Group and 21.8 per cent in the Parent Company. The proposed dividend constitutes 3.7 per cent of shareholders' equity in the Group and 9.3 per cent of the equity in the Parent Company.

Motivation by the Board of Directors

With reference to what has been stated, the Board considers that the proposed dividend can be justified taking into consideration the requirements made in Chapter 17, section 3, second and third paragraphs, of the Companies Act. The type and scope of activity does not entail risks to a greater extent than those normally occurring in the industry.

The assessment by the Board of the financial position of the Parent Company and the Group means that the dividend is justifiable in relation to the requirements that the type of business, extent and risks make on the size of the equity of the Parent Company and the Group and the consolidation requirements, liquidity and position otherwise of the Parent Company and the Group.

The Board considers that the proposed dividend will not affect the ability of Klövern to comply with its commitments in the short and long term or to make the necessary investments.

The undersigned certify that the annual accounts and the consolidated accounts have been prepared in compliance with the IFRS international accounting standards, as adopted by the EU, and with generally accepted auditing standards, and provide a true and fair picture of the Group's position and earnings, as well as that the administration report for the Group and the Parent Company provides a true and fair overview of the development of the Group and the company's business operations, its position and earnings, and describes the important risks and uncertainty factors facing the companies belonging to the Group.

Stockholm, 19 March 2020
Board of Directors of Klövern AB (Publ), reg. no. 556482-5833

Pia Gideon
Chairman

Rutger Arnhult
CEO

Johanna Fagrell Köhler
Board member

Eva Landén
Board member

Ulf Ivarsson
Board member

Our audit report was submitted on 20 March 2020
Ernst & Young AB

Fredric Hävrén
Authorized public accountant

Audit report

To the Annual General Meeting in Klöver AB (publ)
Reg. no. 556482-5833

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual report and the consolidated accounts of Klöver AB (publ) for the 2019 financial year, with the exception of the Corporate Governance Report on pages 71-82. The annual report and consolidated accounts of the company are on pages 17-70 and 93-127 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and of its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and are a fair presentation in all material respects of the financial position of the group as at 31 December 2019 and of its financial performance and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 71-82. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopt the statement of income and balance sheet for the parent company and the group.

Our opinions in this report on the annual report and the consolidated accounts comply with the content in the additional report submitted to the Parent Company's audit committee in accordance with article 11 of the Regulation (EU) No. 537/2014.

Grounds for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise complied with our professional responsibility in accordance with these requirements. This means that, to the best of our knowledge and conviction, no prohibited services as referred to article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, in relevant cases, to its parent company or its controlling company in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate for its purpose to provide a basis for our opinions.

Areas of particular importance

Areas of particular importance for the audit are the areas which, in our professional judgment, were the most important for the audit of the annual accounts and the consolidated accounts for the current period. These areas are also treated within the framework of the audit of, and in our position on, the annual report and the consolidated report as a whole, although we state no separate opinions on these areas. The following description of how the audit was performed shall be read in this context.

We have performed the obligations described in the section The auditor's responsibility in our report on the annual report also in these areas. In this way, audit measures were undertaken to take into account our assessment of the risk of material errors in the annual report and the consolidated accounts. The outcome of our audit and the audit measures performed to deal with the areas shown below form the background for our audit report.

Valuation of investment properties

Description of the area

On 31 December 2019, the fair value of the Group's investment properties was SEK 52,377 million and changes in value amounted to SEK 2,125 million. The Group's investment properties constituted 91 per cent of the total assets on 31 December 2019. Valuation at fair value is by nature associated with subjective assessments and a minor change in assumptions made on which valuations are based may have an important effect on the reported amounts.

The valuations are yield-based in accordance with the cash flow method, which means that future cash flows are forecast. The properties' yield requirements are assessed on the basis of the unique risk of each property and transactions made in the market. A description of the valuation of the property portfolio is contained in Note 11 and Note 34 Important estimates and assessments. Due to the many assumptions and assessments that take place in conjunction with the valuation of investment properties, we make the assessment that this area is to be regarded as being of particular importance in our audit.

How this area was taken into account in the audit

In our audit, we have evaluated and tested the executive management's process for property valuation.

We have examined input data for the external valuations from the company's system for a selection of properties.

We have discussed important assumptions and assessments with those responsible for valuation at Klöver. Our selection has mainly comprised the largest properties by value in the portfolio, as well as the properties with the greatest variation in value compared with previous quarters and the previous year. We have also made comparisons with known market information. We have evaluated the competence and expertise of the external valuers.

With the support of our valuation specialists, we have examined the reasonableness of the assumptions made for a selection of the properties such as yield requirements, vacancy rate, rental income and operating expense.

We have assessed the information provided in the Annual Report.

Other information than the annual accounts and the consolidated accounts

This document also contains other information than the annual accounts and the consolidated accounts that can be found on pages 2-16, 83-92 and 132-160. The Board of Directors and the CEO are responsible for this information.

Our statement regarding the annual report and the consolidated accounts does not include this information and we make no statement certifying this other information.

In connection with our audit of the annual report and the consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is incompatible to a significant extent with the annual accounts and the consolidated accounts. In this review, we also take into account the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to contain material misstatements.

If we, on the basis of the work performed relating to this information, draw the conclusion that the other information contains material misstatements, we are obliged to report this. We have nothing to report in this respect.

The responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for preparing the annual report and the consolidated accounts and for it containing a fair picture in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in compliance with the IFRS as adopted by the EU. The Board and the CEO are also responsible for the internal control that they believe necessary to prepare an annual report and consolidated accounts that do not contain any material

misstatements, regardless of whether these are wilful or due to error.

When preparing the annual report and the consolidated accounts, the Board and the CEO are responsible for the assessment of the company's ability to continue as a going concern. They notify, when appropriate, circumstances that may affect the ability to continue as a going concern and to apply the assumption of a going concern. The assumption of a going concern is not applied, however, if the Board and the CEO intend to liquidate the company, cease the activity, cease business or have no realistic alternative to doing one of these.

The Board's audit committee shall, without this affecting the responsibility and other tasks of the Board, inter alia, monitor the company's financial reporting.

The auditor's responsibility

Our goal is to obtain a reasonable degree of assurance that the annual report and the consolidated accounts as a whole do not contain any material misstatements, whether due to fraud or error and to produce an audit report containing our opinions. Reasonable assurance is a high degree of assurance but is not absolute assurance that an audit performed in compliance with ISA and generally accepted auditing standards in Sweden will always detect material misstatement if such exists. Misstatements may arise due to fraud or error and are considered to be material if these misstatements individually or taken together may reasonably be expected to affect the financial decisions made by the user on the basis of the annual accounts and consolidated accounts.

As part of an audit in compliance with ISA, we apply our

professional judgment and have a professionally sceptical approach throughout the audit.

Furthermore:

- we identify and assess the risk of material misstatement in the annual accounts and the consolidated accounts, whether due to fraud or error, design and perform audit procedures, inter alia, on the basis of these risks and obtain audit evidence which is sufficient and appropriate for its purpose to serve as a basis for our opinions. The risk of not detecting material misstatement due to fraud is higher than for material misstatement due to error, as misstatements may include action in collusion, counterfeiting, deliberate omission, incorrect information or setting aside internal control.
- we obtain an understanding of the company's internal control, which is important for our audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- we assess the suitability of the accounting policies applied and the reasonableness of the Board and the CEO's estimates in the accounts and supplementary disclosures.
- we draw a conclusion on the suitability of the Board and the CEO applying the assumption of a going concern when drawing up the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, whether there is any material uncertainty factor, concerning such events or circumstances that may lead to considerable doubt about the company's ability to continue as a going concern. If we draw the conclusion that there is a significant uncertainty factor, we must draw attention in the Audit Report to the disclosures about the significant uncertainty factor or, if such disclosures are insufficient, modify the statement about the annual accounts and the consolidated ac-

counts. Our conclusions are based on the audit evidence obtained until the date of the audit report. However, future events or circumstances may mean that the company is unable to continue as a going concern.

- we evaluate the overall presentation, structure and content of the annual report and the consolidated accounts, including the supplementary disclosures and, whether the annual report and the consolidated accounts reproduce the underlying transactions and circumstances in a way that provides a fair picture.
- we obtain sufficient audit evidence that is appropriate for its purpose concerning the financial information for the units or business operations in the group to make a statement on the consolidated accounts. We are responsible for control, monitoring and drawing up of the audit for the group. We bear sole responsibility for our opinions.

We must notify the Board about, inter alia, the planned extent and direction of the audit, and on the date for it. We must also inform about important observations during the audit, including important deficiencies in internal control that we have identified.

We must also provide the Board with a statement that we have applied relevant professional ethical requirements and taken up all relationships and other circumstances that can reasonably affect our independence and in applicable cases associated countermeasures.

Out of the areas communicated with the Board, we establish which of these areas that have been of greatest importance for the audit of the annual report and the consolidated accounts, including the most important assessed risks for significant misstatements, and which therefore constitute the areas of particular importance for the audit. We describe these areas in the audit report as long as laws or other regulations do not prevent such information.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual report, we have also performed an audit of the management by the Board of Directors and the CEO of Klöver AB (publ) for the 2019 financial year and of the proposals for the appropriation of the company's profit or loss.

We approve the annual general meeting appropriating the profit in accordance with the proposal in the Administration Report and granting the members of the Board and the CEO release from liability for the financial year.

Grounds for our opinions

We have performed the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility

according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in compliance with generally accepted auditing standards in Sweden and have otherwise complied with our professional ethical responsibility in accordance with these requirements.

We consider that the audit evidence obtained is sufficient and fit for its purpose as a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. In connection with a proposed dividend, this includes an assessment of whether the dividend is defensible taking into consideration the requirements made by the company's and the group's type of operations, the extent and risks made on the size of

the parent company's and group's equity, consolidation requirements, liquidity and position otherwise.

The Board is responsible for the company's organization and administration of the company's business. This includes, inter alia, making a continuous assessment of the company's and the group's financial situation, and ensuring that the organization of the company is designed in such a way that the accounting, management of funds, and the company's financial concerns are otherwise controlled satisfactorily. The CEO shall take care of the day-to-day management in accordance with the Board's guidelines and instructions and, inter alia, undertake the measures necessary for the company's accounts to be drawn up in compliance with the law and that management of funds has been satisfactorily taken care of.

The auditor's responsibility

Our responsibility with regard to the audit of the management, and thus our opinion on discharge from liability, is to obtain audit evidence in order with a reasonable degree of assurance to be able to assess whether any board member or the CEO has in any important respect:

- undertaken any measure or become liable to any neglect which may lead to a duty of compensation to the company.
- in any other way acted in conflict with the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective as regards the audit of the proposal for appropriation of the company's profit or loss, and thus our opinion on this, is to assess with reasonable degree of assurance whether the proposal complies with the Companies Act.

Reasonable assurance is a high extent of assurance, but not absolute assurance that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect procedures or neglect which may lead to an obligation to compensate the company or that a proposal on appropriation of the company's profit or loss is not compatible with the Companies Act.

As part of the audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and have a professional sceptical approach throughout our audit. Scrutiny of the management and the proposal for appropriation of the company's profit or loss are based primarily on audit of the accounts. The additional audit procedures performed are based on our professional

assessment based on risk and importance. This means that we focus the examination on such procedures, areas and circumstances that are important for the business and where deviations and breaches would be especially important for the company's situation. We review and test decisions made, bases for decision, measures undertaken and other circumstances that are relevant for our statement on discharge from liability. As a basis for our opinion on the Board's proposal for appropriations of the company's profit or loss, we have examined the Board's reasoned statement as well as a selection of documentation for this to be able to assess whether the proposal complies with the Companies Act.

The auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report on pages 71-82 and for it being drawn up in accordance with the Annual Accounts Act.

Our review has been performed in accordance with FAR's statement RevU 16 The Auditor's review of the Corporate Governance Report. This means our review of the Corporate Governance Report has another direction and considerably less scope than the direction and extent of an audit in accordance with the International Standards of Auditing and generally accepted auditing standards in Sweden. We believe that this review is sufficient for our opinions.

A corporate governance report has been drawn up. Disclosures in accordance with Chapter 6, section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, section 31, second paragraph, of the same Act are compatible with the other parts of the annual report and the consolidated accounts and in compliance with the Annual Accounts Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm was appointed as auditor of Klöver AB by the Annual General Meeting on 26 April 2019 and has served as the company's auditor since 2000.

Stockholm, 20 March 2020
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant



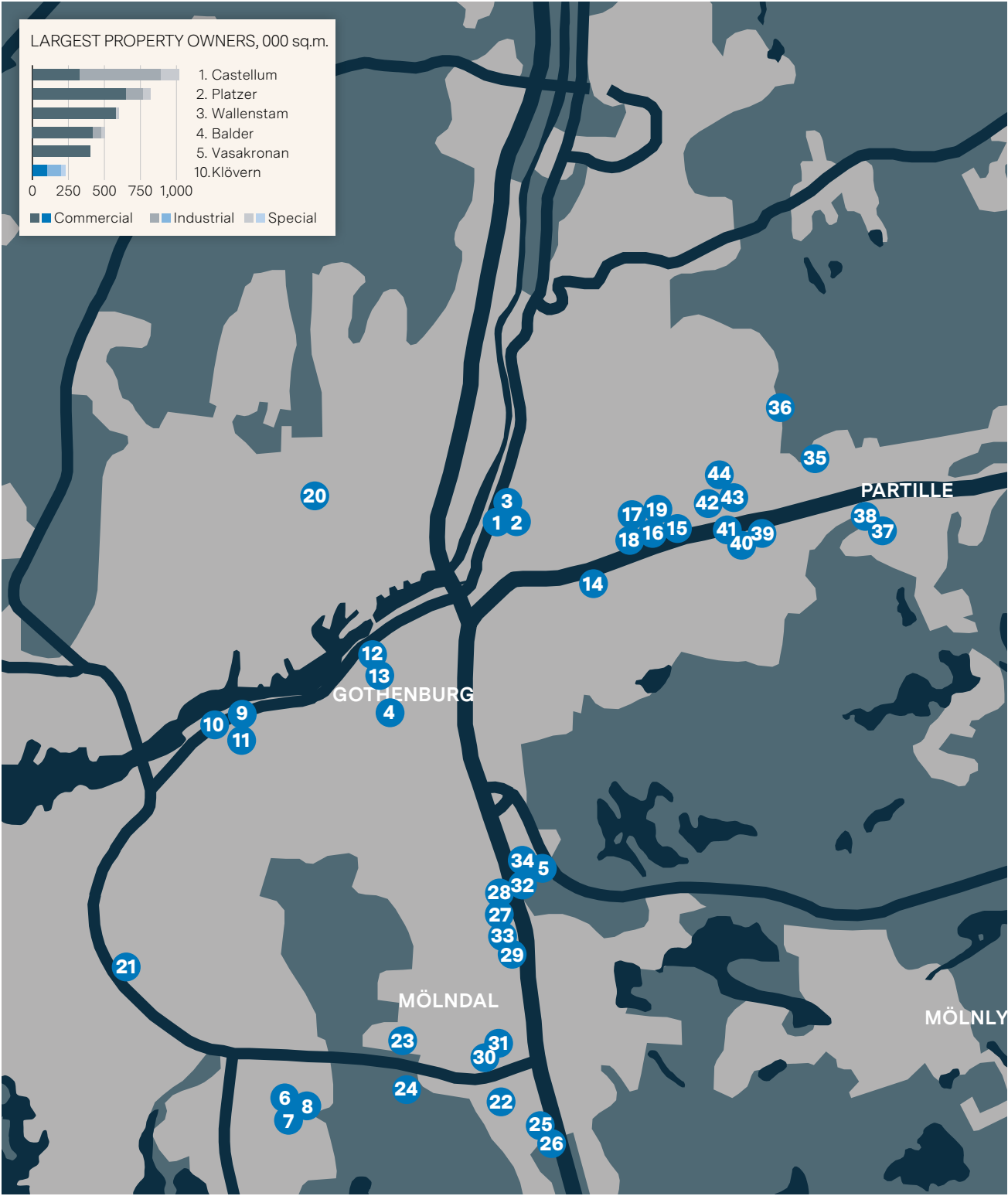
Åby Arena in Gothenburg..

Property list



WEST REGION

Gothenburg



GOTHENBURG

No.	Property	Address	Site lease- hold	Building year/ value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*	Total			
1-2	Gamlestaden 39:13	Lilla Waterloogatan 8, 10, Gothenburg	-	1963/1963	Office	6,593	6,491	445	-	13,529	20.0	98	65.5
3	Gamlestaden 39:14	Lilla Waterloogatan 15, Gothenburg	-	1905/1952	W/L**	-	880	-	-	880	1.9	100	3.0
4	Inom Vall-graven 15:2	Drottningg. 28, Södra Hamng. 27, Gothenburg	-	2003/2003	Office	4,123	-	217	-	4,340	13.9	100	128.9
5	Kallebäck 17:1	Solhusg. 11, Gothenburg	-	1992/2000	Office	20,170	-	-	200	20,370	23.1	92	137.1
6-8	Kobbegården 6:141	Datav. 6, 8, 10, Gothenburg	-	1983/1983	Office	10,200	2,021	1,470	-	13,691	17.2	92	107.5
9	Majorna 219:7	Fiskhamnsg. 6A-C, Skärgårdsg. 1, Gothenburg	S	2002/2002	Office	11,679	1,933	1,897	201	15,710	27.7	100	175.0
10	Majorna 220:4	Fiskhamnsg. 2, Gothenburg	-	1986/1986	Office	5,712	33	-	-	5,745	11.0	73	54.6
11	Majorna 220:5	Skärgårdsg. 4, Gothenburg	-	1990/1990	E/H/O***	579	16	-	3,815	4,410	8.0	100	-
12	Nordstaden 18:3	Kronhusg. 7, Torgg. 17, Gothenburg	-	1985/1985	Office	1,911	6	354	-	2,271	5.8	92	46.6
13	Nordstaden 18:4	Torgg. 19, Gothenburg	-	1985/1985	Office	-	-	-	-	-	0.0	-	-
14	Sävenäs 67:4	Torpavallsg. 11, 13, Gothenburg	-	1982/1991	Office	2,336	-	-	-	2,336	2.9	46	10.5
15	Sävenäs 169:1	von Utfallsg. 21, Gothenburg	-	1975/1975	W/L**	227	7,350	-	-	7,577	5.9	92	20.9
16	Sävenäs 170:12	von Utfallsg. 18, 20, Gothenburg	-	1990/1990	W/L**	884	3,178	-	-	4,062	3.5	96	15.5
17	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg	-	1979/1979	Office	1,624	465	-	-	2,089	2.0	100	10.5
18	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg	-	1991/1991	Office	4,950	509	-	-	5,459	5.7	85	28.4
19	Sävenäs 170:17	von Utfallsg. 18, 20, Gothenburg	-	1990/1990	W/L**	-	-	-	-	-	0.0	-	2.0
20	Tuve 86:2	Hildedalsg. 1, Gothenburg	S	2007/2007	W/L**	-	5,301	-	-	5,301	4.9	100	29.7
21	Tynnared 1:15	Femvägsskålet 4, Gothenburg	S	1979/1979	W/L**	-	2,600	-	-	2,600	2.7	100	16.7
22	Gastuben 3	Argong. 2D, Mölndal	-	1991/1994	Office	5,990	-	-	-	5,990	8.9	88	57.8
23	Hårddisken 3	Alfag. 8, Mölndal	-	2012/2012	Office	3,274	-	-	-	3,274	5.2	100	32.8
24	Mejramen 1	Lunnagårdsg. 4, Mölndal	-	1999/1999	Office	8,123	2,617	741	117	11,598	17.3	99	98.7
25	Pottegården 2	Taljegårdsg. 1, Mölndal	-	1965/1965	W/L**	429	1,371	-	-	1,800	1.5	90	11.2
26	Pottegården 4	Kråketorpsg. 20, Mölndal	-	1991/1991	Office	3,059	1,871	-	-	4,930	5.0	90	34.0
27	Spinnaren 5	Göteborgsv. 44, Mölndal	-	1973/1973	W/L**	-	-	-	-	-	0.4	100	1.9
28	Stockrosen 2	Norra Åg. 40, Mölndal	-	1988/1988	Retail	1,102	-	1,937	-	3,039	4.0	89	11.3
29	Stockrosen 7	Norra Åg. 32, Mölndal	-	1947/1997	Office	3,322	995	433	-	4,750	6.4	95	36.6
30	Travbanan 2	Åbyvägen, Mölndal	-	2018/2018	E/H/O***	3,561	-	-	9,646	13,207	31.5	84	130.0
31	Travbanan 3	Åbyvägen, Mölndal	-	2018/2018	E/H/O***	-	-	-	15,646	15,646	20.4	100	129.6
32	Törnrosen 4	Flöjelbergsg. 14C, Mölndal	-	1989/1989	Office	2,683	777	-	-	3,460	4.6	78	14.2
33	Violen 1	Göteborgsv. 40, Mölndal	-	1958/1980	Retail	-	-	718	238	956	1.3	100	8.7
34	Ängsviolen 1	Flöjelbergsg. 18, Mölndal	-	1960/1960	W/L**	2,571	2,797	180	-	5,548	4.9	100	22.0
35	Mellby 3:198	Mellbyv. 21, 23, Partille	-	1967/1983	E/H/O***	-	-	-	2,576	2,576	3.1	100	-
36	Mellby 5:120	Ögårdesv. 19, Partille	-	1990/1990	Office	3,862	1,230	-	-	5,092	6.0	99	28.7
37	Partille 4:2	Kung Göstas v. 4, Partille	-	Land	E/H/O***	-	-	2500	-	2,500	4.1	100	1.4
38	Partille 4:25	Gamla Kronv. 22, Partille	-	1981/2008	Retail	-	-	-	-	-	0.0	-	13.8
39	Ugglum 1:76	Göteborgsv.88, Tillfällav. 27-29, Partille	-	1988/1988	Retail	1,225	270	2,487	500	4,482	5.9	95	29.6
40	Ugglum 8:37	Tillfällav. 23-25, Göteborgsvägen 78-84, Partille	-	1937/1975	Office	1,951	114	1,324	278	3,667	5.0	94	31.9
41	Ugglum 8:92	Tillfällav. 17-21, Göteborgsvägen 74-76, Partille	-	1992/1992	Office	4,653	276	720	275	5,924	8.3	87	46.0
42	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, 59 Partille	-	1989/1989	Office	10,562	4,502	365	588	16,017	16.7	89	70.4
43	Ugglum 9:243	Industriv., Partille	-	Land	E/H/O***	-	-	-	-	-	0.0	-	5.0
44	Ugglum 7:117	Industriv. 39, Partille	-	1969/1999	W/L**	801	2,176	-	343	3,320	3.4	98	14.4
-	Ölslanda 1:255	Gråbov. 13, Lerum	-	1974/2011	E/H/O***	-	-	121	4,430	4,551	4.3	100	-
-	Bromsen 3 och 4	Bergslenag. 41, Borås	-	1945/1971	Retail	1,411	5,763	13,634	1,968	22,776	31.2	69	188.8
-	Spindeln 13 och 14	Bergslenag. 41, Borås	-	1945/1971	Retail	-	-	-	-	-	0.0	-	-
-	Termiten 1	Bergslenag. 8, Borås	-	1971/1978	Retail	24	832	13,810	-	14,666	19.8	97	125.0
TOTAL GOTHENBURG						129,591	56,374	43,353	40,821	270,139	375	91	1,996

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.

WEST REGION

Halmstad



HALMSTAD

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware-house/ logistics	Retail	Other*			
1	Eketånga 24:37	Kristinebergsv. 18-20, Halmstad	-	1989/1990	W/L**	611	1,107	-	-	1,718	1.0	7.0
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad	-	1989/1989	W/L**	1,812	3,512	-	-	5,324	2.6	18.6
3	Eketånga 5:417	Industriv. 1, Halmstad	-	1962/1962	W/L**	277	3,275	-	-	3,552	1.7	9.9
4	Fotbollen 17	Bolmeng 11, Halmstad	-	1929/1929	Office	480	-	-	-	480	0.3	-
5	Fregatten 7	Svetsareg. 8, Halmstad	-	1978/1978	Office	1,517	-	-	-	1,517	1.2	5.2
6	Halmstad 2:25	Stationsg. 37, Halmstad	-	Land	E/H/O***	-	-	-	-	0.0	-	-
7-9	Halmstad 2:28	Stationsg. 37, Halmstad	-	1920/1929	W/L**	2,395	10,270	1,915	200	14,780	17.8	78.8
10	Halmstad 2:49	Strandg 1, 3, Halmstad	-	1911/1953	Office	3,025	-	-	-	3,025	6.3	28.0
11	Järnvägen 3	Gamletullsg. 12,14	-	2017/2017	Office	4,461	-	-	1,053	5,514	13.2	72.4
12	Orkanen 1	Stationsg. 52, Halmstad	-	1930/1930	W/L**	211	939	-	256	1,406	0.5	1.0
13	Orkanen 2	Stationsg. 50, Halmstad	-	1948/1948	W/L**	-	1,300	-	-	1,300	0.0	0.7
14	Ostkupan 3	Stålverksg. 1, Halmstad	-	1950/1950	Office	7,001	5,628	-	-	12,629	6.2	30.8
15	Slättern 2	Kundv. 15, Halmstad	-	2008/2008	Retail	-	-	3,616	-	3,616	3.6	25.9
TOTAL HALMSTAD						21,790	26,031	5,531	1,509	54,861	54	278

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

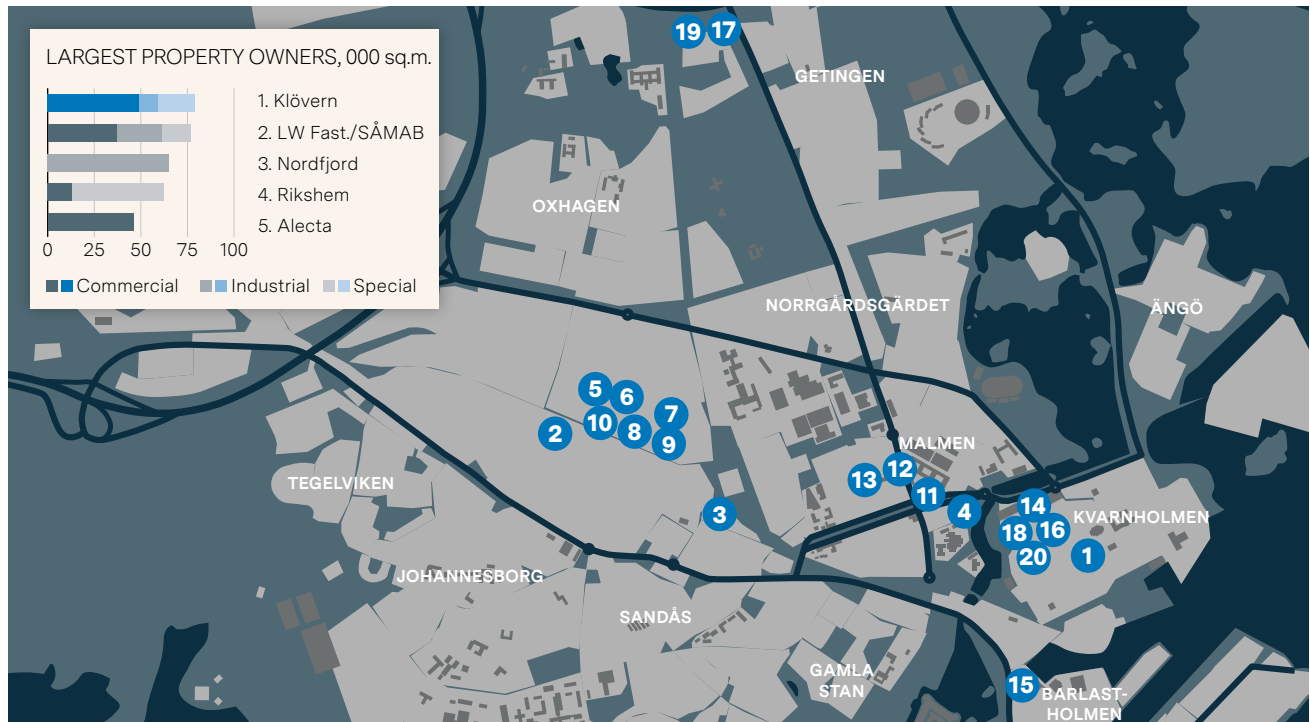
** Warehouse/logistics

*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.

EAST REGION

Kalmar



KALMAR

						Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
No.	Property	Address	Site lease-hold	Building year/ value year	Type of property	Office	Ware-house/ logistics	Retail	Other*	Total			
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar	–	1965/1965	Retail	771	101	817	182	1,871	3.4	100	24.2
2	Elefanten 3	Torsåsg. 9, Kalmar	–	1970/1971	Office	3,923	2,000	2,500	–	8,423	7.1	100	28.5
3	Fredriksdal 1	Lorensbergsleden 1, 3, Kalmar	–	1975/1975	E/H/O***	750	913	–	1,835	3,498	2.9	88	–
4	Guldfisken 2	Postg. 2, Kalmar	–	1947/1947	E/H/O***	–	–	–	3,029	3,029	0.0	–	–
5–9	Gumsen 31	Verkstadsq. 3, Kalmar	–	1950/1960	W/L**	6,298	10,013	1,153	7,490	24,954	17.5	99	47.7
10	Gumsen 41	Torsåsg. 16, Kalmar	–	1975/1975	Office	2,042	–	–	–	2,042	1.9	100	6.4
11	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar	–	1967/1967	E/H/O***	1,562	534	477	3,171	5,743	7.2	99	–
12	Korpen 18	Fabriksq. 31, Kalmar	–	1976/1976	Office	3,117	694	–	–	3,811	4.9	100	26.0
13	Korpen 20	Fabriksq. 29, Nyg. 30, Kalmar	–	1979/1979	Office	3,129	190	–	2,967	6,286	8.6	99	–
14	Lärlingen 5	Kaggensg. 40, 42, 44, Strömg. 7, Kalmar	–	1960/1960	Office	2,182	245	318	1,829	4,574	6.0	99	34.0
15	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	E/H/O***	971	–	–	1,288	2,259	3.6	100	11.2
16	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar	–	1962/1962	Retail	568	57	712	11	1,348	2.3	99	17.0
17	Rybsen 1	Dagövä. 1B, Kalmar	–	2000/2000	Office	1,112	–	–	–	1,112	1.3	100	7.1
18	Tenngjutaren 1	Strömg. 2, Larmg. 40, Kalmar	–	1974/1979	Office	1,199	92	–	297	1,588	2.2	92	16.1
19	Timotejen 1	Öselv. 1, Kalmar	–	1991/1991	Office	902	–	650	–	1,552	1.4	67	5.6
20	Åldermannen 25	Kaggensg. 29, Kalmar	–	1978/1978	Retail	40	420	7,615	473	8,548	16.2	54	111.9
–	Fläkten 11	Kvarnv. 2, Växjö	–	1982/1982	Office	8,200	–	–	–	8,200	8.8	100	47.8
–	Fläkten 14	Kvarnv. 26, 28, Växjö	–	1982/1982	W/L**	–	5,300	–	–	5,300	3.6	100	25.3
TOTAL KALMAR						36,765	20,558	14,242	22,572	94,137	99	91	409

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

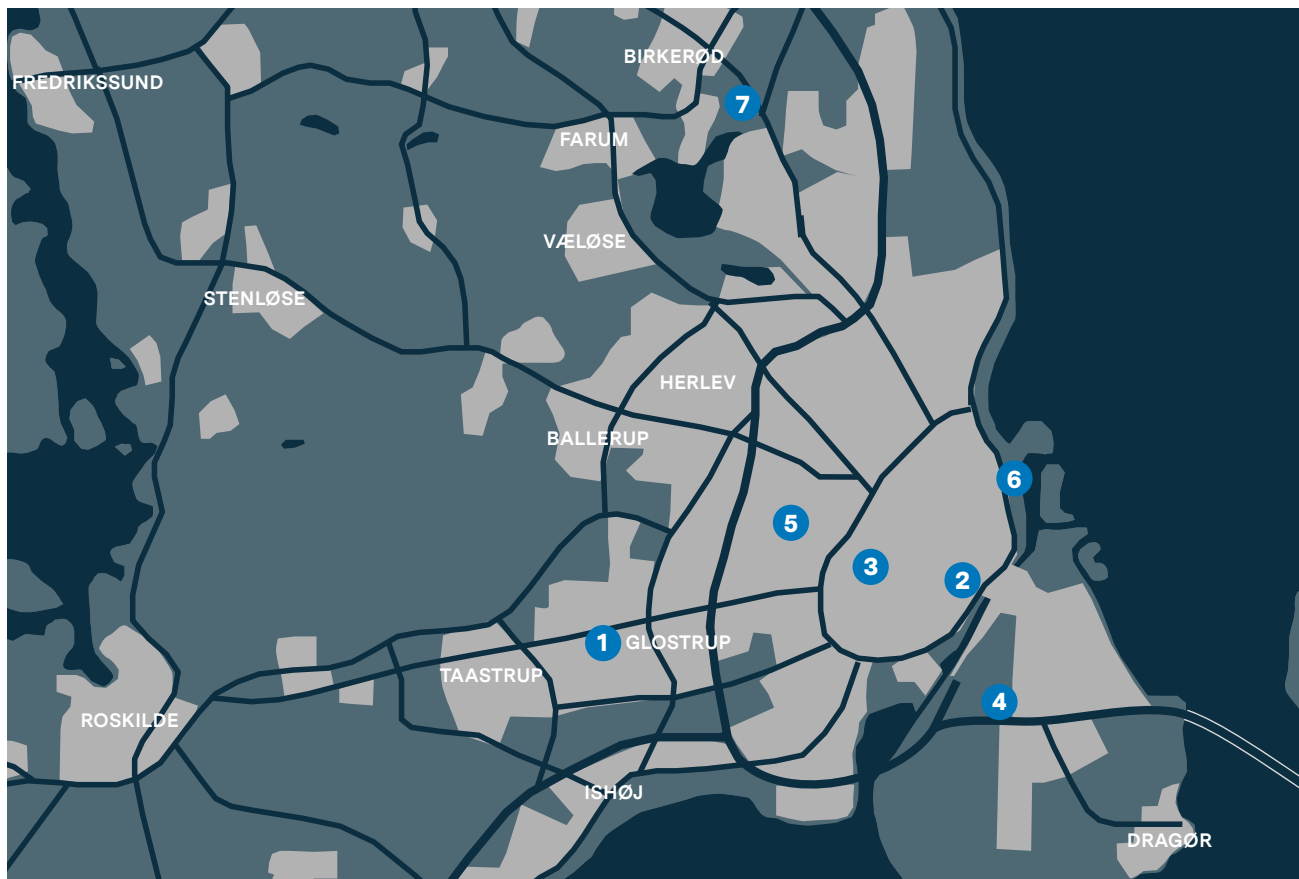
** Warehouse/logistics

*** Education/Health care/Other

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INTERNATIONAL

Copenhagen



COPENHAGEN

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*			
1	12p Vridsløse-lille By	Roskildevej 157, Albertslund	-	1982/2000	Office	8,630	-	-	-	8,630	14.9	-
2	24a Frederiksberg (1, 2)	Gammel Kongevej 60, Frederiksberg	-	1967/2004	Office	30,779	625	-	-	31,404	98.1	-
3	26er, 26fg, 26fi Frederiksberg	Porcelænsøen 16A, 18A och 26, Frederiksberg	-	1922/2005	E/H/O***	-	-	-	19,300	19,300	41.9	-
4	383 Eksercer-pladsen	Arne Jacobsens Allé 7, Copenhagen	-	2012/2012	Office	15,157	-	-	506	15,663	39.5	-
5	3269b Vanløse	Indertoften 10, Copenhagen	-	1964/1964	Office	6,946	-	-	-	6,946	13.3	-
6	984 Østervold Kvarter	Amerika Plads 38, Copenhagen	-	2008/2008	Office	6,033	-	-	-	6,033	22.7	-
7	1kh Rudsgård Ny Holte	Kongevejen 495B, Rudersdal	-	1994/1994	Office	5,341	-	-	-	5,341	10.6	-
TOTAL COPENHAGEN						72,886	625	-	19,806	93,317	241	-

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

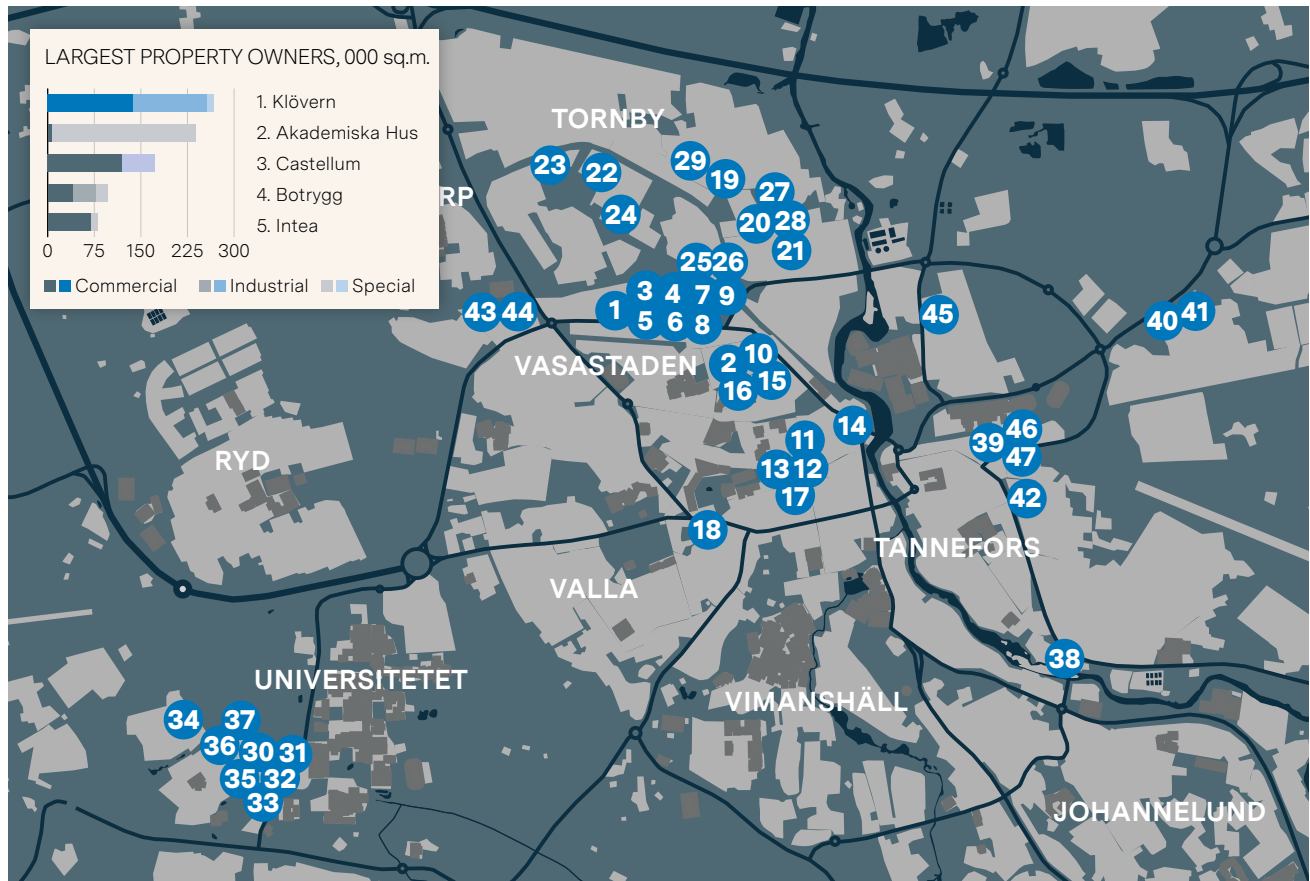
** Warehouse/logistics

*** Education/Health care/Other

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EAST REGION

Linköping



LINKÖPING

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware-house/logistics	Retail	Other*			
1	Ackordet 10	Industrig. 15, Linköping	-	1954/1954	Retail	604	181	3,587	-	4,372	4.6	26.6
2	Amor 1	Platensg. 26, Linköping	-	1929/1990	Office	3,292	-	-	-	3,292	7.0	46.4
3	Antennen 15	Mellang. 9, Linköping	-	1986/1986	Office	6,952	1,622	1,441	1,450	11,465	6.8	33.4
4	Antennen 16	Bangårdsg. 6, Linköping	-	1986/1986	Office	-	-	-	-	-	0.0	-
5	Antennen 23	Industrig. 11A-C, Linköping	-	1986/1986	Office	-	-	-	-	-	0.0	17.2
6	Antennen 24	Industrig. 11A-C, Linköping	-	1947/1972	Office	-	-	-	-	-	0.0	2.3
7	Antennen 5	Bangårdsg. 4, Linköping	-	1954/1988	W/L**	928	1,016	-	-	1,944	1.0	10.6
8	Antennen 6	Industrig. 9, Linköping	-	1954/1988	W/L**	-	-	-	-	-	0.0	-
9	Antennen 9	Alkag. 4-6, Linköping	-	1948/1988	W/L**	847	2,356	-	2,057	5,260	7.6	14.4
10	Beridaren 12	Platensg. 29, Hertig Karls. 5A-D, Linköping	-	1929/1959	Office	3,996	361	112	-	4,469	7.5	44.0
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping	-	1916/1978	Office	7,391	391	-	130	7,912	14.0	84.8
12	Brevduvan 20	Åg.31, S:t Larsg. 24, Linköping	-	1990/1990	Office	3,441	223	480	67	4,211	7.0	56.3
13	Brevduvan 21	Klosterg. 19, Åg. 33-37, Linköping	-	1991/1991	Office	8,661	68	348	511	9,588	13.6	117.7
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1-3, Linköping	-	1958/1992	E/H/O***	4,051	201	-	5,868	10,120	16.7	-
15	Bävern 13	Hertig Karls. 2 A-C, 4 A-B, Linköping	-	1981/1981	Office	5,434	403	-	55	5,892	8.6	53.8
16	Bävern 2	Platensg. 25, Linköping	-	1940/1940	E/H/O***	-	-	-	1,170	1,170	1.0	-
17	Dahlian 18	S:t Larsg. 30, Storg. 38, Linköping	-	1963/1963	Retail	1,828	319	2,249	298	4,694	9.3	64.2
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping	-	1978/1985	Office	6,310	-	-	-	6,310	10.1	53.6
19	Galgen 3	Gillbergag. 23, 25, Linköping	-	1975/1975	Retail	715	942	1,622	625	3,904	2.5	19.3
20	Ganymeden 7	Roxeng. 9, 11, Linköping	-	1963/1973	W/L**	3,130	9,710	440	2,079	15,359	6.9	49.4
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A-D, Roxeng. 18, Linköping	-	1946/1960	Office	3,640	710	-	-	4,350	3.8	24.4
22	Glasberget 1	Attorpsg. 7-23, Linköping	-	1989/1992	Office	6,922	730	-	1,995	9,647	9.9	57.4
23	Glasbitten 1	Attorpsg. 2, Linköping	-	1977/1977	W/L**	-	4,160	-	-	4,160	3.7	20.2
24	Glasbitten 7	Roxtorpsg. 9, Linköping	-	1973/1989	W/L**	1,085	10,527	-	-	11,612	14.0	57.4
25-26	Glasblåsaren 7	Tornbyv. 1, Linköping	-	1929/1929	Retail	3,527	744	5,454	264	9,989	12.5	79.8
27	Guvernören 13	N Oskarsg. 18, Linköping	-	1968/1971	Retail	680	927	1,094	570	3,271	1.8	12.6
28	Gymnasten 2	Roxeng. 7, Linköping	-	1977/1977	Office	1,442	-	310	330	2,082	2.2	12.5
29	Gården 1	Gottorpsg. 1, Linköping	-	1987/1987	Office	1,140	332	-	-	1,472	2.0	13.0
30	Idégivaren 1	Teknikringen 4, Linköping	-	1989/1989	Office	3,946	66	-	-	4,012	5.3	34.2
31-33	Idéläran 1	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping	-	1986/1999	Office	15,456	934	-	231	16,621	23.9	157.9
34	Idéskaparen 2	Datalinjen 4, Linköping	-	1999/2002	Office	23,650	-	-	-	23,650	25.5	184.6
35	Idéskissen 1	Teknikringen 3, Linköping	-	1984/1984	E/H/O***	-	-	-	4,726	4,726	5.7	-
36-37	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping	-	1990/2001	Office	21,079	140	670	620	22,509	31.8	206.3
38	Kvarnen 4	Nya Tanneforsv. 96, 96A-B, Linköping	-	1935/1955	Retail	1,934	1,017	2,154	-	5,105	4.3	23.8
39	Magasinet 1	Hagalundsv. 3A, Linköping	-	1929/1929	W/L**	-	635	-	-	635	0.2	4.6
40	Magneten 2	Finnög. 12, Linköping	S	1980/1980	W/L**	48	6,181	-	-	6,229	3.9	28.1
41	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	W/L**	-	-	-	-	-	0.0	-
42	Mekanikern 22	G Tanneforsv. 17A, Vimarkg. 1, 3, 5, 7, 9, Linköping	-	1947/1998	W/L**	1,745	14,025	312	4,874	20,956	14.0	-
43-44	Oboisten 2	Barhällsg. 1, 10, Linköping	-	1952/1952	W/L**	1,373	7,693	568	-	9,634	3.7	43.5
45	Paletten 1	Gumpekullav. 8, Ottarg. 3, Linköping	-	1980/1980	Office	5,343	341	-	8	5,692	6.0	33.2
46	Tannefors 1:89	Hagalundsv. 3B, Linköping	-	1986/1986	W/L**	-	1,071	-	-	1,071	0.4	6.9
47	Tannefors 1:90	Hagalundsv. 3B, Linköping	-	Land	E/H/O***	-	-	-	-	-	0.0	-
-	Olaus Petri 3:234	Ö Bang. 7, Örebro	-	1979/1979	E/H/O***	2,034	2,437	9	4,421	8,901	4.8	-
TOTAL LINKÖPING						152,624	70,463	20,850	32,349	276,286	304	1,754

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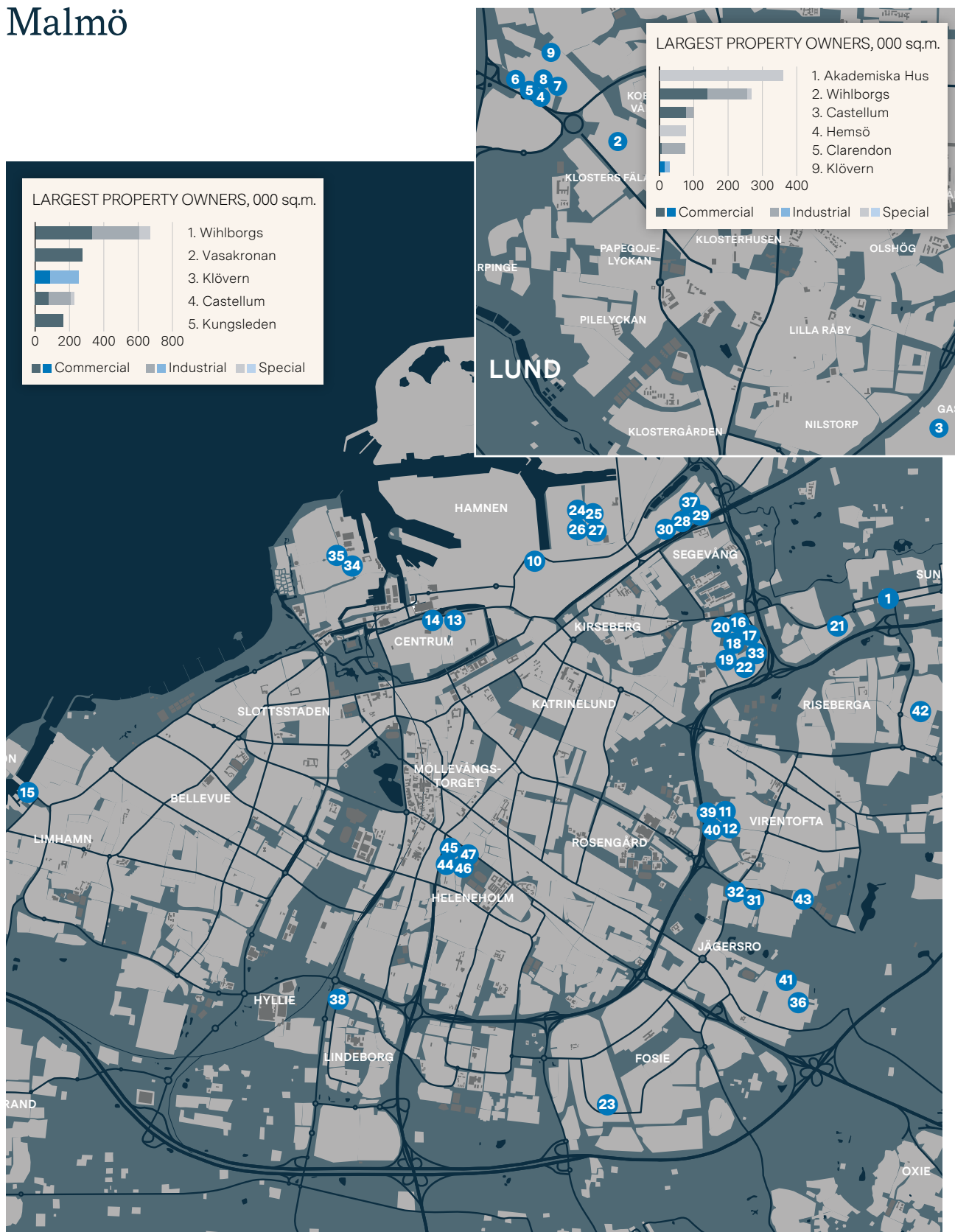
** Warehouse/logistics

*** Education/Health care/Other

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WEST REGION

Malmö



MALMÖ

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*	Total			
1	Sunnanå 12:26	G:a Staffanstopsv., Burlöv	-	Land	E/H/O***	-	-	-	-	-	0.0	-	1.3
2	Annedal 9	Annedalsv. 2B, Lund	-	1990/1990	W/L**	-	1,296	-	-	1,296	1.5	100	6.6
3	Kvartsen 6	Skifferv. 25, Lund	-	1992/1992	W/L**	-	5,010	-	-	5,010	4.7	100	28.6
4-5	Traktorn 4	Traktornv. 13, Lund	-	1983/1983	Office	6,985	1,366	5,650	-	14,001	17.6	73	108.1
6	Trumlan 1	Traktornv. 19, Lund	-	1991-1994/1991-1994	W/L**	350	1,263	904	-	2,517	2.9	88	13.3
7	Välten 4	Traktornv. 8, Lund	-	2004/2004	W/L**	-	3,100	-	-	3,100	3.5	100	20.2
8	Välten 5	Traktornv. 10, Lund	-	1974/1987	W/L**	-	3,645	-	-	3,645	3.5	100	13.3
9	Årdret 12	Höstbruksv. 14, Lund	-	1991/1991	W/L**	281	1,768	-	-	2,049	1.8	37	8.8
10	Betongen 11	Krang. 4, Malmö	S	1992/1992	Office	4,872	37	-	-	4,909	8.2	90	35.8
11	Brandnåvan 1	Stenbärgsg. 3, Malmö	S	Land	E/H/O***	-	-	-	-	-	0.0	-	3.3
12	Brandnåvan 2	Stenbärgsg. 1, Malmö	S	1989/1989	Office	2,550	272	-	-	2,822	2.6	0	13.4
13	Carolus 32	Österg. 12, Malmö	-	1971/1999	Retail	-	26	14,101	1,683	15,810	42.4	65	243.0
14	Innerstaden 1:152	Österg. 12, Malmö	-	1971/1999	Retail	-	-	-	120	120	0.3	-	8.2
15	Dragör 1	Öv. 6, Malmö	-	2014/2014	Office	1,694	46	618	-	2,358	6.8	83	39.7
16-17	Flygfyrn 1	Höjdroderg. 29, Flygfältsv. 1, Malmö	-	1955-2004/1955-2004	W/L**	360	8,463	3,325	-	12,148	10.9	94	53.1
18	Flygfyrn 3	Höjdroderg. 25, Malmö	-	1990/1990	Office	3,301	1,266	595	-	5,162	5.7	95	32.8
19	Flygledaren 3	Höjdroderg. 18, Malmö	S	1990-2000/1990-2000	W/L**	745	852	-	-	1,597	2.1	100	8.0
20	Flygvärdinnan 4	Vattenverksv. 47, Höjdroderg. 30-34, Malmö	S	1940-2001/1978-2001	Office	6,309	2,739	-	210	9,258	14.9	89	67.5
21	Fältsippan 8	Regnkvatteng. 2, Rimfrostg. 1, Malmö	-	1990/1990	W/L**	-	3,975	-	-	3,975	3.8	100	22.0
22	Höjdrodret 3	Kabing. 11, Malmö	-	1990/1990	Office	1,182	162	-	-	1,344	1.7	78	9.2
23	Krukskärvan 9	Stenyxeg. 32, Malmö	S	1981/1981	W/L**	-	2,680	-	-	2,680	2.3	100	15.5
24-27	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö	-	1961/1961	W/L**	4,809	79,406	445	840	85,500	30.0	65	153.9
28	Murman 7	Murmansg. 124 A-C, Kruseg. 25, Malmö	S	1959/1959	W/L**	2,186	4,324	-	-	6,510	5.2	92	18.9
29	Murman 8	Murmansg. 126, Kruseg. 27, Malmö	-	1960/1968	Office	4,627	2,571	-	-	7,198	8.7	85	23.9
30	Murman 11	Murmansg. 118-120, Kruseg. 21, Malmö	S	1960/1960	W/L**	3,363	4,244	-	835	8,442	6.4	74	23.3
31	Nejlkebuketten 4	Derbyv. 6, Malmö	-	1991/1991	Office	5,926	-	-	617	6,543	10.4	80	51.4
32	Nejlkebuketten 6	Derbyv. 4, Malmö	-	1987/1987	Office	1,750	-	-	-	1,750	2.4	48	9.9
33	Skevrodet 1	Kabing. 9, Malmö	-	1978/1978	Office	1,982	-	-	-	1,982	3.3	97	8.6

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** Warehouse/logistics

*** Education/Health care/Other

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MALMÖ CONTINUED

No.	Property	Address	Site lease- hold	Building year/ value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*	Total			
34	Stapel- bädden 2	Östra Varvsg. 2, Malmö	–	2005/2005	Office	4,492	–	–	–	4,492	11.3	84	97.0
35	Stapel- bädden 4	Östra Varvsg. 4, Malmö	–	2008/2008	Office	7,699	27	309	–	8,035	18.1	89	160.0
36	Stiglädret 10	Sadelg. 16, Betselg. 6A–B, Malmö	S	1978/1978	W/L**	387	2,598	–	–	2,985	3.0	100	18.1
37	Stillman 40	Kruseg. 34, Malmö	–	1961/1975	W/L**	479	1,274	–	–	1,753	1.9	75	6.9
38	Sufflören 4	Axel Danielssonsv. 261, Malmö	–	1988/1988	Office	4,270	–	–	1,043	5,313	5.5	73	25.0
39	Svedjenävan 3	Stenbärsg. 4–6, Malmö	–	1991/1991	Office	4,291	–	614	–	4,905	8.1	98	39.5
40	Svedjenävan 4	Stenbärsg. 2, Malmö	S	Land	E/H/O***	–	–	–	–	–	0.0	–	2.0
41	Tränsbattet 2	Travbaneg. 4, Malmö	–	1989/1989	W/L**	265	3,373	–	–	3,638	2.2	81	15.9
42	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	W/L**	621	1,771	–	–	2,392	2.4	100	13.8
43	Vårbuketten 3	Husiev. 21, Malmö	–	1992/1997	W/L**	1,595	1,722	–	–	3,317	3.8	100	17.3
44–45	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö	–	1971/1971	E/H/O***	2,159	5,112	892	6,571	14,734	15.3	88	16.1
46–47	Västerbotten 9	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö	–	1929/1929	Retail	3,876	2,235	10,139	4,137	20,387	24.0	95	54.6
TOTAL MALMÖ						83,406	146,623	37,592	16,056	283,677	299	81	1,508

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

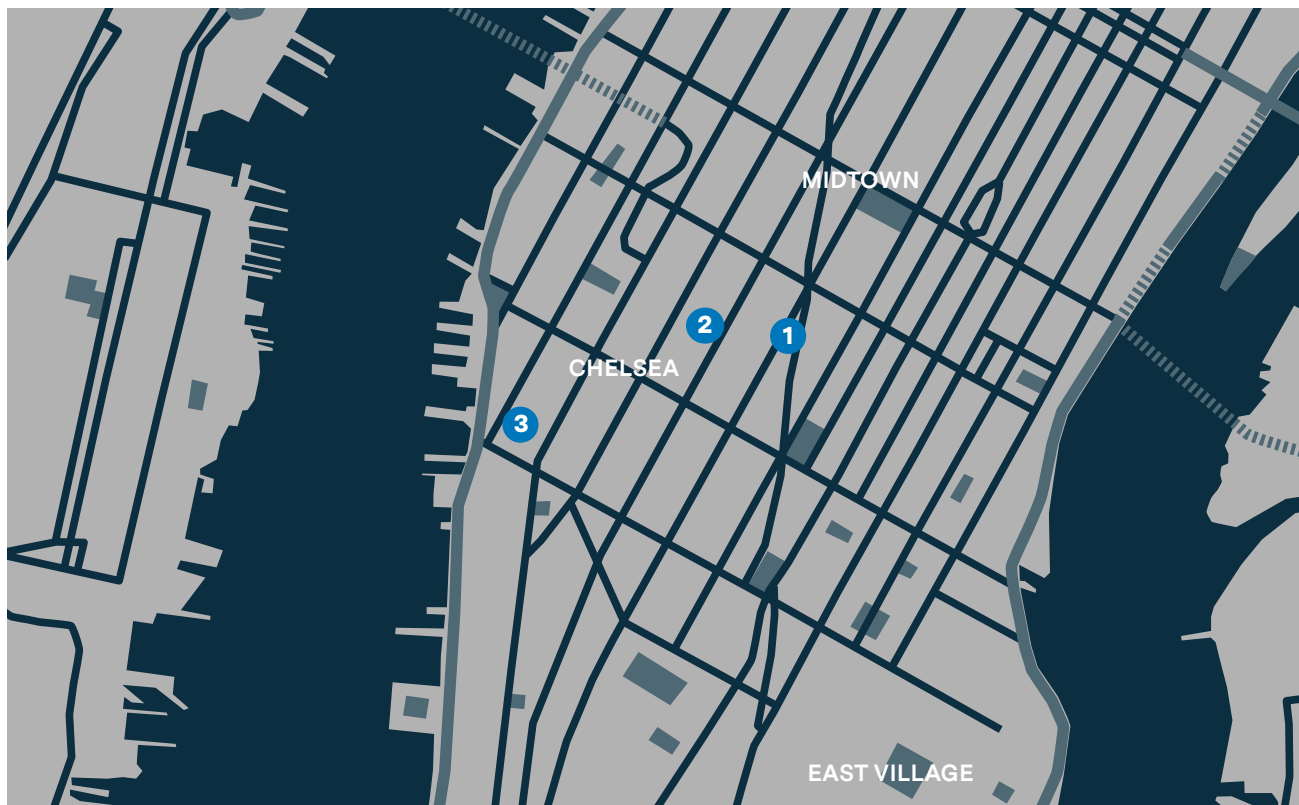
*** Education/Health care/Other

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INTERNATIONAL

New York



NEW YORK

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*			
1	1241-1251 Broadway	1241-1251 Broadway	-	-	Land	-	-	-	-	-	-	-
2	322-326 7th Avenue	322-326 7th Avenue	-	1940	Office	2,300	-	-	-	2,300	-	-
3	118 10th Avenue	118 10th Avenue	-	Land	E/H/O***	-	-	-	-	-	-	-
TOTAL NEW YORK						2,300				2,300	-	-

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics *** Education/Health care/Other

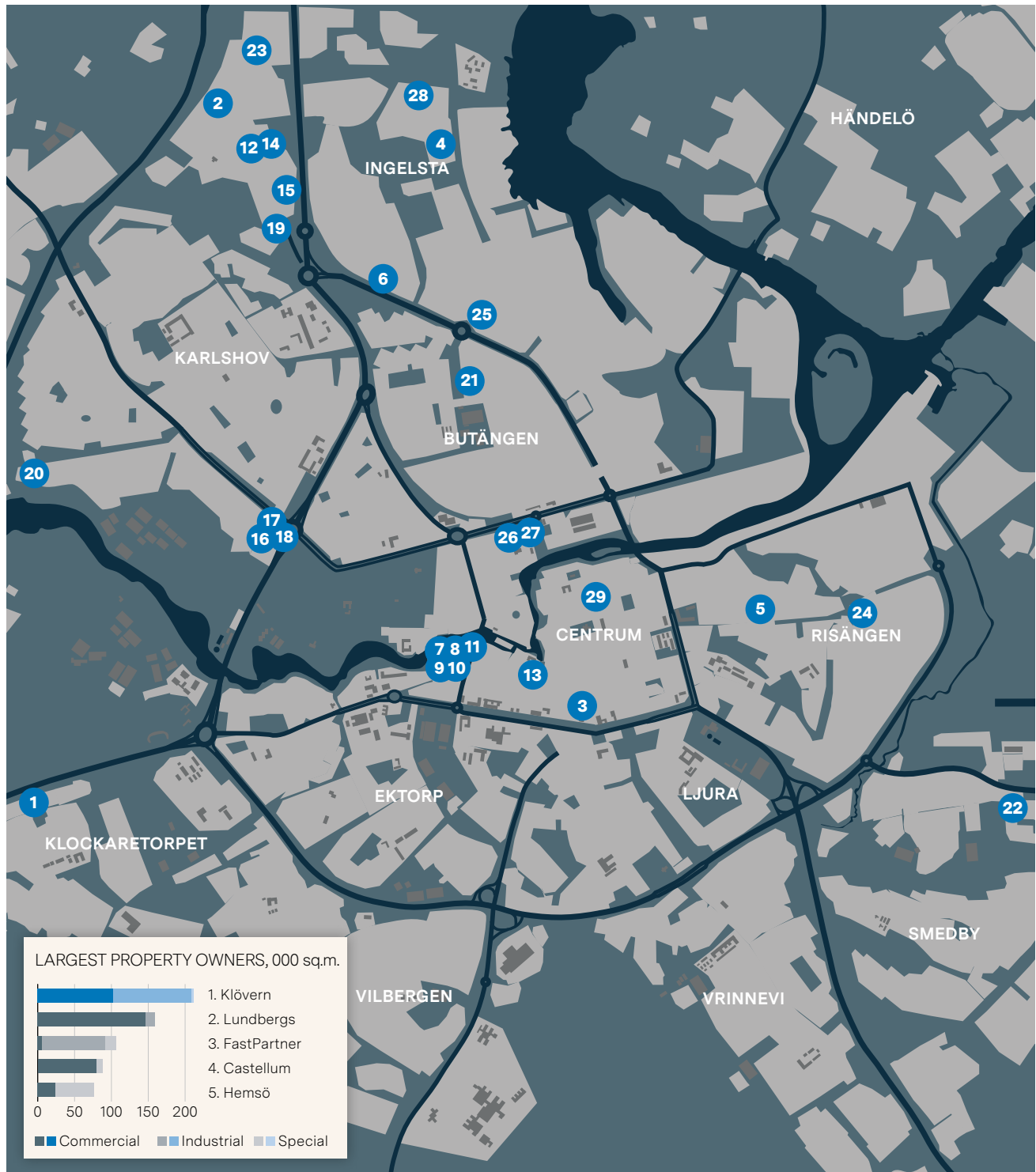
A property can consist of a number of jointly administered properties or several large buildings.

■ Acquisition during 2019



EAST REGION

Norrköping



NORRKÖPING

						Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
No.	Property	Address	Site lease-hold	Building year/ value year	Type of property	Office	Ware-house/ logistics	Retail	Other*	Total			
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58	–	–	1,204	1.1	16	4.5
2	Bronsen 2	Tenng. 4, Norrköping	–	1971/1971	Office	4,948	3,750	1,803	41	10,542	8.9	92	42.7
3	Diket 10	Drottningsg. 66, Nyg. 93, Norrköping	–	1968/1968	Office	2,814	164	1,364	571	4,913	9.1	91	61.3
4	Järnet 5	Malmg. 39, 41, Blyg. 4	–	1976/1976	Retail	–	–	14,975	–	14,975	18.2	98	120.2
5	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping	–	1940/1993	Office	2,621	2,226	–	40	4,887	5.0	87	17.4
6	Kondensatorn 1	Ståthögav. 48, Norrköping	–	1960/1993	W/L**	6,380	21,137	920	3,411	31,848	23.3	82	106.2
7–10	Kopparhammaren 2	N Grytsg. 6-10, Norrköping	–	1929/1999	Office	28,680	1,201	1,082	7,997	38,960	55.6	92	246.5
11	Kopparhammaren 7	Kungsg. 56, N Grytsg. 2,4,6, Norrköping	–	1929/1929	Office	3,375	113	–	990	4,478	9.4	100	–
12	Kopparen 10	Kopparg. 11-15, Norrköping	–	1980/1989	Office	4,203	2,987	–	–	7,190	6.1	89	43.2
13	Kvarnholmen 4	Dalsg. 7, Norrköping	–	1993/1993	Office	8,149	–	–	1,616	9,765	16.6	99	104.0
14	Malmen 5	Kopparg. 18, Norrköping	–	1969/1982	W/L**	904	2,802	282	–	3,988	3.1	74	15.3
15	Malmen 8	Kopparg. 10, Norrköping	–	Land	E/H/O***	–	–	–	–	–	1.0	100	2.4
16–18	Omformaren 7	Hagag. 4-10, Norrköping	–	1951/1968	W/L**	–	4,960	4,178	3,065	12,203	8.9	99	34.6
19	Platinan 1	Platinag. 1, Norrköping	–	1988/1988	W/L**	–	2,800	1,575	–	4,375	2.8	69	15.9
20	Regulatorn 3	Kabelv. 15, Norrköping	–	1996/1996	W/L**	1,395	2,287	580	473	4,735	3.1	72	18.5
21	Ritsaren 10	Industrig. 7–9, Masking. 23, Norrköping	–	1964/1986	Retail	–	151	4,851	696	5,698	5.4	100	21.6
22	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping	–	1992/1993	Office	5,731	1,688	–	–	7,419	8.5	98	37.2
23	Silvret 2	Kopparg. 28, Norrköping	–	1988/1988	W/L**	–	6,866	–	–	6,866	2.9	100	32.4
24	Slakthuset 14	Lindöv. 70, Norrköping	–	1985/1985	W/L**	–	2,805	–	–	2,805	1.3	100	10.9
25	Statorn 10	Malmg. 4, Norrköping	–	1938/1978	Office	1,891	1,758	1,085	61	4,795	5.3	95	22.2
26	Stjärnan 15	Slottsg. 114, 116, Norrköping	–	1958/1958	Office	8,584	245	2,878	810	12,517	17.7	92	112.0
27	Stjärnan 16	Slottsg. 114, 116, Norrköping	–	1958/1958	Office	–	–	–	–	–	0.0	–	–
28	Stålet 3	Malmg. 18, Norrköping	–	1976/1976	W/L**	1,127	9,190	–	93	10,410	5.9	81	52.0
29	Svärdet 8	Hospitalsg. 17 mfl, Norrköping	–	1967/1976	Office	7,638	15	365	–	8,018	12.6	100	81.2
TOTAL NORRKÖPING						89,586	67,203	35,938	19,864	212,591	232	92	1,202

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

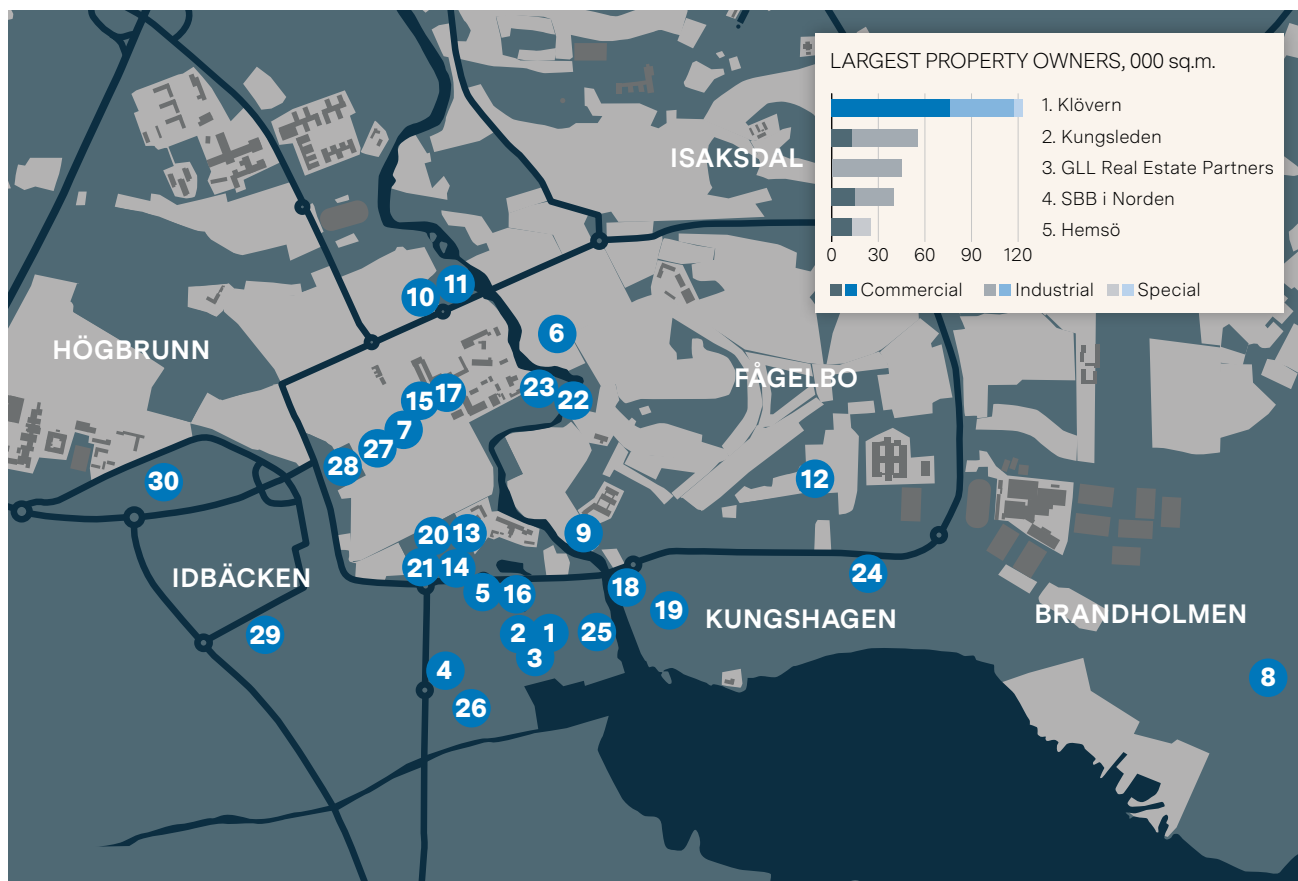
*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.



EAST REGION

Nyköping



NYKÖPING

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*	Total			
1-3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping	-	1940/1978	Office	13,214	12,701	-	5,453	31,368	25.8	77	100.9
4	Ana 12	Spelhagsvägen 1, Nyköping	-	1984/1984	W/L**	-	2,710	520	10	3,240	3.3	98	11.5
5	Ana 13	Nyckelv. 14, Nyköping	-	Land	E/H/O***	-	-	-	-	-	0.0	-	1.1
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping	-	1962/1962	Retail	400	-	802	681	1,883	2.5	100	17.5
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping	-	1929/1987	Retail	626	19	1,091	856	2,592	4.2	97	28.3
8	Brandholmen 1:9	Pontong. 11, Nyköping	-	1962/1970	W/L**	251	7,464	-	97	7,812	4.2	82	25.7
9	Brädgården 3	Folkkungav. 1, Nyköping	-	Land	E/H/O***	-	-	-	-	-	0.4	98	-
10-11	Fors 11	Repslagareg. 43, Nyköping	-	1929/1987	Office	9,007	2,010	506	-	11,523	15.1	85	56.1
12	Furan 2	Domänv. 11, Nyköping	-	2001/2001	E/H/O***	-	17	-	3,807	3,824	5.1	100	-
13	Glödlampen 16	Bagareg. 2, 4, Hamnv. 6, Nyköping	-	1929/1929	Retail	213	16	570	-	799	1.1	99	4.5
14	Glödlampen 17	Bagareg. 2, 4, Hamnv. 6, Nyköping	-	1929/1929	Office	535	-	-	-	535	1.1	100	4.3
15	Gripen 1	V Storg. 25, Nyköping	-	1929/1986	Office	643	-	523	-	1,166	1.7	98	12.7
16	Jarlen 1	Nyckelv. 14, Nyköping	-	1899/2003	Office	680	-	-	-	680	1.1	100	2.9
17	Klädes-handlaren 15	Brunnsg. 36, 38, 40, V. Storg. 24, 26, 28, V. Trädgårdsg. 39, 41	-	1962/1972	Retail	4,205	459	7,079	651	12,394	19.4	88	119.0
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg. 4, 6, Nyköping	-	1929/1989	Office	1,143	-	450	-	1,593	2.5	100	11.8
19	Lansen 13	Gasverkstv. 2, Ö Längdg. 5, 7, Nyköping	-	1977/1991	Office	4,058	302	1,993	-	6,353	7.4	90	39.2
20-21	Mjölklaskan 8	Bagareg. 3 A-C, Fruängsg. 4, Kungsg. 16, Nyköping	-	1929/1940	E/H/O***	3,752	334	157	3,955	8,198	11.9	100	-
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping	-	1929/1983	Office	1,854	20	270	-	2,144	3.0	89	15.6
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping	-	1910/1991	Office	1,459	274	-	100	1,833	2.5	82	12.9
24	Skölden 2	Gasverkstv. 15, Nyköping	-	1989/1989	Office	1,927	73	-	-	2,000	1.9	100	9.1
25	Spelhamnen 1:7	V Skeppsbron 6, Nyköping	-	1929/1929	W/L**	190	5,813	-	-	6,003	1.6	24	8.4
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping	-	2009/2009	Retail	-	-	1,280	-	1,280	1.4	100	13.6
27-28	Standard 17	V Storg. 2-6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping	-	1969/1993	Office	3,057	44	2,975	550	6,626	10.0	92	69.8
29	Stensötan 5	Idbäcksv. 8 B, Nyköping	-	1971/1985	Retail	173	1,460	3,285	-	4,918	3.9	100	15.8
30	Säven 4	Norrköpingsv. 9, Nyköping	-	1987/1987	E/H/O***	-	-	-	1,853	1,853	2.1	100	-
-	Fabrikatet 1	Materialv. 3, Nyköping	-	1980/1980	W/L**	497	1,865	644	1,203	4,209	3.9	70	14.9
-	Fabrikatet 4	Materialv. 3, Nyköping	-	Land	W/L**	-	-	-	-	-	0.0	-	0.7
-	Fabrikatet 5	Materialv. 3, Nyköping	-	Land	W/L**	-	-	-	-	-	0.0	-	0.4
TOTAL NYKÖPING						47,884	35,581	22,145	19,216	124,826	137	88	597

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

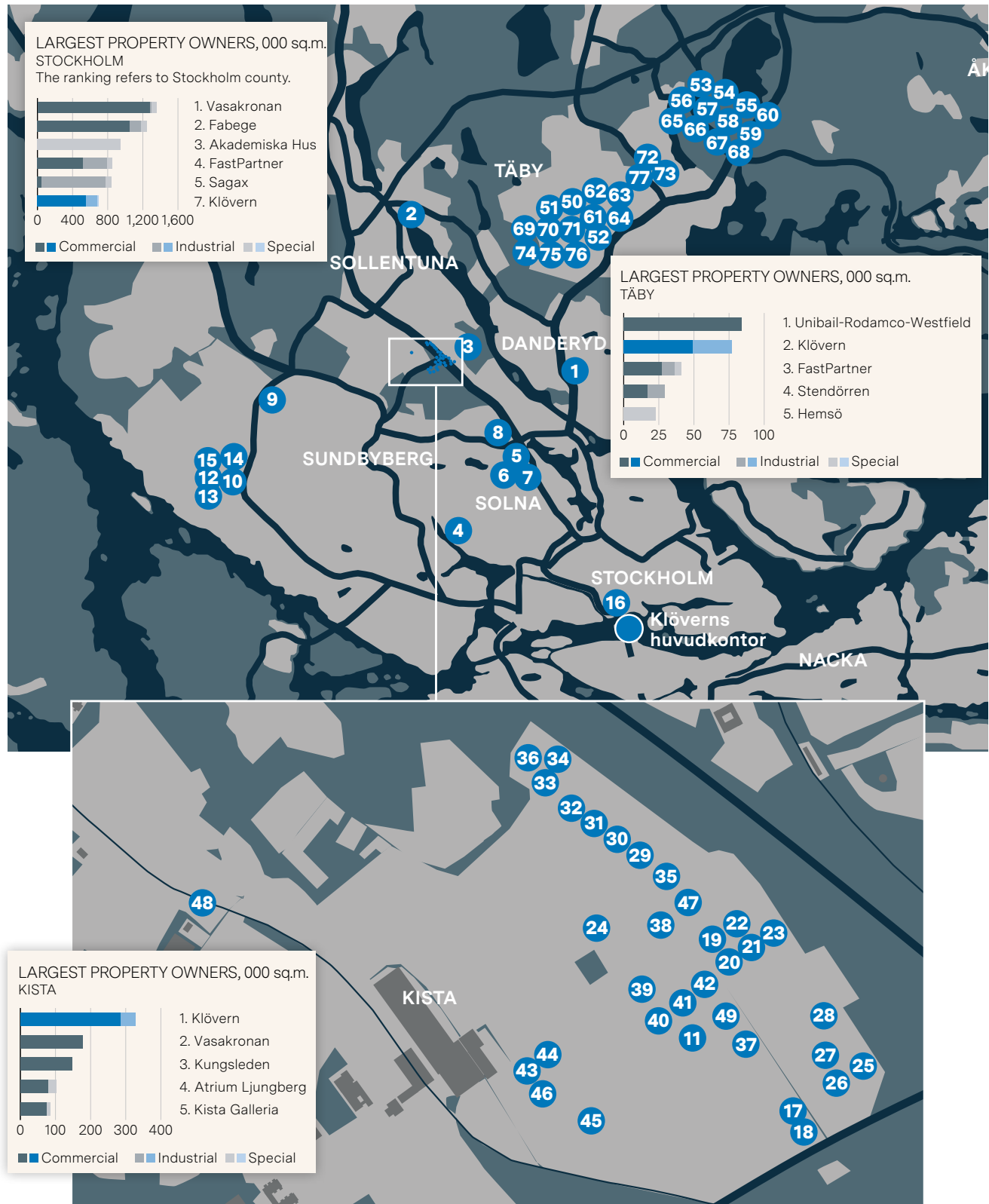
** Warehouse/logistics

*** Education/Health care/Other

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STOCKHOLM REGION

Stockholm North



STOCKHOLM NORTH

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*	Total			
1	Timmerhuggaren 2	Vendev. 90, Danderyd	–	1969/1969	Office	6,170	1,947	1,117	1,400	10,634	17.1	88	87.0
2	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna	–	1988/1988	Office	2,600	–	–	–	2,600	1.6	–	8.8
3	Malten 1	Vetenskapsv. 10, 12, 14, Sollentuna	–	2005/2005	Office	12,393	527	690	253	13,863	28.6	99	202.0
4	Aprikosen 2	Hemvärnsg. 5, 7, 9, Solna	–	1975/1992	Office	26,358	3,339	1,875	3,586	35,158	81.7	89	508.0
5–7	Hilton 3	Gustav III:s Boulevard 40–46, Solna	–	2003/2003	Office	19,037	682	326	6	20,051	58.3	87	498.0
8	Startboxen 3	Vallg. 5–9 Solna	–	1985/1985	Office	10,636	762	–	7,706	19,104	40.1	85	257.0
9	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778	–	–	3,673	4.4	100	31.6
10	Johannelund 7	Krossg. 10, 12, 14, 16, 18, Sorterarg. 23, Stockholm	S	1969/1969	Office	16,390	4,438	505	801	22,134	24.3	73	81.5
11	Blåfjäll 1	Kistav. 21–25	–	2002/2002	Office	18,720	–	–	6	18,726	51.5	100	395.0
12	Singeln 13	Krossg. 26–28	S	1966/1966	W/L**	1,807	2,293	–	–	4,100	3.7	35	17.1
13	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,132	2,221	–	–	11,353	9.4	46	41.1
14	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	E/H/O***	967	326	1,776	2,110	5,179	5.6	71	31.4
15	Stenmjölet 2	Siktg. 3A–3B, Stockholm	S	1960/1960	W/L**	–	2,729	2,094	–	4,823	5.3	59	16.0
16	Orgelpipan 4	Klarabergsg. 33, 35, Stockholm	S	1957/1957	Office	3,490	343	525	159	4,517	20.0	87	237.0
17	Alptanäs 2	Torshamnsg. 7, 7A, 9, Haukadalsg. 1, Kista	S	1981/1981	Office	2,783	247	–	–	3,030	3.0	15	23.8
18	Alptanäs 3	Torshamnsg. 1, 3, 5, Kista	S	Land	E/H/O***	–	–	–	–	–	1.5	100	5.3
19	Borg 1	Torshamnsg. 16, Kista	S	1977/1977	Office	1,411	–	–	–	1,411	2.0	80	12.0
20	Borg 2	Strömög. 3, Kista	S	1981/1981	W/L**	–	4,655	–	–	4,655	5.5	100	33.4
21	Borg 3	Strömög. 5, Kista	S	1978/1978	W/L**	–	1,837	–	–	1,837	2.3	100	13.7
22	Borg 4	Vågög. 6	S	1979/1979	Office	1,931	–	–	–	1,931	3.2	100	34.7
23	Borg 6	Strömög. 7, Vågög. 8, Kista	S	1980/1980	W/L**	1,496	4,921	–	–	6,417	8.2	84	50.2
24	Borgarfjord 4	Kistagången 12, Torshamnsg. 31–33, Kista	S	1983/1983	Office	12,723	230	654	6	13,613	33.6	94	146.0
25	Geysir 1	Österög. 4, Kista	S	1979/1979	W/L**	–	5,110	–	–	5,110	6.1	99	40.4
26	Geysir 2	Österög. 2, Kista	S	1980/1980	W/L**	1,862	5,001	165	–	7,028	9.7	90	52.2
27	Gullfoss 3	Österög. 1, 3, Kista	S	1979/1983	Office	4,855	1,098	–	1,565	7,517	11.0	52	64.3
28	Gullfoss 5	Viderög. 6, Kista	S	1979/1983	Office	3,508	–	–	–	3,508	5.8	100	28.9
29	Helgafjäll 1	Torshamnsg. 22, 24 A–D, 26 A–B, Kista	S	1979/1979	Office	10,673	1,592	–	–	12,265	26.0	97	154.0
30–31	Helgafjäll 2	Torshamnsg. 28 A–B, 30 A–E, 32 A–D, 34 A–B, Kista	S	1981/1981	Office	18,327	1,060	–	7,560	26,947	50.3	89	253.0
32	Helgafjäll 3	Torshamnsg. 36, 38, 40, Kista	S	1980/1990	W/L**	3,965	10,502	–	–	14,467	17.6	72	115.8
33–34	Helgafjäll 4	Torshamnsg. 42, 44, 46, Kista	S	1998/1998	Office	11,336	2,355	226	–	13,917	27.7	49	185.5
35	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Kista	S	1978/1988	Office	13,727	522	1,567	269	16,085	28.8	75	206.0
36	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Kista	–	2001/2002	Office	20,450	110	1,013	293	21,866	50.8	63	313.1
37	Isafjord 1	Skaftåg. 2A–B, Kista	–	Land	E/H/O***	–	–	–	–	–	2.7	100	–
38	Isafjord 4	Torshamnsg. 21, 23, Torshamnsg. 2, 4, 6, Grönlandsg. 10, Kista	–	1976/2008	Office	62,231	20	–	8,847	71,098	155.5	100	857.0
39	Isafjord 5	Grönlandsg. 8, Kista	–	Land	E/H/O***	–	–	–	–	–	0.0	–	–
40	Isafjord 6	Grönlandsg. 6, Torshamnsg. 9, Kista	–	1976/2008	E/H/O***	–	–	–	3,222	3,222	3.9	100	–
41	Isafjord 7	Hans Werthéns Gata 19, Kista	–	Land	E/H/O***	–	–	–	–	–	0.9	4	–
42	Isafjord 8	Torshamnsg. 17, Hans Werthéns Gata 19, Torshamnsg. 3, Skaftåg. 14, 16, Kista	–	2016/2016	Office	23,698	271	1,230	–	25,199	67.6	100	464.0
43	Knarrarnäs 3	Färög. 5, 7, Kista	S	1985/1985	Office	5,504	234	–	1,417	7,155	14.2	67	100.9
44	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Kista	S	1985/1985	E/H/O***	898	194	–	7,012	8,104	15.6	86	97.0
45	Knarrarnäs 6	Isafjordsg. 3, 5	S	1987/1987	Office	4,419	293	–	–	4,712	8.9	99	65.0
46	Knarrarnäs 9	Knarrarnäs. 15, Kista	S	1984/1986	Office	4,748	172	–	3	4,923	10.3	78	75.8

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

*** Education/Health care/Other

■ Acquisition during 2019

A property can consist of a number of jointly administered properties or several large buildings.

STOCKHOLM NORTH CONTINUED

No.	Property	Address	Site lease- hold	Building year/ value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*	Total			
47	Lidarände 1	Torshamnsg. 18, Kista	–	1979/2008	E/H/O***	3,007	126	533	16,280	19,946	37.3	95	202.6
48	Röros 1	Norgeg. 1, Kista	S	1985/1985	Office	3,312	7	–	1	3,320	5.2	70	26.6
49	Skaftå 1	Torshamnsg. 19, Kista	–	Land	E/H/O***	–	–	–	–	–	2.6	100	–
50	Kannringen 1	Enhagsslingan 2, 4, Täby	–	1988/1988	Office	4,101	–	–	–	4,101	6.1	91	35.8
51	Kannringen 2	Enhagsslingan 6, 8, Täby	–	1991/1991	Office	1,990	16	–	–	2,006	2.9	100	18.1
52	Kardborren 13	Kanalv. 15, 17, Täby	–	1981/1981	Office	12,541	344	–	1,374	14,259	20.0	91	118.0
53	Linjalen 60	Måttbandsv. 12, Täby	–	1991/1991	Office	3,057	766	–	–	3,823	4.3	94	28.6
54	Linjalen 61	Tillverkarv. 9, Täby	–	1990/1990	W/L**	–	778	–	–	778	0.8	100	7.7
55	Linjalen 65	Måttbandsv. 8, 10, Täby	–	1989/1989	W/L**	–	872	526	–	1,398	1.4	100	7.8
56	Linjalen 66	Linjalv. 9, 11, Täby	–	1990/1990	W/L**	–	3,815	108	–	3,923	4.6	100	22.6
57	Linjalen 7	Måttbandsv. 4, Täby	–	1989/1989	W/L**	–	800	–	–	800	0.8	100	5.1
58	Linjalen 8	Måttbandsv. 6, Täby	–	1989/1989	W/L**	–	600	–	–	600	0.7	100	3.7
59	Lodet 2	Tumstocksv. 9, 11, Täby	–	1990/1990	Office	5,059	3,361	70	6	8,496	9.6	90	56.0
60	Mätstängen 2	Linjalv. 6 A–B, Kundv. 5, Täby	–	1991/1991	Office	3,844	–	–	–	3,844	4.3	83	27.4
61	Roslags- Näsby 24:44	Stockholmsv. 100, 102, Täby	–	1965/1965	Retail	–	–	–	–	–	0.0	–	13.8
62	Roslags- Näsby 24:45	Stockholmsv. 100, 102, Täby	–	1965/1965	Retail	–	–	–	–	–	0.0	–	–
63	Roslags- Näsby 25:7	Stockholmsv. 100, 102, Täby	–	1965/1965	Retail	–	530	2,181	–	2,711	3.3	100	–
64	Roslags- Näsby 25:8	Stockholmsv. 100, 102, Täby	–	1965/1965	Retail	–	–	–	–	–	0.0	–	–
65	Smygvinkeln 10	Ritarslingan 20, Täby	–	1991/1991	Office	930	–	–	–	930	1.2	100	6.3
66	Smygvinkeln 11	Ritarslingan 18, Täby	–	1991/1991	W/L**	–	1,634	258	500	2,392	3.5	100	12.7
67	Smygvinkeln 12	Ritarslingan 16, Täby	–	1992/1992	Office	850	714	–	–	1,564	1.7	100	19.9
68	Smygvinkeln 9	Ritarslingan 22, Täby	–	1991/1991	W/L**	–	960	–	–	960	0.6	60	5.8
69	Svänghjulet 1	Enhagsslingan 23, 25, Täby	–	1990/1990	E/H/O***	591	424	445	2,731	4,191	4.8	88	–
70	Svänghjulet 2	Enhagsslingan 5, 7, 9, 11, 13, Täby	–	1989/1989	Office	1,660	12	–	1,323	2,995	4.1	100	25.4
71	Svänghjulet 3	Enhagsslingan 15, 17, 19, 21, Täby	–	1991/1991	Office	4,329	579	–	–	4,908	6.7	89	36.8
72–73	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby	–	1945/1992	W/L**	1,367	2,131	–	–	3,498	3.9	91	18.5
74	Ventilen 1	Enhagsslingan 1A–B, Täby	–	1987/1987	Office	1,981	678	296	–	2,955	4.0	98	20.2
75	Växellådan 1	Enhagsv. 7, Täby	–	1978/1983	Office	2,681	390	–	–	3,071	3.4	76	20.2
76	Växellådan 3	Enhagsv. 9, Täby	–	1978/1978	Office	1,210	353	313	–	1,876	2.1	79	12.8
77	Åkerby 10	Kemistv. 6, Täby	–	1975/1989	Office	1,195	12	–	–	1,207	1.6	100	9.3
TOTAL STOCKHOLM NORTH						393,844	81,710	18,493	68,436	562,483	1,066	88	6,565

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

*** Education/Health care/Other

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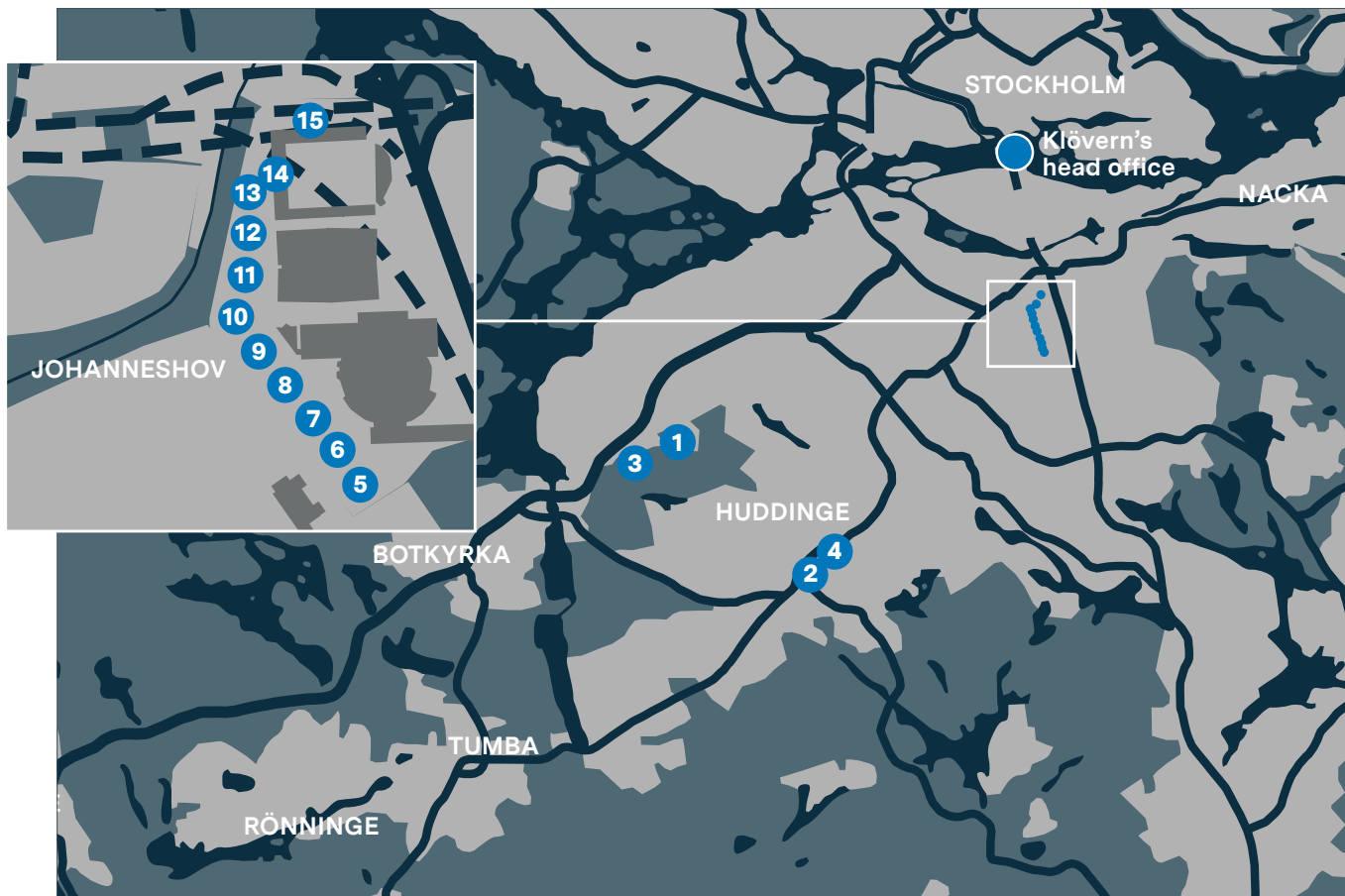
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STOCKHOLM REGION

Stockholm South



STOCKHOLM SOUTH

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*			
1	Ellipsen 5	Ellipsv., Huddinge	-	1997/1997	Office	2,800	-	-	-	2,800	2.8	19.5
2	Förstugan 1	Fullersta Torg 18, 20, Huddinge	-	1989/1989	Office	1,600	-	-	-	1,600	3.3	23.2
3	Rektangeln 3	Pyramidb. 2, 4, Huddinge	-	1986/1986	E/H/O***	-	477	-	2,654	3,131	8.7	26.9
4	Valen 2	Kommunalv. 1, 3, 5, Huddinge	-	1987/1987	Office	4,248	232	-	-	4,480	8.7	60.2
5-8	Arenan 2	Arenaslingan 1-3, Arenav. 49, 55-63, Johanneshov	-	1989/1989	Office	33,358	4,742	18,238	452	56,790	164.1	1,286.0
9-10	Arenan 3	Arenav. 39-47, Johanneshov	-	1989/1989	Office	13,765	1,002	-	1,799	16,566	52.9	384.0
11-14	Arenan 6	Arenav. 17, 21-35, Johanneshov	-	1991/1993	Office	16,956	2,617	3,852	7,297	30,722	91.1	348.0
15	Arenan 8	Arenav. 7-13, Johanneshov	-	2001/2001	Office	14,150	-	-	-	14,150	39.7	333.0
TOTAL STOCKHOLM SOUTH						86,877	9,070	22,090	12,202	130,239	371	2,481

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

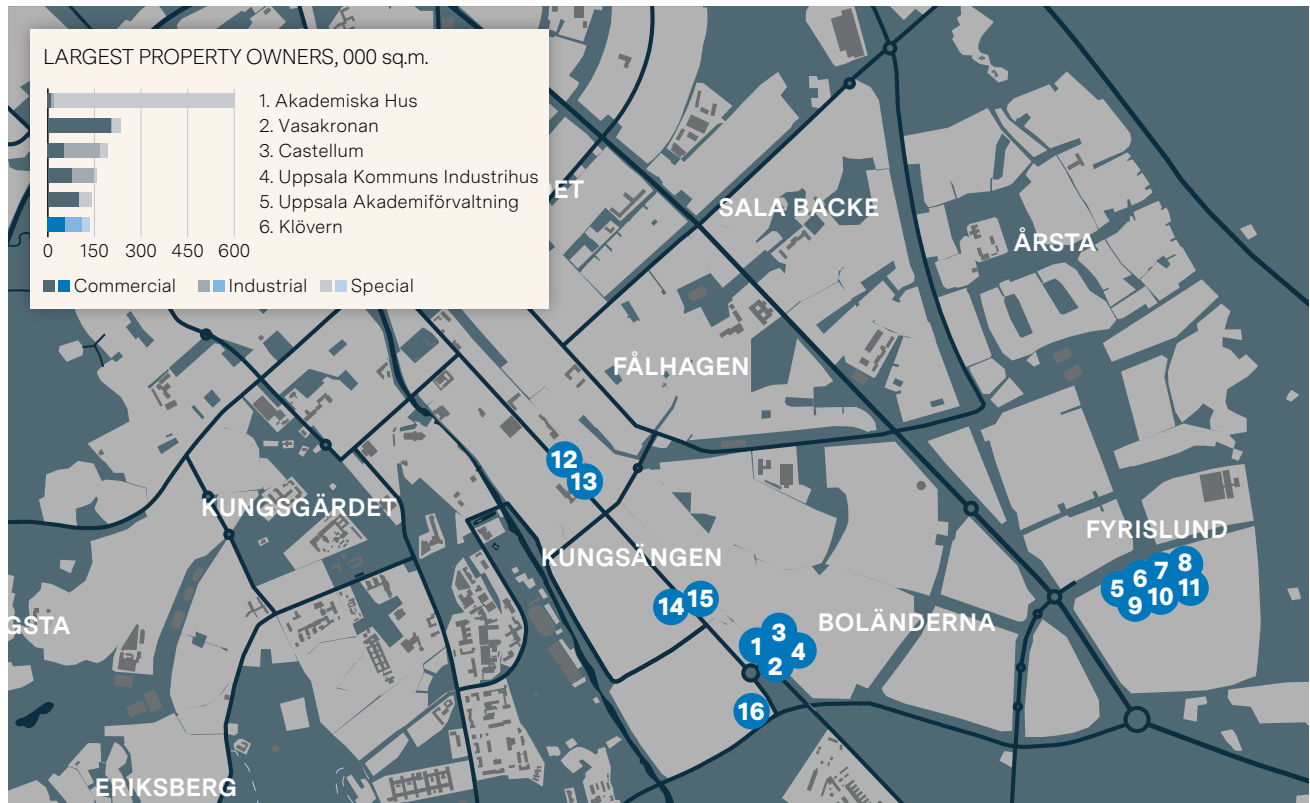
** Warehouse/logistics

*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.

STOCKHOLM REGION

Uppsala



UPPSALA

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Total	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware-house/logistics	Retail	Other*				
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala	-	1991/1991	Office	17,774	381	486	239	18,880	28.0	68	195.0
5-11	Fyrislund 6:6	Rapsg. 7, Uppsala	-	1921/2003	E/H/O***	23,200	9,514	1,873	35,119	69,706	129.7	88	585.5
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala	-	1966/1989	E/H/O***	9,047	137	-	10,132	19,316	50.2	100	172.0
13	Kungsängen 10:2	Suttungsgränd 4, 6, Uppsala	-	2017/2017	E/H/O***	-	-	-	-	-	0.0	-	154.0
14	Kungsängen 24:3	Kungsängsg. 70-74, Uppsala	-	1998/1998	Retail	696	-	5,665	-	6,361	10.3	100	77.2
15	Kungsängen 29:1	Kungsg. 70A-E, Uppsala	-	1985/1985	Office	2,428	342	1,707	-	4,477	6.0	90	42.4
16	Kungsängen 37:13	Kungs. 107-115, Stallängsg. 19-25	-	1989/1989	Office	7,899	612	6,725	-	15,236	24.0	87	164.0
TOTAL UPPSALA						61,044	10,986	16,456	45,490	133,976	248	88	1,390

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

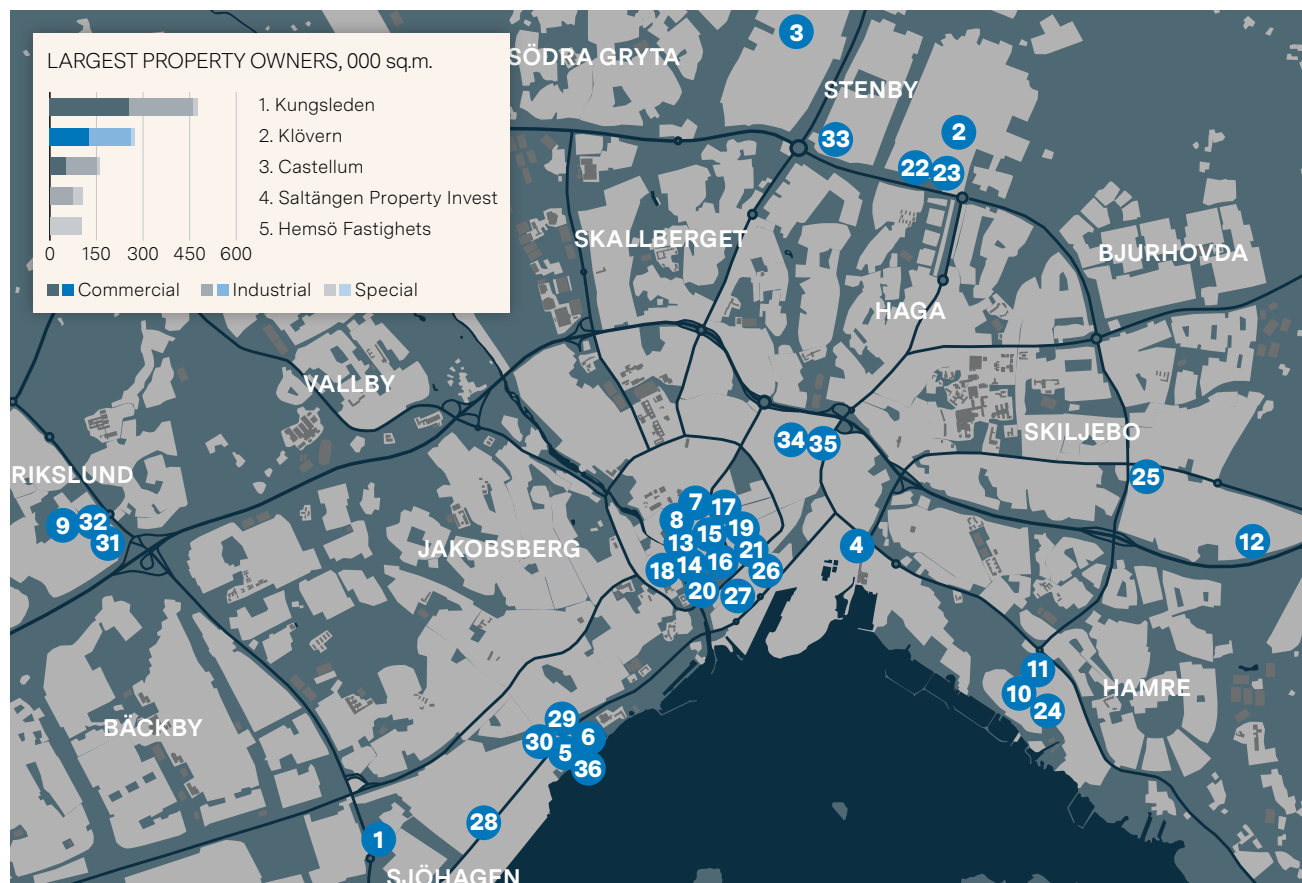
** Warehouse/logistics

*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.

STOCKHOLM REGION

Västerås



VÄSTERÅS

No.	Property	Address	Site lease- hold	Building year/ value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*			
1	Bogserbåten 1	Sältängsv. 22, Västerås	–	Land	E/H/O***	–	–	–	–	0.0	–	1.6
2	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås	–	1966/1990	Office	3,399	929	–	1,617	5,945	5.9	28.6
3	Friedningen 18	Elledningssg. 5B, Västerås	–	1988/1988	W/L**	–	940	–	–	940	0.5	5.4
4	Gastuben 5	Björnö. 8, Västerås	–	1943/1943	Retail	–	–	2,442	–	2,442	2.1	12.5
5	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås	–	1957/1962	Office	12,871	11,482	450	5,053	29,856	19.0	85.6
6	Icander 1	Stensborgsg. 1, Västerås	–	1987/1987	E/H/O***	–	–	–	2,517	2,517	4.5	–
7	Inge 10	Smedjeg. 8, Västerås	–	1939/1960	E/H/O***	636	282	2,282	2,655	5,855	7.7	57.2
8	Klas 8	Smedjeg. 13, Västerås	–	1956/1956	Retail	1,309	196	2,196	1,774	5,475	9.2	54.7
9	Kranlinan 1	Traversg. 13, Västerås	–	2009/2009	W/L**	–	2,582	2,423	–	5,005	5.3	32.0
10–11	Kryssen 3	Regattag. 7–31, 33–53, Västerås	–	1940/1980	W/L**	4,798	10,253	220	4,193	19,464	12.9	49.2
12	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås	–	1984/1984	Retail	–	–	14,442	2,300	16,742	19.7	87.1
13–16	Leif 19	Hantverkarg. 2, Västerås	–	1929/1964	Retail	5,138	1,068	8,240	6,640	21,086	37.0	250.2
17	Lennart 17	Vasag. 12, Västerås	–	1965/1994	Retail	3,286	258	8,563	1,156	13,263	30.4	182.0
18	Livia 16	Skomakarg. 2, Västerås	–	1992/1992	Office	4,592	746	595	–	5,933	11.7	76.4
19	Loke 24	Kopparbergsg., Västerås	–	1962/1983	Retail	4,591	2,162	11,292	3,071	21,115	27.8	203.2
20	Manfred 6	Erik Hahrs gata 2, Västerås	–	1929/1987	E/H/O***	2,016	183	–	2,076	4,275	5.8	43.9
21	Mats 5	Sora g. 21, Västerås	–	1968/1983	Retail	466	1,318	10,821	6,661	19,265	48.3	305.7
22–23	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås	–	1962/1985	Office	5,914	4,056	–	–	9,970	7.4	45.2
24	Regattan 46	Regattag. 8–28 etc, Västerås	–	1940/1970	W/L**	3,087	8,418	111	–	11,616	7.2	52.8
25	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627	–	–	–	1,627	1.2	6.9
26	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås	–	1932/1989	W/L**	2,275	3,526	2,578	1,743	10,122	10.0	36.1
27	Sigurd 7	Sigurdsg. 23, Västerås	–	1929/1929	E/H/O***	2,201	1,223	–	5,097	8,521	16.4	93.2
28	Sjöhagen 12	Sjöhagsv. 14, Västerås	–	1952/1980	W/L**	329	6,729	–	–	7,058	5.8	21.8
29	Stensborg 2	Sjöhagsv. 2, Västerås	–	1957/1977	Office	756	134	–	–	890	1.1	84
30	Stensborg 4	Sjöhagsv. 4, Västerås	–	1989/1989	E/H/O***	–	–	–	2,143	2,143	6.6	–
31	Travers- förraren 1	Traversg. 2, Västerås	–	1988/1996	Retail	–	–	2,500	–	2,500	2.6	19.8
32	Travers- förraren 3	Traversg. 4, Västerås	–	1990/1990	Retail	–	–	2,572	–	2,572	3.5	24.2
33	Turbinen 1	Stenbyg. 2–4, Västerås	–	1968/1986	W/L**	–	17,757	–	–	17,757	9.5	57.2
34–35	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås	–	1929/1956	W/L**	2,377	13,184	2,660	2,322	20,543	18.6	67.4
36	Västerås 2:5	Stensborgsg. 4, Västerås	–	1982/1989	Office	1,450	–	–	–	1,450	1.4	7.8
–	Vampyren 9	Kungsg. 25, Eskilstuna	–	1937/1975	Retail	3,937	812	6,599	5,394	16,742	27.1	185.0
–	Vestalen 8	Rademacherg. 29, Eskilstuna	–	Land	E/H/O***	–	–	–	–	0.0	–	–
–	Vestalen 10	Kungsg. 24, Eskilstuna	–	1966/1966	Retail	–	344	8,196	2,161	10,700	26.1	165.6
TOTAL VÄSTERÅS						67,055	88,581	89,180	58,572	303,388	392	2,263

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.

** Warehouse/logistics

*** Education/Health care/Other

A property can consist of a number of jointly administered properties or several large buildings.

■ Acquisition during 2019

Historical overview and Key figures

Statement of Income, SEKm	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Income	3,638	3,250	3,029	2,876	2,718	2,521	2,220	1,948	1,364	1,243
Property costs	-1,175	-1,080	-1,023	-985	-952	-878	-828	-733	-507	-498
Operating surplus	2,463	2,170	2,006	1,891	1,766	1,643	1,392	1,215	857	745
Central administration	-159	-126	-108	-100	-92	-84	-78	-86	-71	-64
Net financial items	-842	-700	-635	-611	-631	-770	-678	-605	-358	-242
Profit from property management	1,462	1,344	1,263	1,180	1,043	789	636	524	428	439
Profit from residential development	-164	-59	-	-	-	-	-	-	-	-
Shares in earnings of associated companies	17	7	-	-	171	-126	5	-	-	-
Revaluation, transition from associated company to subsidiary	-	22	-	-	-	-	-	-	-	-
Changes in value, properties	2,125	2,309	1,913	1,709	1,252	1,207	-28	-33	435	298
Changes in value, derivatives	-14	67	100	-114	91	-565	337	-175	-225	23
Changes in value, financial assets	13	25	-15	-19	-4	-	71	10	-	-
Impairment of goodwill	-6	-27	-50	0	-12	-10	-34	-95	-	-
Profit before tax	3,433	3,688	3,211	2,756	2,541	1,295	987	231	638	760
Taxes	-410	-354	-600	-497	-533	-131	-179	-108	-173	-155
Net profit	3,023	3,334	2,611	2,259	2,008	1,164	808	339	465	605
Translation difference	33	63	-	-	-2	4	-2	-	-	-
Comprehensive income	3,056	3,397	2,611	2,259	2,006	1,168	806	339	465	605
Balance Sheet, SEKm	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Goodwill	148	155	183	233	233	245	255	289	-	-
Investment properties	52,377	52,713	42,961	39,234	35,032	30,208	24,059	22,624	14,880	13,493
Rights of use	733	-	-	-	-	-	-	-	-	-
Machinery and equipment	28	27	16	18	12	12	12	14	8	9
Participation rights in associated companies	414	217	-	-	-	448	488	-	-	-
Financial assets valued at fair value	145	74	113	99	112	35	30	330	-	-
Properties classified as current assets	650	444	-	-	-	-	-	-	-	-
Other receivables	2,769	2,256	945	814	482	424	302	163	94	129
Liquid funds	449	576	39	129	12	286	84	375	11	36
Total assets	57,713	56,462	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667
Shareholders' equity attributable to parent company's shareholders	20,152	17,972	14,505	12,999	11,390	9,988	7,198	6,696	4,740	4,516
Equity attributable to holdings without controlling influence	131	172	0	0	0	0	0	0	-	-
Deferred tax liability	3,220	2,884	2,550	1,978	1,503	978	861	681	276	103
Interest-bearing liabilities	31,515	33,688	25,529	23,869	21,486	18,870	16,163	15,229	9,345	8,517
Derivatives	65	85	367	482	467	709	144	432	242	13
Right of use liabilities	733	-	-	-	-	-	-	-	-	-
Accounts payable	247	270	368	259	250	197	193	158	49	157
Other liabilities	680	486	403	251	188	206	132	140	34	53
Accrued expenses and prepaid income	970	905	535	689	599	710	539	459	307	308
Total shareholders' equity and liabilities	57,713	56,462	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667

	2019	2018	2017	2016	2015
Property					
Number of properties	343	426	405	431	415
Lettable area, 000 sq.m.	2,542	2,969	2,900	2,943	2,872
Rental value, SEKm	3,819	4,063	3,507	3,386	3,182
Rental value per lettable area, SEK/sq.m.	1,502	1,368	1,209	1,151	1,108
Fair value of properties, SEKm	52,377	52,713	42,961	39,234	35,032
Yield requirement, valuation, %	5.4	5.7	5.9	6.2	6.5
Operating margin, %	68	67	66	66	65
Economic occupancy rate, %	90	89	89	89	91
Area-based occupancy rate, %	81	81	81	82	83
Average lease contract period, years	3.6	3.5	3.6	3.7	3.5
Financial					
Return on equity, %	15.9	21.2	18.9	18.6	18.9
Equity ratio, %	34.9	31.8	32.8	32.1	31.7
Adjusted equity ratio, %	43.5	37.4	38.5	36.7	35.8
Leverage, %	50	56	57	58	60
Leverage, secured, %	34	42	40	42	46
Interest coverage ratio	2.6	2.7	2.9	2.9	2.6
Average interest, %	2.3	2.3	2.5	2.5	2.7
Average period of fixed interest, years	2.5	2.9	2.8	2.6	2.1
Average period of tied-up capital, years	4.1	4.3	3.0	3.0	2.8
Interest-bearing liabilities, SEKm	31,630	33,688	25,529	23,869	21,486
Share					
Equity per ordinary share, SEK	17.19	14.54	11.22	9.09	7.34
NAV, SEK	21.17	18.13	14.55	11.78	9.49
Equity per preference share, SEK	283.92	283.92	283.92	283.92	283.92
Profit from property management per ordinary share, SEK	1.37	1.19	1.03	0.93	0.78
Earnings per ordinary share, SEK	3.24	3.54	2.53	2.11	1.83
Share price, ordinary share Class A at end of period, SEK	22.90	10.15	10.87	9.38	9.45
Share price ordinary share Class B at end of period, SEK	22.98	10.28	10.72	9.55	9.50
Share price preference share at end of period, SEK	373.00	307.00	309.60	288.50	281.50
Market capitalization, SEKm	27,177	14,455	14,922	13,479	13,327
Number of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0
Number of outstanding ordinary shares at end of period, million	825.0	825.8	876.6	916.0	916.0
Number of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4
Number of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4
Dividend per ordinary share, SEK	0.50 ¹	0.46	0.44	0.40	0.35
Dividend per preference share, SEK	20.00 ¹	20.00	20.00	20.00	20.00
Dividend in relation to profit from property management, %	51 ¹	53	57	59	62
Dividend preference shares in relation to profit from property management, %	22 ¹	24	26	28	32

Klövern shows some key figures in this annual report which are not defined under IFRS. The company considers that these key figures provide essential additional information about the company. For additional information about these key figures, see Klövern's website under the heading Financial statistics.

1) Proposed dividend.

Definitions

Properties

CHANGES IN VALUE PROPERTIES, REALIZED

Divestments after deduction of properties' most recent fair value and selling expenses.

CHANGES IN VALUE PROPERTIES, UNREALIZED

Change in fair value excluding acquisitions, divestments, investments and foreign exchange conversion.

CONTRACT VALUE

Rent of premises, index and rent supplement according to lease.

DEVELOPMENT PROPERTIES

Properties where conversion or extension projects are in process or planned, which lead to a higher standard or changed use of premises.

INCOME

Rental income and other income.

INVESTMENT PROPERTIES

Properties currently being actively managed.

NET MOVING-IN

Contract value of tenants moving in less contract value of vacating tenants.

OCCUPANCY RATE, AREA-BASED

Let area in relation to total lettable area.

OCCUPANCY RATE, ECONOMIC

Contract value in relation to rental value.

OPERATING MARGIN

Operating surplus in relation to income.

OPERATING SURPLUS

Income less property costs.

PROFIT FROM PROPERTY MANAGEMENT

Income less property expenses, central administration and net financial items.

PROPERTY COSTS

Operating costs, repairs and maintenance, property tax and property administration.

PROPERTY TYPE

The principal use of a property with respect to type of premises.

RENTAL INCOME

Charged rents including additions such as compensation for media costs and property tax.

RENTAL VALUE

Contract value plus assessed market rent for area not let.

TURNOVER RATE

Contract value of vacating tenants during the year in relation to the average contract value during the year.

YIELD REQUIREMENT

The required yield of property valuations on the residual value.

Finance

EQUITY RATIO

Equity¹ in relation to total assets.

EQUITY RATIO, ADJUSTED

Equity¹ adjusted for the value of derivatives, goodwill, repurchased shares (based on the share price at the end of the respective period) and deferred tax liabilities exceeding 5 per cent of the difference between tax value and fair value of the properties in relation to total assets adjusted for goodwill and right-of-use assets.

INTEREST COVERAGE RATIO

Profit from property management plus earnings from residential development excluding financial costs² in relation to financial costs².

LEVERAGE³

Interest-bearing liabilities after deduction of the market value of listed shareholdings and liquid funds in relation to total assets.

LEVERAGE, SECURED

Interest-bearing liabilities with secured financing in properties after deduction of the market value of listed shareholdings and liquid funds in relation to total assets.

RETURN ON EQUITY

Net profit in relation to average equity¹.

Share

DIVIDEND YIELD

Dividend for the respective year in relation to the share price at the end of the same year.

EARNINGS PER ORDINARY SHARE

Net profit, after deduction of earnings to preference shares in relation to the average number of outstanding ordinary shares.

EARNINGS PER PREFERENCE SHARE

The period's accumulated share of the annual dividend of SEK 20.00 per preference share based on the number of outstanding preference shares at the end of each quarter.

EQUITY PER ORDINARY SHARE⁵

Equity¹ after deduction of equity attributable to preference shares and hybrid bonds in relation to the number of outstanding ordinary shares.

EQUITY PER PREFERENCE SHARE⁴

The average issue price of the preference share.

NAV⁵

Equity¹ after deduction for equity attributable to preference shares and hybrid bonds adding back derivatives and deferred tax liability in relation to the number of outstanding ordinary shares.

PROFIT FROM PROPERTY MANAGEMENT PER ORDINARY SHARE

Profit from property management after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

TURNOVER RATE

Total number of traded shares in relation to the average number of outstanding shares.

TOTAL RETURN

The share price development and paid dividend in relation to the share price at the beginning of the year.

Klöver shows some key figures in this annual report which are not defined under IFRS. The company considers that these key figures provide essential additional information about the company. For additional information about these key figures, see Klöver's website under the heading Financial statistics.

1) Shareholders' equity attributable to the parent company's shareholders.

2) Excluding site leasehold fee.

3) The definition of the key figure was reformulated in connection with the 2019 year-end report. The denominator in the calculation previously consisted of the properties' fair value. Historical figures have been adjusted in line with the new definition.

4) The definition of the key figure was reformulated in connection with the 2019 year-end report. The key figure was previously based on the share price of the preference share at the end of the respective period. Historical figures have been adjusted in line with the new definition.

5) The calculation of the key figure was adjusted in connection with the 2019 year-end report due to the changed definition of equity per preference share. Historical figures have been adjusted in line with the new definition.

History

2019 During the year, Klövern acquired three properties for SEK 959 million and sold 86 properties for SEK 5,029 million. One additional property was acquired in New York while the whole portfolio in Karlstad, consisting of 42 properties, was divested. Furthermore, contracts were signed to acquire a large office property in Copenhagen with estimated transfer of possession in 2021. Property value SEK 52,377 million.

2018 Klövern acquired 38 properties for SEK 8,056 million, including seven properties in Copenhagen and two properties in New York. 17 properties were divested for SEK 2,464 million, including the portfolio in Härnösand, Sollefteå and Falun. Tobin Properties and Agora were consolidated in Klövern. Property value SEK 52,713 million.

2017 Klövern acquired 27 properties for SEK 2,116 million and divested 54 properties for SEK 1,796 million. Among other properties, the divestments included the whole portfolio in Borås and Karlskrona. Furthermore, a contract was signed to acquire a property in Denmark, with transfer of possession in 2018. Property value: SEK 42,961 million.

2016 Klövern acquired 32 properties for SEK 1,484 million and divested 15 properties for SEK 630 million. The largest transaction was the acquisition of 28 properties in Malmö and Lund. Klövern announced that it intended to expand its property portfolio with residential projects. Property value: SEK 39,234 million.

2015 19 properties were acquired for SEK 2,732 million. The largest acquisition was Aprikosen 2, more known by the name Solna Gate. The lettable area encompasses 35,200 sq.m. and consists mainly of office space. In all, 14 properties were sold for a total of SEK 546 million. Property value: SEK 35,032 million.

2014 Klövern acquired 19 properties during the year for a total of SEK 4,452 million. Among other properties, Klövern acquired and took possession of Globen City, encompassing almost 115,000 sq.m. During the year, Klövern launched its business centre operations under the brand name of First Office. The self-storage operations were also launched under a separate brand name: Big Pink. During 2014, 13 properties were sold for a total of SEK 531 million. Property value SEK 30,208 million.

2013 Klövern took possession of 23 properties for a total of SEK 1,020 million, including a large logistics unit at Jordbro, south of Stockholm, with a lettable area of 28,000 sq.m. and two office properties in Gothenburg, encompassing 9,800 sq.m. During the year, Klövern divested 12 properties for SEK 387 million. Property value: SEK 24,059 million.

2012 Klövern acquired a total of 137 properties for SEK 7,459 million, of which 124 through the acquisition of Dagon. With the purchase of Dagon, Klövern became established in new expansive markets, including Öresund and Gothenburg. Eleven properties were divested for a total of SEK 543 million. Property value: SEK 22,624 million.

2020 ANNUAL GENERAL MEETING

Shareholders of Klövern AB are welcome to the Annual General Meeting at 2 pm on 24 April 2020 at Kista Gate, Torshamnsgatan 48 in Kista. The notice of the meeting, proposed dividend and information about notification of participation is available on Klövern's website, www.klovern.se.

CALENDAR

Interim report January to March	24 April 2020
Interim report, January to June	14 July 2020
Interim report, January to September	21 October 2020
Year-end report 2020	17 February 2021

2011 Klövern acquired eight properties for SEK 315 million and divested five properties for a total of SEK 48 million. At the beginning of December, a public offer was made to purchase all shares in Dagon AB (publ). Property value: SEK 14,880 million.

2010 Klövern acquired a large portfolio of 37 properties with a total area of 157,000 sq.m. Of the properties, 31 are located in Linköping, four in Norrköping and two in Örebro. The purchase price was SEK 1,055 million. Klövern sold a total of nine properties at a value of SEK 368 million. Property value: SEK 13,493 million.

2009 Kistamässan was completed and the groundbreaking was done for the adjacent Victoria Tower. Klövern sold four properties in Karlstad, Linköping and Nyköping for SEK 162 million and acquired five properties in Borås, Kista and Nyköping, as well as 17 site leaseholds in Karlstad for a total of SEK 179 million. Property value: SEK 12,032 million.

2008 Three properties in Karlstad, Kista and Nyköping were divested for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. Property value: SEK 11,895 million.

2007 Klövern signed an agreement to construct the new Kistamässan and renegotiated and entered into new leases with Ericsson for around 50,000 sq.m. The Kalmar and Eskilstuna units and an additional 12 properties were divested for SEK 1,236 million. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for SEK 989 million. Property value: SEK 12,154 million.

2006 Klövern's investment in Science and Business Parks was reinforced by acquisition of Pfizer's head office in Uppsala for SEK 235 million. In June, seven properties were acquired in Nyköping for SEK 245 million and 46 properties in Kista and Täby for over SEK 4 billion. Property value: SEK 10,701 million.

2005 A total of 36 properties were divested for SEK 557 million. Klövern acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. Property value: SEK 5,968 million.

2004 Klövern became established in Borås through acquisition of properties for SEK 210 million. During the year, establishment also took place in Västerås through acquisition of a total of 41 properties with a value of SEK 1 billion. Divestment of a total of 20 properties for SEK 307 million. Property value: SEK 4,193 million.

2003 Klövern was listed on the stock exchange's O-list. Properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. During the year, 15 properties were sold at unprioritized locations for SEK 185 million. Property value: SEK 2,890 million.

2002 The then IT company Adcore's business was split up and Adcore AB's name was changed to Klövern AB with the focus on real estate. Klövern acquired its first portfolio consisting of Postfastigheter for SEK 1.3 billion. During the year, properties were acquired in Nyköping and Norrköping. Property value SEK 1,876 million.

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Klövern's annual report has been produced by Klövern in collaboration with BrandFactory. The photographs have mainly been taken by Per-Erik Adamsson. The photograph of Kopparhusen on page 44 has been taken by M&F Foto.

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