

# KLÖVERN

ANNUAL REPORT 14

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## VISION

Klövern creates environments for future enterprise.

## BUSINESS CONCEPT

Klövern shall, with closeness and commitment, offer customers efficient premises in selected growth regions.

## MOTTO

Making the customer's day easier every day.



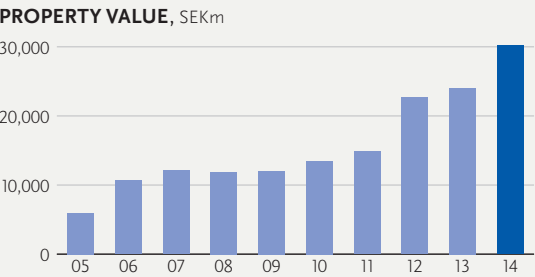
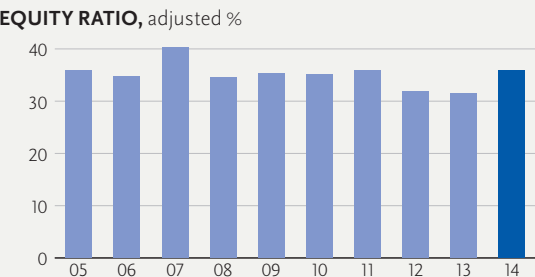
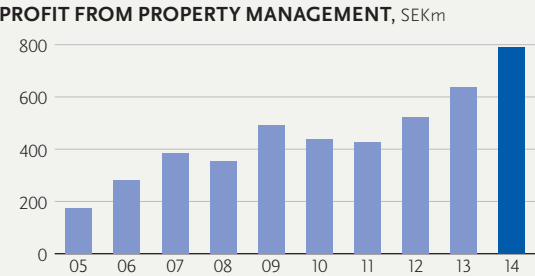


# THIS IS KLÖVERN

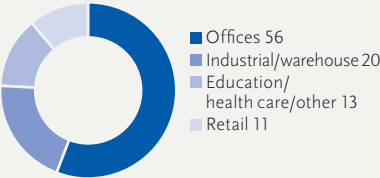
**KLÖVERN IS A REAL ESTATE COMPANY** committed, with closeness and commitment, to offering customers efficient premises in selected growth regions.

Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

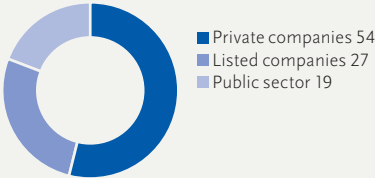
Klövern is one of the larger listed real estate companies in Sweden specializing in commercial premises.



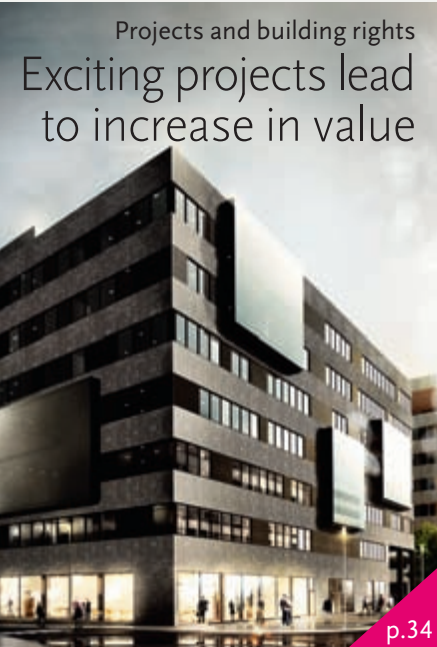
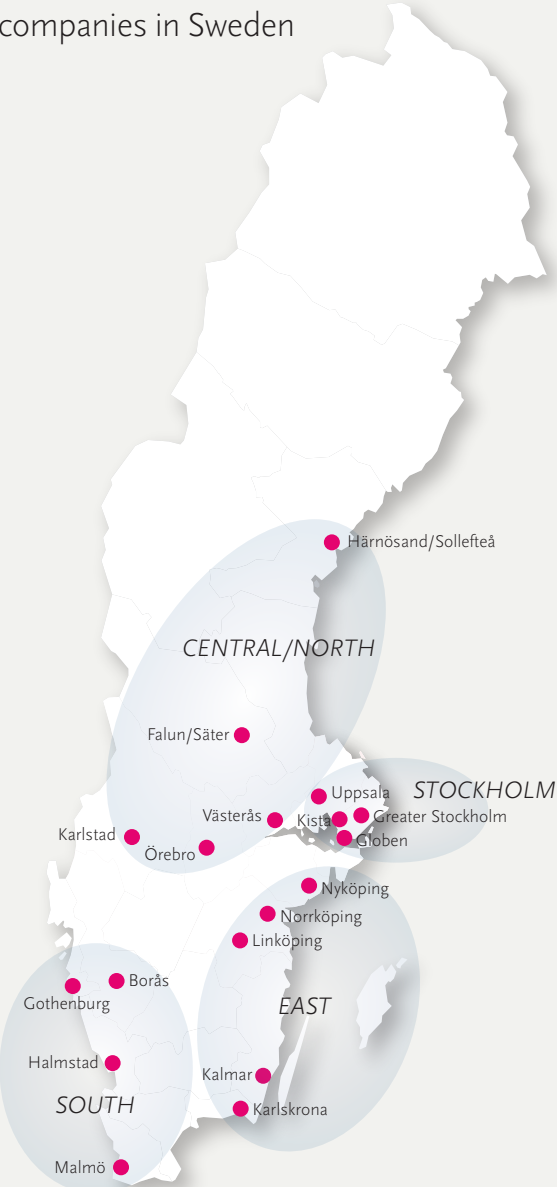
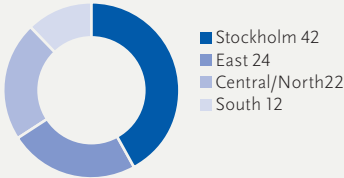
**RENTAL VALUE BY TYPE OF PREMISES, %**



**CONTRACT VALUE BY CUSTOMER CATEGORY, %**



**RENTAL VALUE PER REGION, %**



KEY RATIOS	31.12.2014 Q4	30.09.2014 Q3	30.06.2014 Q2	31.03.2014 Q1	31.12.2013 Q4	30.09.2013 Q3	30.06.2013 Q2	31.03.2013 Q1
Operating margin, %	62	69	67	63	61	66	65	59
Return on equity, %	3.0	2.8	7.8	1.2	2.5	2.7	3.5	2.8
Equity ratio, adjusted, %	35.9	29.7	28.8	31.1	31.4	31.5	31.4	33.2
Leverage, %	60	67	68	65	65	65	65	64
Leverage, properties, %	51	57	57	55	57	57	57	57
Interest coverage ratio	2.0	2.1	2.0	1.9	1.9	2.0	2.0	1.9
Average interest, %	3.5	3.7	3.9	4.2	4.3	4.3	4.4	4.3
Average, fixed-interest period, years	2.1	2.0	2.1	2.5	2.7	3.0	3.2	3.4
Average period of tied-up capital, years	2.1	2.3	2.3	1.9	2.0	1.9	2.2	2.0
Occupancy rate economic, %	90	90	90	90	90	89	88	88
Occupancy rate area, %	81	82	82	81	82	81	80	80

Stronger position



# 2014 IN BRIEF

- > Income rose by 14 per cent to SEK 2,521 million and profit from property management increased by 24 per cent to SEK 789 million.
- > The property portfolio increased by 26 per cent to SEK 30,208 million.
- > 19 properties were acquired for SEK 4,452 million while 13 properties were sold for SEK 531 million.
- > The acquisition of Globen City contributed to the Stockholm Region's (including Uppsala) share of the portfolio increasing to 48 per cent.
- > A series of important lease contracts were signed, including with Tele2 and IP-Only for new head offices.
- > With a view to creating prerequisites for further acquisitions as well as developing existing properties, preference shares were issued at the end of the year to a value of SEK 1,875 million.
- > The business center and self-storage operations were launched under separate brand names: First Office and Big Pink.
- > The Board of Directors is proposing to the Annual General Meeting that a dividend of SEK 0.30 per ordinary share and SEK 20.00 per preference share be paid for the 2014 financial year.

NUMBER OF  
PROPERTIES

**408**

PROPERTY VALUE

SEK BILLION

**30.2**

RENTAL VALUE

SEK BILLION

**3.0**

**Q1**

A solid beginning to the year at the same time as the decision was made to acquire Globen City.

**Q2**

A large lease contract was signed with Tele2. Globen City was taken possession of.

**Q3**

Acquisitions, net moving-in and good cost control contribute to a record-strong quarter.

**Q4**

A strong conclusion to the year at the same time as additional capital for expansion was raised through a new issue of preference shares.





*“Over 40 per cent of the portfolio is in the Stockholm area”.*

## KLÖVERN – A STOCKHOLM COMPANY WITH STRONG REGIONAL CITIES

2014 was a year characterised by strategic acquisitions and a strengthening of the capital structure. In the space of a few years, Klöver has moved from being a company with its main focus on regional cities to now having over 40 per cent of its portfolio in the Stockholm area. Our position in the capital is complemented by well concentrated holdings in major regional cities in Sweden. In all, Klöver has 408 properties with a property value of over SEK 30 billion.

### THE ACQUISITION OF GLOBEN CITY

The first half of the year was marked by the acquisition of Globen City. Both the financing of the transaction and process of taking over the management required extra work. Globen City's geographical location, in the developing Söderstaden with major planned investments, in the Slakthus area, among others, will make this one of the most attractive growth areas in Stockholm.

Klöver achieved this acquisition in tough competition with other players and the timing was good. Since the transaction took place in early 2014, required yields have steadily decreased, mainly in areas outside Stockholm's CBD.

### THE TARGET FOR NET-MOVING-IN WAS ACHIEVED

Klöver's letting work was successful during 2014 and the aim of net moving-in corresponding to one per cent of the rental value was achieved. Intensive letting efforts were made in connection with IP-Only which will rent the two top floors of office space in the former post office building in Uppsala, where Klöver is carrying out a major project adjacent to the central station. Klöver will also build a 200-room hotel on the same property operated by Elite Hotels on a 20-year lease. Another very important letting was the twelve-year lease signed with Tele2 for office premises in





Kista. This lease is for around 20,000 sq.m. and entails new production of approximately 27,000 sq.m. on the neighbouring property to Ericsson's head office on Torshamnsgatan, which Klöver also owns. Stockholm continues to be a strong market with a historically low vacancy rate of around nine per cent but Linköping and Norrköping also stand out with substantial net moving-in during the year.

#### **CLEARER FOCUS ON MAJOR CITIES**

The great change that Klöver has made in recent years is that the Stockholm area has risen in importance, it now accounts for 42 per cent of the company's property portfolio. In parallel with this, Gothenburg and Malmö have been added to our prioritized locations, at the same time as we have continued to reinforce our position in selected regional cities. Together with Stockholm, over 90 per cent of the property value is in strong locations such as Gothenburg, Malmö, Linköping, Norrköping, Västerås, Uppsala, Örebro, Karlstad and Nyköping. We have our own dedicated personnel at all of these locations with the aim of living up to our motto "closeness and commitment". The advantage of being a major player, concentrated on a selection of cities, is that it

enables us to offer premises adapted to tenants' requirements within our own portfolio, instead of risking losing a tenant if needs change.

#### **MAIN FOCUS ON OFFICES**

Klöver is a company that focuses on offices and similar properties. Viewed in terms of property value, pure office space accounts for two-thirds of the property value. Adding retail outlets and restaurants, as well as health care and educational premises, which are often located in such properties, the aggregated value amounts to 81 per cent of the total property value. Only the remaining 19 per cent of the portfolio value is attributable to industrial/warehouse premises.

#### **STRONG AND STABLE REVENUE BASE**

One-fifth of income comes from central or local government. These are normally long-term leases with a secure payment capacity. In addition to this, 27 per cent of income derives from listed companies with access to the capital market with a great capacity to survive tougher periods as well. Furthermore, the remaining 54 per cent of income derives from several thousand tenants from, in principle, every industry with-



out any particular focus on any sector. This is an indication of the stability of Klöver's income. Taking also into account that Klöver's rent losses normally amount to only a few million kronor a year, which viewed in relation to a rental value of almost SEK 3 billion, is on par with the banks' anticipated credit losses in their corporate lending, one can think about what credit rating Klöver actually ought to have.

#### **TWO NEW BRAND NAMES**

As a complement to letting premises, we have also launched two concepts with separate brand names, First Office, which is today Sweden's largest chain of business centers, with 54 units in 16 locations, and Big Pink, which is our self-storage operations. The business centers are aimed at tenants looking for smaller office space, but are also an excellent complement to letting large areas when these operations are expanding and becoming bigger. Being able to fill space in existing properties which is more difficult to let with attractively priced self-storage solutions is also a very good complement to Klöver's letting operations.

#### **A HOT TRANSACTION MARKET**

For the real estate market as a whole, the transaction year 2014 was a new record year with a higher volume of transactions than in the previous record year 2008. Good access to capital, gradually lower interest rates and a low level of vacancies contributed to this. Klöver acquired 19 properties during the year for a total of SEK 4.5 billion at the same time as 13 properties were divested for SEK 0.5 billion. The acquisition of Globen City, including Startboxen 3 in Solna, accounted for as much as SEK 3.8 billion. Otherwise, we proceeded at a relatively calm pace with transactions. We continued to acquire individual properties at selected locations, including Gothenburg and Västerås, at the same time as we took the opportunity of concentrating the portfolio by divestments of properties which do not fit in with our strategy.

Already at the beginning of the year, increased interest could be noted for real estate investments, which intensified in the course of the year. In many acquisition processes, where we had previously been alone or perhaps competed with a few other competitors, there may now be some ten different interested parties leading to long bidding processes. Although most investors are still from Sweden, an increased proportion of international investors can be noted. The effect of the increased readiness to invest has contributed to a fall in the required yield for most properties, not least in Stockholm and Gothenburg. We can note that many properties

which have been acquired close to our own properties have been done so at a considerably lower yield than what we have valued our own properties at. We have also been unsuccessful in a number of bidding processes, which is healthy. If we won every bidding process, it would mean that we were paying too much. Yield requirements have also fallen somewhat in the rest of the country but not by as much. This is beneficial for Klöver which can continue to acquire fine properties in major regional cities at a good yield.

#### **INTEREST RATES ARE CONTINUING TO FALL**

On the financing side, interest rates have fallen during 2014. At the same time, the banks' willingness to lend is high. Klöver's average interest rate at the end of the year was 3.5 per cent, markedly lower than the corresponding figure at the end of 2013 of 4.3 per cent. Net financial income will be further improved as new loans are renegotiated provided that the low level of interest rates continues.

There have been some fluctuations in the fixed income market during the year. In February, we raised a bond loan of SEK 1.1 billion in order to finance Globen at an interest rate of 3 months' Stibor + 2.25 per cent. This proved to be a good time to issue as the fixed income market became somewhat more restrained during the latter half of the year.

During the year, Klöver issued preference shares amounting to over SEK 2 billion. Interest has been great, also from international investors. Preference shares are a good complement to ordinary shares and are particularly suitable for real estate companies with stable incomes. At the end of the year, B shares were introduced as a new class of shares in Klöver. With a strong balance sheet, we are now well equipped to acquire additional properties as well as to develop our existing properties.

There is no doubt that the real estate market is hot. As long as the vacancy rate continues to be low and there is a balance in the number of square metres added to the market by new production – combined with lower interest rates – the future looks bright for Klöver.

I would like to thank all of our employees for their hard work during 2014. I would also like to thank Klöver's shareholders for their confidence in us.

Stockholm, 10 March 2015

Rutger Arnhult  
CEO



# INTRODUCTION



BUSINESS CONCEPT, GOALS AND STRATEGY 6

CUSTOMERS 11

## INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW

*Office premises integrated with Globen Shopping in Stockholm.*





## BUSINESS CONCEPT, GOALS AND STRATEGY

Klövern's overall goal is to generate a good return for the shareholders. Strategies and a number of interim goals have been specified for each area to achieve the goal for return on equity. Klöver's business plan includes a forward-looking vision, a business concept and a motto.

### Vision

#### **KLÖVERN CREATES ENVIRONMENTS FOR FUTURE ENTERPRISE.**

Our strategy is to be an active participant in creating interior and exterior environments that make a positive contribution to company development. Future enterprise covers everything from small to large businesses with the common denominator that there is an increased demand for the goods and services provided by the businesses.

closeness and commitment. Only through close contact with the customer can we anticipate tomorrow's needs. The closeness and commitment that Klöver seeks to provide can only be achieved with our own staff.

The market is limited to selected growth regions. These may vary over time depending on supply and demand in both the rental and property market. An expanding business sector and an increasing population are common features for all growth regions.

### Business concept

#### **KLÖVERN SHALL, WITH CLOSENESS AND COMMITMENT, OFFER CUSTOMERS EFFICIENT PREMISES IN SELECTED GROWTH REGIONS.**

Klövern's product is our premises. Premises shall be adapted to customer wishes and needs regardless of what these are and regardless of the type of premises required.

Premises shall be provided, and customers treated, with

### Motto

#### **MAKING THE CUSTOMER'S DAY EASIER EVERY DAY.**

If Klöver's tenants feel that we make their life easier, this will be a weighty argument when leases expire and it is time to renegotiate. Klöver shall make its customers' day easier every day. To put it simply, this means being a step ahead and anticipating future needs. Satisfied tenants are an important prerequisite to achieve the goals of positive net moving-in and a low turnover rate.





Personnel at Klöver's own office premises at the property Skepparen 15 in Karlstad.

## Strategy and goals 2015

	Strategy	Goals
<b>FINANCE</b>	<ul style="list-style-type: none"> <li>&gt; Equity shall consist of both common and preference shares.</li> <li>&gt; There shall be two classes of ordinary shares, A and B.</li> <li>&gt; The interest rate risk shall be limited by hedging a certain share of the credit portfolio.</li> <li>&gt; The refinancing risk should be limited by a spread of credit maturities and creditors.</li> <li>&gt; Bank borrowing should be complemented by alternative forms of finance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Return on equity shall amount to the risk-free rate plus at least 9 percentage points in the long term.</li> <li>&gt; The dividend to the shareholders shall amount to at least 50 per cent of the profit from property management in the long term.</li> <li>&gt; The dividend to preference shareholders shall not exceed 30 per cent of the profit from property management in the long term.</li> <li>&gt; The equity ratio shall be at least 30 per cent.</li> <li>&gt; The interest coverage ratio shall be at least 1.5 multiples.</li> <li>&gt; The period of tied-up capital shall be at least 1.5 years.</li> </ul>
<b>ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>&gt; Management shall be done by Klöver's own personnel and with local commitment.</li> <li>&gt; Customer surveys shall be made and serve as the basis for improved customer care.</li> <li>&gt; Sales shall be made more efficient through productization.</li> <li>&gt; Focused letting work shall increase the economic occupancy rate.</li> <li>&gt; Energy consumption per sq.m. shall decrease in the long term.</li> <li>&gt; Administrative efficiency shall be enhanced by focusing on improving the operating margin.</li> <li>&gt; Increased focus on environmental aspects in meetings with tenants.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Net moving-in shall amount to at least 1 per cent of the rental value per year.</li> <li>&gt; The operating margin shall amount to at least 65 per cent.</li> <li>&gt; Heat consumption shall decrease by at least 12 per cent from 2013 to 2015.</li> <li>&gt; The economic occupancy rate should amount to 91 per cent.</li> <li>&gt; The proportion of green lease contracts shall increase.</li> </ul>
<b>TRANSACTIONS AND PROJECTS</b>	<ul style="list-style-type: none"> <li>&gt; Acquisitions and sales shall be focused on geographic concentration with a view to creating effective management at prioritized locations.</li> <li>&gt; Prioritization of projects with a high yield.</li> <li>&gt; Create values by making use of building rights or new production projects for own management or for divestment.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Acquired investment properties shall have on average a long-term yield of at least 6 per cent per year.</li> <li>&gt; Project investments shall produce a return on equity of at least 15 per cent.</li> </ul>
<b>PERSONNEL</b>	<ul style="list-style-type: none"> <li>&gt; Annual development interviews with individual goals linked to the level of remuneration.</li> <li>&gt; Health check-ups with support for individuals to improve health.</li> <li>&gt; Close collaboration with prioritized schools and a systematic approach to dealing with enquiries from universities and other institutions of higher education on essay topics and summer jobs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Personnel turnover should in the long term amount to around 10 per cent per year.</li> <li>&gt; Sickness absence shall be less than 3 per cent per year.</li> </ul>

See page 144 for definitions of key ratios.



## Goals and outcomes 2014

### ADMINISTRATIVE GOALS

Goal	Outcome 2014		Objective																						
PROPERTY VALUE																									
The property value should increase to at least SEK 30 billion.	The property value increased by SEK 6,149 million to SEK 30,208 million. The increase was a result of net acquisitions of SEK 3,921 million, investments of SEK 1,021 million and a change in value of SEK 1,207 million. The average growth over the past five years amounts to SEK 3,635 million.	<table><caption>Property value, SEK million</caption><thead><tr><th>Year</th><th>Value (SEK million)</th></tr></thead><tbody><tr><td>05</td><td>5,000</td></tr><tr><td>06</td><td>10,000</td></tr><tr><td>07</td><td>11,000</td></tr><tr><td>08</td><td>11,000</td></tr><tr><td>09</td><td>11,000</td></tr><tr><td>10</td><td>12,000</td></tr><tr><td>11</td><td>13,000</td></tr><tr><td>12</td><td>22,000</td></tr><tr><td>13</td><td>23,000</td></tr><tr><td>14</td><td>30,208</td></tr></tbody></table>	Year	Value (SEK million)	05	5,000	06	10,000	07	11,000	08	11,000	09	11,000	10	12,000	11	13,000	12	22,000	13	23,000	14	30,208	A larger company, listed on Nasdaq Large Cap, can attract a greater number of possible major institutional, in particular foreign, investors. Some of these have investment regulations that restrict investments in companies with a market cap below EUR 1 billion. Klöver's market cap was SEK 12.2 billion at year-end 2014. Growth can take place both through value-creating investments, new construction and refurbishment in our own portfolio as well as by acquisition of properties.
Year	Value (SEK million)																								
05	5,000																								
06	10,000																								
07	11,000																								
08	11,000																								
09	11,000																								
10	12,000																								
11	13,000																								
12	22,000																								
13	23,000																								
14	30,208																								
NET MOVING-IN																									
Net moving-in should amount to at least one per cent of the rental value per year	Net moving-in was positive during 2014. The target of 1 per cent of the rental value was achieved. The outcome of SEK 35 million corresponds to a net moving-in of 1.2 per cent of the rental value.	<table><caption>Net moving-in, %</caption><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>05</td><td>1.2</td></tr><tr><td>06</td><td>1.2</td></tr><tr><td>07</td><td>2.8</td></tr><tr><td>08</td><td>3.5</td></tr><tr><td>09</td><td>0.2</td></tr><tr><td>10</td><td>1.0</td></tr><tr><td>11</td><td>0.2</td></tr><tr><td>12</td><td>2.8</td></tr><tr><td>13</td><td>2.0</td></tr><tr><td>14</td><td>1.2</td></tr></tbody></table>	Year	Value (%)	05	1.2	06	1.2	07	2.8	08	3.5	09	0.2	10	1.0	11	0.2	12	2.8	13	2.0	14	1.2	Net moving-in shows the net of rental value on an annual basis for the tenants who actually move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.
Year	Value (%)																								
05	1.2																								
06	1.2																								
07	2.8																								
08	3.5																								
09	0.2																								
10	1.0																								
11	0.2																								
12	2.8																								
13	2.0																								
14	1.2																								
OPERATING MARGIN																									
The operating margin should amount to at least 65 per cent in the long term	The operating margin amounted to 65 per cent during the year which means that the goal was achieved. Positive net moving-in creates prerequisites for a rising operating margin	<table><caption>Operating margin, %</caption><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>05</td><td>60.0</td></tr><tr><td>06</td><td>61.0</td></tr><tr><td>07</td><td>63.0</td></tr><tr><td>08</td><td>62.0</td></tr><tr><td>09</td><td>62.0</td></tr><tr><td>10</td><td>60.0</td></tr><tr><td>11</td><td>63.0</td></tr><tr><td>12</td><td>62.0</td></tr><tr><td>13</td><td>63.0</td></tr><tr><td>14</td><td>65.0</td></tr></tbody></table>	Year	Value (%)	05	60.0	06	61.0	07	63.0	08	62.0	09	62.0	10	60.0	11	63.0	12	62.0	13	63.0	14	65.0	The operating margin, the operating surplus as a percentage of income, is an important key ratio in Klöver's internal evaluation of the real estate operations and is continuously measured for every property.
Year	Value (%)																								
05	60.0																								
06	61.0																								
07	63.0																								
08	62.0																								
09	62.0																								
10	60.0																								
11	63.0																								
12	62.0																								
13	63.0																								
14	65.0																								
HEAT CONSUMPTION																									
Heat consumption shall be reduced by at least 12 per cent for the period 2013–2015.	Heat consumption has decreased by a total of 10 per cent during 2013 and 2014.	<table><caption>Accumulated reduction of heat consumption per sq.m., %</caption><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>13</td><td>8</td></tr><tr><td>14</td><td>10</td></tr><tr><td>15</td><td>12</td></tr></tbody></table>	Year	Value (%)	13	8	14	10	15	12	Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.														
Year	Value (%)																								
13	8																								
14	10																								
15	12																								



## FINANCIAL GOALS

## Goal

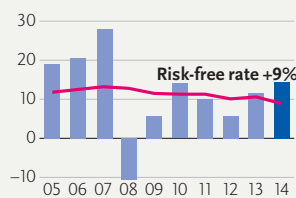
## Outcome 2014

## Objective

## RETURN ON EQUITY

Return on equity shall in the long term amount to the risk-free rate plus at least 9 percentage points.

Return on equity amounted to 14.5 per cent in 2014, the goal for the period being 9.9 per cent. During the past ten years, the average return has been 11.9 per cent, which exceeds the average long-term goal of 11.5 per cent.



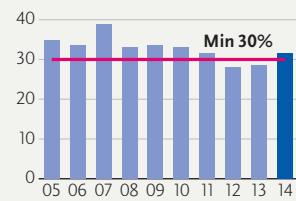
Return on equity must be reasonable in proportion to the risk level and the yield on other types of investments. The risk-free rate is measured as a five-year government bond rate. The goal should be regarded as an average over a number of years, since the return is partly affected by factors over which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

■ Return on equity, % ■ Goal

## EQUITY RATIO

The equity ratio should be at least 30 per cent.

The equity ratio was 31.5 per cent at year-end 2014 and the adjusted equity ratio was 35.9 per cent.



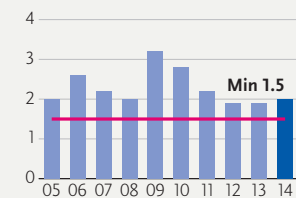
At the same time as making optimal use of equity, it is important to secure long-term stability and make sure that attractive investments can be made in the future.

■ Equity ratio, % ■ Goal

## INTEREST COVERAGE RATIO

The interest coverage ratio shall be at least 1.5.

The interest coverage ratio amounted to 2.0 in 2014.



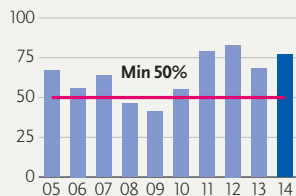
Interest expense is the single largest cost item for Klövern, and it is therefore important that earnings capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 1.5 means that profit after financial items exceeds interest expense by 50 per cent. Klövern has adopted a relatively cautious interest rate strategy with protection against interest rate increases in the form of interest caps and interest swaps. This has initially raised the interest expense but has also ensured an even level of expense over time.

■ Interest coverage ratio ■ Goal

## DIVIDEND

The dividend should be at least 50 per cent of the profit from property management in the long term.

A dividend of SEK 0.30 per ordinary share is being proposed to the 2015 Annual General Meeting. A dividend of SEK 20 split into four quarters of SEK 5.00 is being proposed for the preference share. The proposed dividend for both classes of shares corresponds to 77 per cent of the profit from property management for 2014. During the past ten years, Klövern has distributed the equivalent of an average of 64 per cent of the profit from property management.



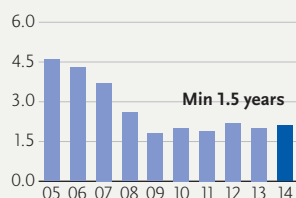
The profit from property management shows the progression of the real estate operations, including financing costs and central administration. When assessing the size of dividends, consideration shall be given to the company's investment alternatives, financial position and capital structure.

■ Dividend in relation to profit from property management, % ■ Goal

## TIED-UP CAPITAL

The period of tied-up capital shall be at least 1.5 years.

The period of tied-up capital amounted to 2.1 years at year-end 2014.



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.

■ Average period of tied-up capital, years ■ Goal





*Klövern's employee Frida Åkesson at the newly-built property Dragör 1 in Malmö.*



# CUSTOMERS

Klövern's staff makes the customer's day easier every day. A good contact with tenants shall be achieved through closeness and commitment as well as being on hand at all prioritized locations with our own staff.

## CLOSENESS AND COMMITMENT

Klövern concentrates on commercial premises with a mix of private and listed companies and public sector entities as tenants. The company is represented by its own staff at 18 business units around Sweden. Having our own staff, who are physically present where the tenant is located, guarantees swift service and good knowledge of the market, as well as being an essential foundation of the business concept as a whole. The primary task is to provide premises, but also to contribute to strengthening the cities where Klöver operates.

The motto – making the customer's day easier every day – is firmly anchored in the company. Making easier means, of course, doing one's best to solve the problems that crop up, but also being proactive, being a step ahead.

This approach to providing premises, with closeness and commitment, as well as an endeavour to meet the needs of the customer and not only sell a finished product, provides a good description of how Klöver works. The focus is on the customer.

## NET MOVING-IN

The goal of the business plan is for net moving-in to amount to at least one per cent of the rental value per year. Satisfied tenants are a prerequisite for achieving this. Positive net moving-in will gradually increase Klöver's occupancy rate.

Letting work has been successful during the year. The contract value of tenants moving-in amounted to SEK 157 million (157) and vacating tenants amounted to SEK 122 million (106). Klöver's net moving-in, i.e. tenants moving in less vacating tenants during the year, was positive and totalled SEK 35 million (51). The goal for net moving-in of an increase of at least one per cent of the rental value was achieved as the outcome amounted to 1.2 per cent (2.0).

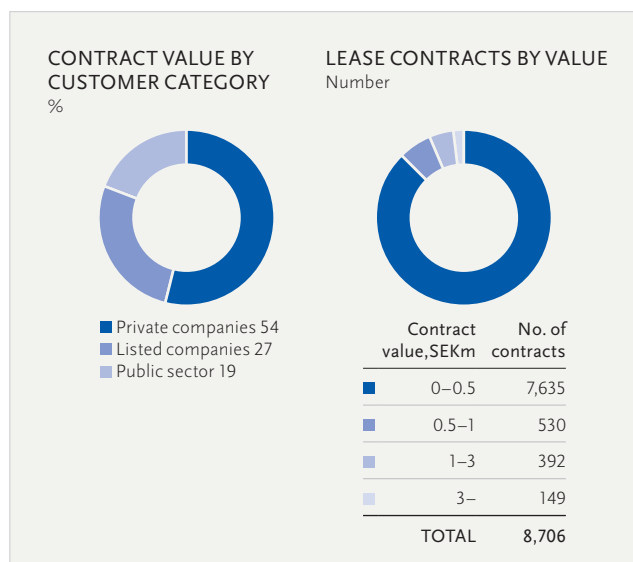
## FUTURE MOVING-IN

The contract value for tenants moving in during 2014 and leases signed during 2014, where the tenant has still not moved in, totalled SEK 226 million (229).

In Uppsala, Klöver has signed a ten-year lease with IP-Only during the year. The company is a Swedish infrastructure operator which constructs, operates and owns fibre infrastructure in the Nordic area. The property Kungsängen 10:1, 10:2, the former post office building, is located in central Uppsala adjacent to the central station, Uppsala city hall and the new travel interchange. The lease is for almost 3,200 sq.m. and moving in takes place on 1 November 2015. Klöver has previously signed a lease with the County Administrative Board in Uppsala for 3,800 sq.m. at the same property. The County Administrative Board is expected to move in during the spring of 2015.

## KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %	Average remaining contract period, years	Number of contracts	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	295	11.0	3.5	34	170
WSP Sverige AB	67	2.5	5.4	38	31
KappAhl Sverige AB	40	1.5	12.4	3	49
PostNord AB	31	1.2	2.1	45	28
TeliaSonera Sverige AB	30	1.1	2.2	49	21
Job Centre	28	1.1	2.2	25	17
Dalarna County Council	27	1.0	5.5	48	24
Municipality of Karlskrona	26	1.0	5.6	64	25
Östergötland County Council	25	0.9	9.5	11	18
CGI Sverige AB	23	0.9	7.9	8	13
<b>TOTAL</b>	<b>592</b>	<b>22.2</b>	<b>4.7</b>	<b>325</b>	<b>396</b>



Klövern has signed a 12-year lease contract with Tele2 for office premises in Kista. The lease encompasses 20,000 sq.m. and will be a part of a newly built office property of around 27,000 sq.m. Tele2 is expected to take possession of the premises after 1 July 2016. As a result of this, Tele2 will collocate its Swedish head office in Kista.

A lease contract has been signed during 2014, with moving in during the first quarter of 2015, with the municipality of Kalmar for 2,000 sq.m. This is a ten-year lease for office properties.

During the second quarter of 2015, Folksam is expected to take possession of 2,400 sq.m. of office premises in Linköping. The lease has a seven-year term.

#### CUSTOMER STRUCTURE AND CONTRACT VALUE

Klövern's business orientation means that 99 per cent of the contract value consists of commercial leases. At year-end,

private companies accounted for 54 per cent (54), listed companies for 27 per cent (27) and public sector entities for 19 per cent (19) of the contract value. In all, Klövern had 8,700 leases (8,100) with 5,100 (4,900) tenants at year-end. The average lease term was 3.3 years (3.5).

The share of the 10 largest customers amounted to 22 per cent (22) at year-end and the average lease term for these tenants was 4.7 years (5.0).

Klövern's total contract value amounted to SEK 2,679 million (2,318) at year-end.

#### RENT LOSSES

Klövern's rent losses continue to be very low. The close collaboration with the customers, together with good knowledge of the local market, is the most important explanation for rent losses continuing to be low. In 2014, losses amounted to SEK 1 million (4) or 0.05 per cent (0.2) of total income.

#### TURNOVER RATE

Limiting the tenant turnover rate has a positive effect on the result as loss of income due to periods of vacancy is reduced and costs for tenant customizations are limited. Structured meetings with the tenants enable us to anticipate needs and increase customer loyalty.

During 2014, the tenant turnover rate amounted to 4.7 per cent (4.8). The average for the past ten years is 6.2 per cent.

#### NKI – SATISFIED CUSTOMER INDEX

A Satisfied Customer survey is carried out every other year. This has not taken place in 2014, the next survey will be take place in 2015.

We work continuously to increase customer satisfaction and to ensure that we make the customer's day easier every day.





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*Klövern's newly built premises Kopparhammaren 2. Also Klövern's property Gryt 21 to the right of the picture, both in an attractive location alongside Strömmen, in the heart of Norrköping.*

INTRODUCTION

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REAL ESTATE OPERATIONS

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

CORPORATE GOVERNANCE REPORT

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# THE SWEDISH ECONOMY AND REAL ESTATE MARKET

The economy is developing positively but is restrained by continued weak exports – not least to the Euro area countries. However, an expansive fiscal policy and low interest rates have kept up private and public consumption, which is an important driving force for the development of the Swedish economy. Public finances are also fundamentally sound and central government debt is low.

*The two sections Swedish economy and real estate market and Major transactions and events (p. 14–17) have been written by Forum Fastighetsekonomi AB.*

## THE ECONOMY

The global economy continues to be weak. The rate of growth of the euro area stagnated during the latter half of 2014 and the level of inflation continues to be very low. The German economy has also slowed down. Two bright points are the United States and the United Kingdom, which are further forward in the business cycle. It is also positive for the whole world economy that the price of oil has fallen sharply since last summer.

Inflation is also very low in Sweden. The Riksbank, which reduced the repo rate to -0.10 per cent in February 2015, considers that it will not be appropriate to raise the repo rate until the second half of 2016.

The Swedish ten-year government bond rate gradually fell during the year from just over two per cent to just under one per cent. Market rates have shown approximately the same development pattern.

Despite the number of employed rising sharply during

2014, corresponding to around 80,000 persons, unemployment has only fallen marginally.

## THE REAL ESTATE MARKET

The relatively good economic conditions in Sweden can thus be reflected in a real estate market which can be described as being stable and positive. Both premises and housing are in demand and the rental trend is generally positive. Competition is stiffening for the properties that come on to the market. In a comparison with a number of other types of assets, real estate is currently perceived as a stable investment with satisfactory financial yield.

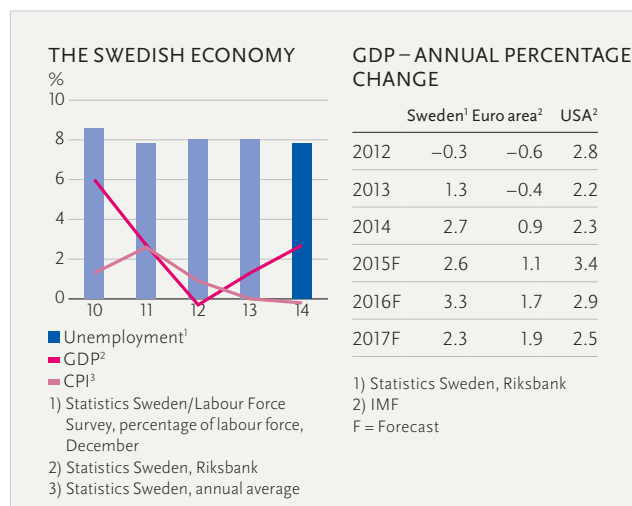
The possibilities for a larger proportion of bank financing in conjunction with real estate purchases continued and improved during 2014. Leverage of around 50–65 per cent has been a fairly established level during the past year but it now seems to have risen. This has also stimulated a rise in prices. The use of alternative forms of finance, such as corporate bonds and preference shares, is also increasing.

The greater interest in real estate investments and the improved borrowing possibilities at low interest rate levels have pushed down the required yield and thus exerted upward pressure on property prices.

The price rise and rent development are clearest and strongest in Sweden's biggest cities and growth regions. However, this development is also evident in the rest of the country, although not to such a widespread extent.

Residential rented properties and community properties are most in demand although office and logistics properties are also very attractive, as well as retail properties in good locations.

The activity on the transaction market has increased sharply during 2014, which became something of a record year. The aggregate volume of transactions totalled almost SEK 160 billion, which is around SEK 60 billion more than the previous year. It is above all Swedish actors that have been active and dominate the market. Foreign acquisitions corresponded to over 15 per cent of the volume.





## LEVEL OF ECONOMIC ACTIVITY IN KLÖVERN'S MAIN CITIES

	Population 2014 <sup>1</sup> , no.	Population change, 1 year, %	Population change, 10 years, %	Employment <sup>2</sup> , no.	Of which, public sector <sup>2</sup> , %	Change in employment, 1 year, %	Unemploy- ment <sup>3</sup> , %	Change in unemployment, 1 year, %
Borås	106,966	1.1	7.7	55,187	31.3	0.8	8.0	-0.5
Gothenburg	540,786	1.5	11.5	320,259	23.9	1.4	8.8	-0.7
Halmstad	95,321	1.4	8.0	46,281	34.2	0.8	8.8	-0.4
Kalmar	64,607	0.9	6.0	33,404	35.5	1.1	7.8	-0.9
Karlskrona	64,267	0.4	4.7	30,576	43.2	0.1	10.0	-0.8
Karlstad	88,349	0.8	7.6	49,311	34.0	0.3	8.3	-0.8
Linköping	151,702	1.1	10.2	77,169	30.5	1.9	7.2	-1.0
Malmö <sup>4</sup>	317,375	1.7	17.0	162,941	26.5	1.1	14.9	0.1
Norrköping	135,096	1.0	8.4	61,418	30.3	1.4	12.6	-0.2
Nyköping	53,472	1.0	7.3	24,191	31.9	2.3	8.0	-0.3
Stockholm <sup>5</sup>	912,401	1.8	18.3	635,673	15.6	2.1	6.6	-0.4
Uppsala	207,611	1.3	13.3	98,270	37.7	1.8	5.4	-0.8
Västerås	143,543	1.2	8.8	70,473	24.9	2.1	9.1	-1.1
Örebro	142,325	1.3	11.4	71,925	35.4	0.7	8.7	-1.0
<b>All Sweden</b>	<b>9,737,559</b>	<b>1.1</b>	<b>7.6</b>	<b>4,610,204</b>	<b>27.9</b>	<b>0.9</b>	<b>8.0</b>	<b>-0.5</b>

Source: Statistics Sweden and the Swedish Employment Service.

1) Refers to November 2014.

2) According to RAMS 2013.

3) Refers to the average for 2014. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 16-64).

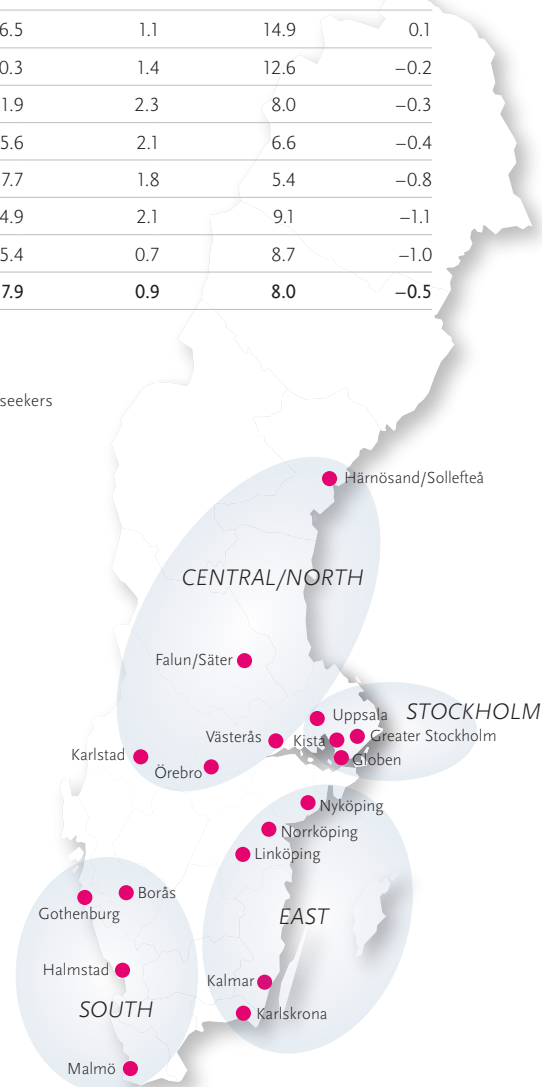
4) The information refers to the City of Stockholm.

5) The information refers to the City of Malmö.

Office rent levels have developed very positively for modern office premises in good locations. This applies in particular in the metropolitan city areas and in regional cities. The same pattern applies in other submarkets but is not as clear. The older office portfolio is now less sought after than modern offices with effective use of space, which are increasingly demanded. Tenants of premises also demand “green” lease contracts to a greater extent.

Retail rent levels around the country have remained still or have fallen. Apace with consumption now increasing and being expected to continue to increase, the trend is now for attractive retail premises to have a potential for higher rents.

The rental levels for industrial and warehouse premises have generally been relatively still for a number of years. The exception is modern logistics premises where a slight increase in rental levels may be noted.



# MAJOR TRANSACTIONS AND EVENTS

A number of major transactions have taken place on the Swedish market during the year.

- > Starwood Capital purchased Sveareal from DnB NOR for SEK 6.8 billion.
- > D. Carnegie acquired Hyresbostäder i Sverige II from Obligo, with around 700,000 sq.m. of housing, for SEK 6.5 billion.
- > Hemfosa carried out an exchange transaction with Hemsö corresponding to a total value of SEK 4.4 billion.
- > Klöver signed a 12-year lease contract with Tele2 for office premises in Kista. The contract encompassed around 20,000 sq.m. and will include new production of around 27,000 sq.m. of offices on Torshamnsgatan.
- > Klöver acquired Globen City, including Startboxen 3 in Solna, from The Carlyle Group for a property value of SEK 3.8 billion.
- > Heimstaden purchased the company Henry Ståhl Fastigheter for SEK 3.7 billion.
- > The Norwegian Olav Thon group acquired five Swedish shopping centres from Steen & Ström for SEK 3.25 billion.
- > Lönbacken acquired Roxanne with 34 properties for SEK 3.0 billion.
- > Six new real estate companies were listed on Nasdaq Stockholm: Hemfosa, Stendörren, Besqab, Oscar Properties, D. Carnegie & Co and NP3.

A compilation of some additional major transactions and events in 2014 in each of Klöver's four regions Stockholm, East, Central/North and South is shown below.

## STOCKHOLM REGION:

### Kista, Globen, Greater Stockholm and Uppsala

- > Kungsleden acquired, through a company, four office properties in Kista Science City from Areim. The underlying property value was just over SEK 2 billion.
- > Skanska and Alecia carried out an exchange transaction for a total of SEK 2.3 billion. Skanska sold the office project Entré Lindhagen and purchased Snäckan 8 ("The KPMG building") from Alecia.
- > Estancia acquired, through a company transaction, the centrally located property Luthagen 71:1 in Uppsala from the Norén family. The property consists of a complete block and contains over 10,000 sq.m. of premises and almost 8,000 sq.m. of housing.
- > The Marginal group acquired the office property Grönlandet Södra 13 from Fabege. The purchase price was

SEK 500 million for the almost 8,200 sq.m. property, which is located in the vicinity of Adolf Fredrik church.

- > Klöver signed a 12-year lease contract with Tele2 for office premises in Kista. The contract encompassed around 20,000 sq.m. and will include new production of around 27,000 sq.m. of offices on Torshamnsgatan.

## EAST REGION:

### Linköping, Norrköping, Nyköping, Karlskrona and Kalmar

- > Klöver acquired four properties from Prospekta Förvaltning in Kalmar for SEK 100 million. The total lettable area is around 13,500 sq.m.
- > Klöver acquired the property Idéskaparen 2 in the Mjärdevi area in Linköping from Ericsson for SEK 266 million.
- > Tribona bought, through a company, the over 28,000 sq.m. logistics property Adaptern 1 in Norrköping from AxFast. The underlying property value amounted to SEK 173 million.
- > Galjaden Fastigheter acquired the property Glasburken 1 in Linköping from Arla. The property has 7,000 sq.m. of commercial premises.
- > Kalmar Kommunbolag AB sold the property Elefanten 1, known as Industriparken, for SEK 140 million to Fastighetspartner P&E. The premises encompass around 32,000 sq.m.

## CENTRAL/NORTH REGION:

### Västerås, Karlstad, Örebro, Falun/Säter, Härnösand/Sollefteå

- > Fastighets AB L E Lundberg started construction of a new 5,700 sq.m. office building in central Karlstad.
- > Tribona sold the property Saltängen 1 in Västerås for a property value of SEK 1,075 million to Saltängen Property Invest. The building encompasses around 100,000 sq.m. and is fully let to ICA Fastigheter.
- > In Falun, Corem Property Group renegotiated the lease contract with NKT Cables for a new ten-year contract encompassing a total of 42,500 sq.m. and a contract value of around SEK 155 million.
- > Wermlands Invest acquired the properties Höken 13 and 14 in Karlstad from K/S Karlstad Bymidte for SEK 134 million. The properties are located in the centre of Karlstad and consist of 5,600 sq.m. housing and 2,200 sq.m. of commercial premises.





*Interior picture from Relaxen at the top of the property Arenan 3, Globen City.*

#### **SOUTH REGION:**

##### **Gothenburg, Malmö, Borås and Halmstad**

- > Söderport Fastigheter AB acquired a property portfolio from the Volvo group for SEK 1.8 billion.
- > Kungsleden purchased the office property “Isblocket” at Hyllie in Malmö for SEK 165 million from Otto Magnusson Byggnads AB.
- > Balder purchased, through a company, the property Inom Vallgraven 1:13 (Radisson Blu Scandinavia Hotel) in central Gothenburg from DnB Scandinavian Property Fund. The underlying property value was SEK 700 million.
- > In Gothenburg, Vasakronan acquired the property Heden 46:3 from NCC for the underlying property value of SEK 860 million. The building encompasses around 20,000 sq.m.
- > SveaReal let a total of 31,500 of warehouse space at the property Rydahög 1 in Borås to Speed Logistics in Borås.
- > Castellum, through the wholly-owned subsidiary Harry Sjögren, acquired nine properties in the university area of Halmstad from Alecta for SEK 645 million.
- > In central Gothenburg, Skanska started its 7,500 sq.m. office construction Ullevi Terrasser which is expected to be completed in early 2016.
- > In Malmö, Atrium Ljungberg purchased the commercial property Dimman 11 for SEK 265 million from I Profi Fastigheter Sverige AB.

## REGION

## STOCKHOLM

The region consists of the business units Kista, Globen, Greater Stockholm and Uppsala.

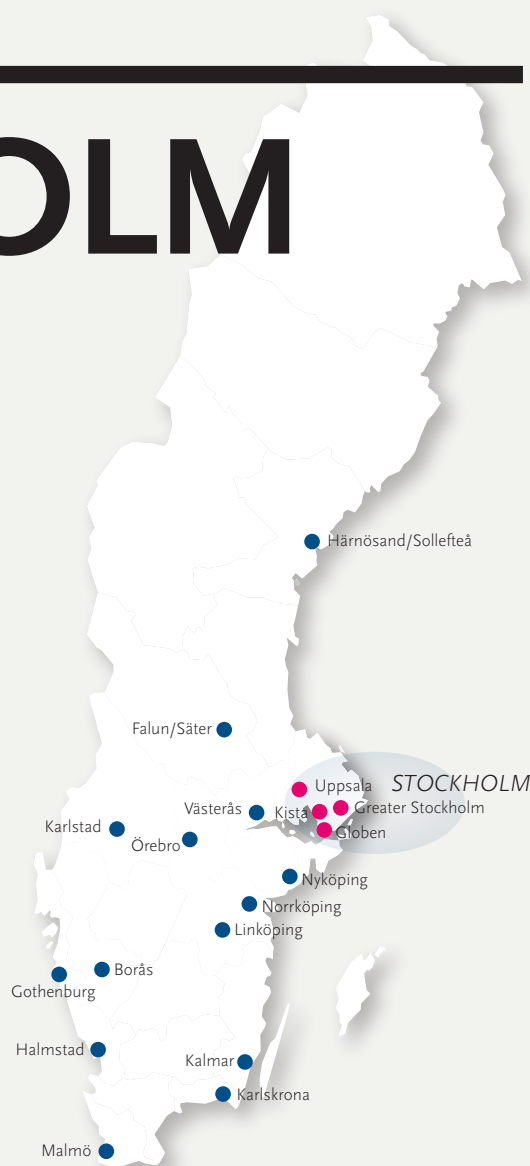
Stockholm is Klöver's largest region in terms of lettable area, rental value and property value. The space consists primarily of office properties.

Klöver's largest tenant that moved in during 2014 was ICA Fastigheter Sverige AB, which moved into the property Fyrislund 6:6 in Uppsala at the end of the year.

Greater Stockholm is the most expansive part of Sweden. The population of the County of Stockholm increases by around 35,000 a year and Uppsala is one of the country's fastest growing municipalities.

Major infrastructure investments are planned, substantial housing construction and also extensive new production of offices, warehouse facilities, hotels and retail premises. The region is accordingly the most expansive area in Sweden for various construction projects. The universities and other institutions of higher education are of a very high international standard. Stockholm is an important knowledge and research region. The business sector is highly diversified and also internationalized. Many of the technically specialized companies are located in Uppsala or in Kista. The public sector is also very extensive - it is proportionally especially large in Uppsala. The Swedish financial centre is in Stockholm.

The Stockholm region normally accounts for almost 40 per cent of the total volume of transactions in the country. The region has the highest rental levels and property value per square metre. It is most often in the Stockholm region that changes first occur in the rental and real estate markets. International investors usually prioritize the Stockholm market before other regional markets in Sweden.



KLÖVERN'S LARGEST TENANTS IN THE STOCKHOLM REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	258	23.1	131
WSP Sverige AB	52	4.7	21
Eniro Sverige AB	22	2.0	8
CGI Sverige AB	20	1.8	11
Kistamässan AB	20	1.7	16
<b>TOTAL</b>	<b>372</b>	<b>33.3</b>	<b>187</b>

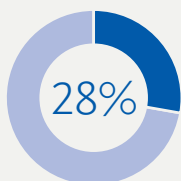




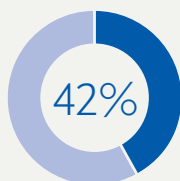
Conference room at the property Arenan 3 at Globen City.

#### PROPORTION OF KLÖVERN

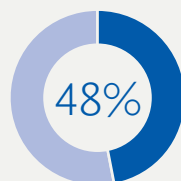
LETTABLE AREA



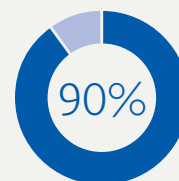
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2014

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Kista	323	554	6,735	93
Globen	115	306	3,848	91
Greater Stockholm	230	226	2,050	85
Uppsala	109	158	1,743	82
<b>STOCKHOLM REGION</b>	<b>777</b>	<b>1,244</b>	<b>14,376</b>	<b>90</b>
<b>KLÖVERN</b>	<b>2,792</b>	<b>2,983</b>	<b>30,208</b>	<b>90</b>

## REGION

## EAST

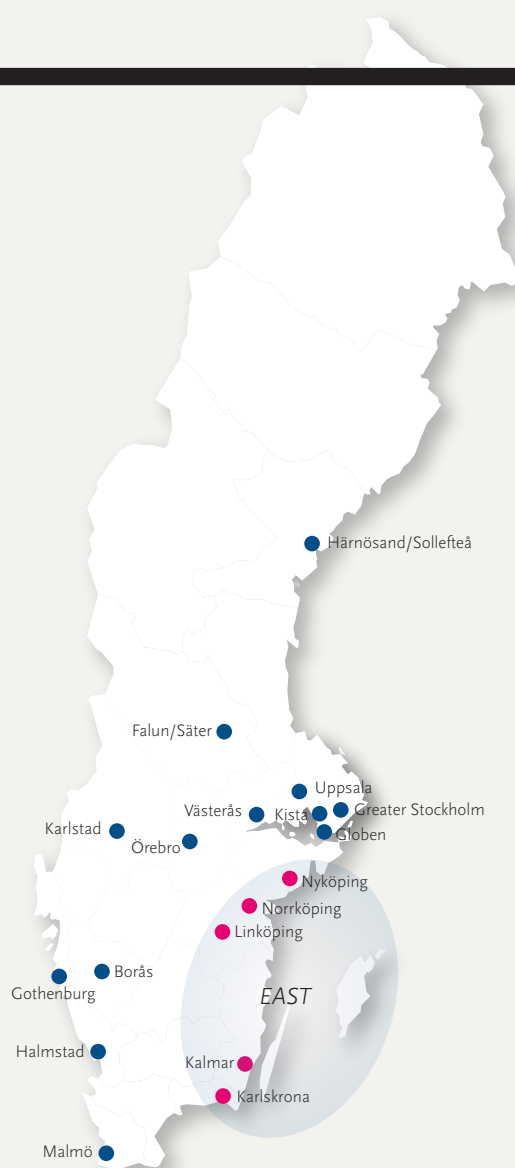
The East Region consists of the business units Linköping, Norrköping, Nyköping, Karlskrona and Kalmar.

The East Region is Klöver's second largest area in terms of value. Office properties make up the major part of the properties' area. The largest tenant moving in during the year was Linköping University, which moved into the newly renovated property Kopparhammaren 2 in Norrköping.

The East Region consists of two geographic parts. All municipalities in the region are regional centres with fairly sound economies and a good population development. Almost 500,000 people live in the northern part of the region, which makes it one of Sweden's most densely populated areas. The neighbouring cities of Linköping and Norrköping alone have together a population of around 285,000. The southern part of the East Region has a population of almost 400,000 if both counties are included.

The northern part in particular has a good basic structure as far as roads, railways, airports and ports are concerned. Several of the most important national road and rail systems, such as the E4 and E22 highways and the southern main rail line, pass through the area. The country's third biggest airport, Skavsta is in Nyköping and both Norrköping and Linköping airports have regular international air services. The northern part of the East Region has the benefit of being within two hours' commuting distance of the Stockholm area.

In the southern part, both Kalmar and Karlskrona have developed into independent regional centres. In Kalmar, the Linné University is becoming increasingly important for development of the region's business centre – not least thanks to the Kamprad Foundation and its donations.

KLÖVERN'S LARGEST TENANTS IN  
THE EAST REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	38	5.8	39
Municipality of Karlskrona	26	4.1	25
Östergötland County Council	25	3.9	18
TeliaSonera Sverige AB	16	2.5	10
Municipality of Linköping	16	2.5	12
<b>TOTAL</b>	<b>121</b>	<b>18.8</b>	<b>104</b>

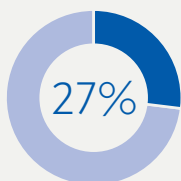




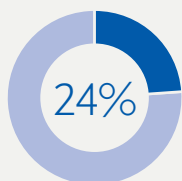
Students at the newly renovated property Kopparhammaren 2, Norrköping. The tenant is Linköping University.

#### PROPORTION OF KLÖVERN

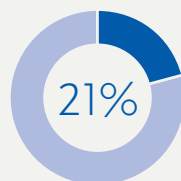
LETTABLE AREA



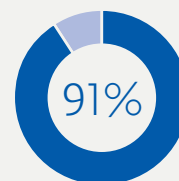
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2014

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Linköping	307	284	2,598	91
Norrköping	182	178	1,543	89
Nyköping	112	106	912	88
Karlskrona	73	71	711	98
Kalmar	84	72	595	92
<b>EAST REGION</b>	<b>758</b>	<b>711</b>	<b>6,360</b>	<b>91</b>
<b>KLÖVERN</b>	<b>2,792</b>	<b>2,983</b>	<b>30,208</b>	<b>90</b>

## REGION

## CENTRAL/NORTH

The Central/North Region consists of the business units Västerås, Karlstad, Örebro, Falun/Säter and Härnösand/Sollefteå.

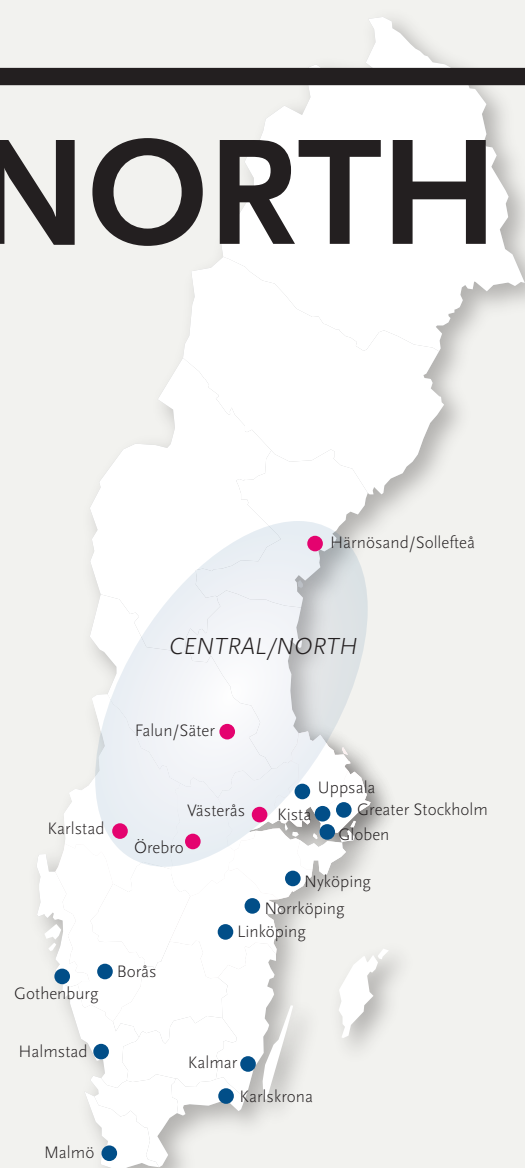
The Central/North region is Klöver's third biggest region based on property value. Office properties account for the largest share of the area. This is also the case for all business units, except for Västerås, which mainly consists of warehouse and logistics properties and Falun/Säter which consists of health care properties.

The largest tenant moving in during the year was the Swedish Pensions Agency, which moved into the property Kanoten 10 in Karlstad.

There are strong regional cities in the Central/North Region such as Örebro, Västerås, Falun and Karlstad. All these cities have shown a positive population growth for a number of years.

Each of the strong regional cities represents relatively large geographic areas. They are accordingly important for the adjacent municipalities. There is a well-developed social service in the form of hospitals, schools, higher education and important public authorities in most places. These cities are at the same time important hubs for their respective region's business sector and there is accordingly a need and demand for premises. A number of the cities also have a strategic location from the point of view of transport links. There is good access to trains and airports and a good road network. Karlstad has good communications with Oslo, and Örebro has developed into an important logistics centre. The retail trade is also a characteristic feature of the region. A number of Sweden's largest shopping centres are located in the area.

The real estate markets are dominated by local actors but national real estate companies and institutions also have substantial interests in the region. Many projects involving new production of both housing and commercial premises are planned at the larger cities.



KLÖVERN'S LARGEST TENANTS IN THE CENTRAL/NORTH REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Dalarna County Council	27	4.6	24
Swedish Transport Agency	16	2.7	17
Swedish Fortifications Agency	14	2.5	16
PostNord AB	13	2.2	12
TeliaSonera Sverige AB	12	2.1	10
<b>TOTAL</b>	<b>82</b>	<b>14.1</b>	<b>79</b>

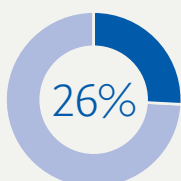




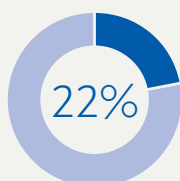
View over the light well at the property Barkassen 8 in Karlstad. This is one of Klövern's First Office business centers.

#### PROPORTION OF KLÖVERN

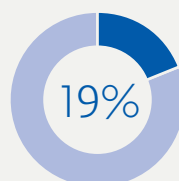
LETTABLE AREA



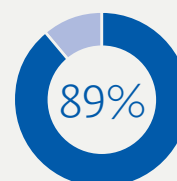
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2014

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Västerås	271	233	2,069	86
Karlstad	198	202	1,826	91
Örebro	76	67	755	97
Falun/Säter	99	81	526	90
Härnösand/Sollefteå	90	72	449	83
CENTRAL/NORTH REGION	734	655	5,626	89
KLÖVERN	2,792	2,983	30,208	90

## REGION

## SOUTH

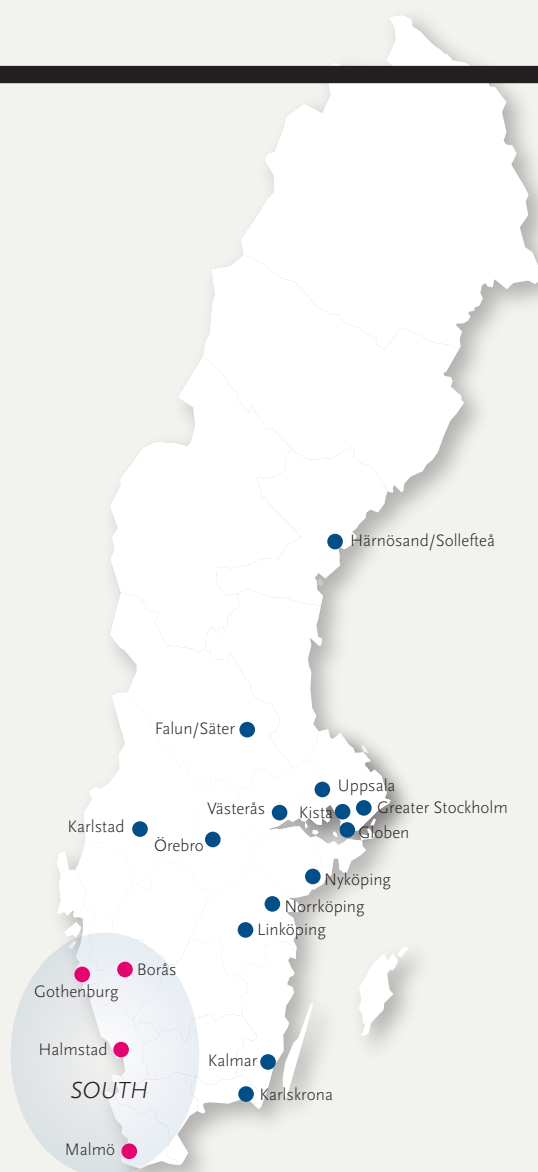
The South Region consists of the business units Gothenburg, Malmö, Borås and Halmstad.

The property portfolio of the South Region and all its business units consists largely of warehouse and logistics properties. This type of property accounts for 59 per cent of the total space in the region.

The largest tenant moving in during the year was Otto Bock Scandinavia AB, which moved into the property Västerbotten 9 in Malmö.

The South Region is one of Sweden's most densely populated areas and has a strong population growth. For example, Gothenburg is expanding by 6,000 people a year and the population of Skåne is increasing at a faster pace than the rest of Sweden. There are a number of Sweden's largest industries in the region. Västra Götaland is Sweden's most important industrial region and is also the county which has the most exports in Sweden. Economic growth in the Öresund region has been higher than in the country as a whole for many years. There are also large and established educational institutions here. The area has a well-developed infrastructure with good road networks, airports, ports and a rail network. New, very extensive infrastructure investments are planned in the region, including the "West Swedish Package".

With a large population and a strong business sector, the region represents a lot of what real estate investors are looking for. The rental and real estate markets are active and a fair amount of new production of commercial premises is taking place.

KLÖVERN'S LARGEST TENANTS IN  
THE SOUTH REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
KappAhl Sverige AB	38	11.4	48
RUAG Space AB	16	4.6	16
IF Friskis & Svettis	14	4.3	11
Lindex AB	10	3.0	15
HMS Industrial Networks AB	8	2.3	7
<b>TOTAL</b>	<b>86</b>	<b>25.6</b>	<b>97</b>

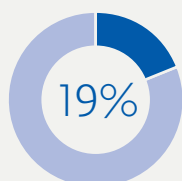




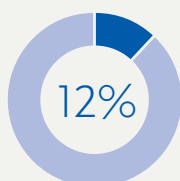
*The property Västerbotten 9, Malmö.*

#### PROPORTION OF KLÖVERN

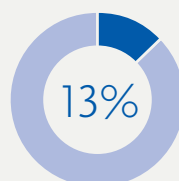
LETTABLE AREA



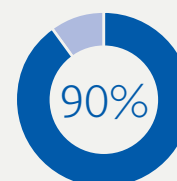
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2014

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Gothenburg	179	151	1,636	98
Malmö	202	128	1,423	86
Borås	81	52	423	85
Halmstad	61	42	364	82
<b>SOUTH REGION</b>	<b>523</b>	<b>373</b>	<b>3,846</b>	<b>90</b>
<b>KLÖVERN</b>	<b>2,792</b>	<b>2,983</b>	<b>30,208</b>	<b>90</b>



# REAL ESTATE OPERATIONS



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INTRODUCTION

MARKETS

**REAL ESTATE OPERATIONS**

RESPONSIBLE ENTREPRENEURSHIP

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW

*The property Dragör 1 in Malmö, also called Dragörkajen.*



# PROPERTY PORTFOLIO

The value of the properties increased by 26 per cent (6). Net moving-in amounted to SEK 35 million (51) and the rental value increased by SEK 413 million (102). The economic occupancy rate remained unchanged at 90 per cent and the area-based occupancy rate declined by one percentage point to 81 per cent.

## PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2014, Klöver'n had a total of 408 properties (402) located in 40 municipalities (43).

The total property value was SEK 30,208 million (24,059), the lettable area was 2,792,000 sq.m. (2,624,000) and the rental value amounted to SEK 2,938 million (2,570) at year-end. The increase in the value of properties resulted from acquisitions of SEK 4,452 million (1,020), divestments of SEK 531 million (387), investments of SEK 1,021 million (830) and changes in value of SEK 1,207 million (-28). The changes in value are largely the result of lower yield requirements, lower cost levels and positive net moving-in.

## INCOME AND AVERAGE RENT

Income amounted to SEK 2,521 million (2,220) in 2014. The increase in income is attributable to net acquisitions and positive net moving-in.

Income increased by 1 per cent for a comparable portfolio, mainly due to strong net moving-in.

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,158 per sq.m as at 31 December 2014. The average rent varies between different regions depending on the type of property, the location of the properties and the local rental market.

The development of CPI for October 2014 was lower than in the previous year and will not therefore affect the contract value for 2015.

## PROPERTY COSTS

Property costs increased, mainly due to the considerably larger portfolio for 2014 and totalled SEK 878 million (828).

Property costs declined by 3 per cent (7) for a comparable portfolio, mainly because of the mild winter with little snow. Heat consumption amounted to 96 per cent (98) of heat consumption adjusted for a normal year due to a higher average temperature.

Rent losses continue to be very low, totalling SEK 1 million (4), or 0.05 per cent (0.2) of total income.

## PROPERTY COSTS FOR A COMPARABLE PORTFOLIO<sup>1</sup>, SEK/SQ.M.

	2014	2013
Operating costs	170	183
Site leasehold fee	12	12
Maintenance	29	24
Property tax	42	43
Property administration	59	62
<b>TOTAL</b>	<b>312</b>	<b>324</b>

1) Relates to properties owned for the whole of 2013 and 2014.

## OPERATING SURPLUS

The operating surplus amounted to SEK 1,643 million (1,392). This increase is mainly due to the larger portfolio for the full year and also to positive net moving-in. The operating surplus increased by 4 per cent to SEK 1,370 million (1,316) for a comparable portfolio.

## OPERATING MARGIN

Klöver'n's operating margin including one-off effects was 65 per cent (63). The operating margin is measured as the operating surplus in relation to income. The operating margin was 67 per cent in the investment portfolio.

An increased occupancy rate normally leads to an increase in the operating margin as operating costs do not increase proportionally with the occupancy rate.

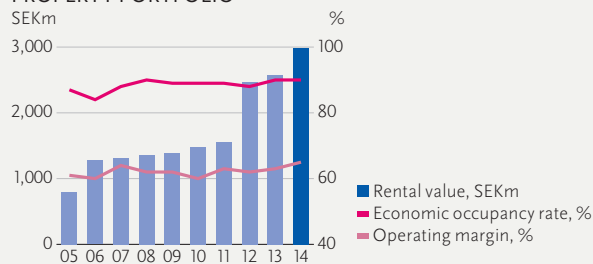
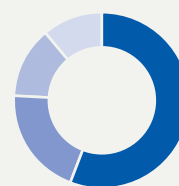
## COMPARABLE PORTFOLIO<sup>1</sup>

	31.12.2014	31.12.2013	Change, %
Area, 000 sq.m.	2,456	2,452	0
Fair value, SEKm	23,726	22,475	6
Yield requirement, %	7,0	7,2	-3
Economic occupancy rate, %	90	90	0
Area-based occupancy rate, %	81	81	0
<b>SEKm</b>	<b>2014</b>	<b>2013</b>	
Income	2,138	2,110	1
Property costs	-768	-794	-3
<b>OPERATING SURPLUS</b>	<b>1,370</b>	<b>1,316</b>	<b>4</b>

1) Refers to properties owned during the whole of 2013 and 2014.



Tenants at property Arenan 8, Globen City.

DEVELOPMENT OF THE  
PROPERTY PORTFOLIORENTAL VALUE PER REGION  
%RENTAL VALUE PER TYPE  
OF PREMISES  
%

## INVESTMENT PROPERTY: AREA AND AVERAGE RENT PER TYPE OF PREMISES

	Offices		Industrial/warehouse		Retail		Other <sup>1</sup>		Total	
	Total area, 000 sq.m.	Average rent <sup>2</sup> , SEK/sq.m.	Total area, 000 sq.m.	Average rent <sup>2</sup> , SEK/sq.m.	Total area, 000 sq.m.	Average rent <sup>2</sup> , SEK/sq.m.	Total area, 000 sq.m.	Average rent <sup>2</sup> , SEK/sq.m.	Total area, 000 sq.m.	Average rent <sup>2</sup> , SEK/sq.m.
STOCKHOLM	404	1,913	165	1,035	49	1,867	57	1,798	675	1,684
EAST	332	1,216	177	596	64	1,060	100	1,107	673	1,037
CENTRAL/NORTH	276	1,100	220	607	88	1,134	135	1,060	719	947
SOUTH	136	1,007	211	671	37	996	22	1,084	406	835
TOTAL	1,148	1,416	773	720	238	1,251	314	1,195	2,473	1,158

1) Consists of Education, Health care, Residential, Laboratories, Data centres and Recreation.

2) Calculated on the basis of total contract value for the types of premises Offices, Industrial/warehouse, Retail and Other, and the let area.

**OCCUPANCY RATE**

The economic occupancy rate, lease contract value in relation to rental value, remained unchanged from the previous year and amounted to 90 per cent (90) at year-end 2014. The occupancy rate for investment properties totalled 92 per cent while it was 57 per cent for development properties. The occupancy rate measured as area amounted to 81 per cent (82) while for investment properties the occupancy rate totalled 86 per cent and for development properties it was 44 per cent.

**NET MOVING-IN**

Net moving-in was positive during the year. The single largest tenant moving in was Linköping University into 5,500 sq.m. in the Kopparhammaren 2 property in Norrköping. All four quarters show a positive net moving-in. Klöver's net moving-in amounted to SEK 35 million (51) on an annual basis, based on tenants moving in at SEK 157 million (157) and vacating tenants at SEK 122 million (106).

Lettings affect the rental value and rental income from the date that tenants move in.

In addition to the tenants moving in, Klöver has signed additional lease contracts during 2014 for SEK 69 million (72) with moving-in in 2015 or subsequently. The contract value for tenants moving in together with contracts signed, where the tenant has not yet moved in, amounted to SEK 226 million (229).

**LEASE CONTRACT STRUCTURE**

In all, Klöver has 8,700 leases (8,100). Of the leases, measured as a proportion of contract value, 25 per cent (24) expire within a year. The average lease term has dropped to 3.3 years (3.5). Of the total contract value, excluding supplements, 84 per cent (81) was indexed in relation to the consumer price index (CPI).

**PROFIT AND KEY RATIOS**

The tables on the next page show profit and key ratios broken down by Klöver's regions and by investment or development properties. Investment properties are properties in operating and active management. Development properties are properties with ongoing planned refurbishment or extensions that result in a higher standard or changes in property use. The current operating surplus is affected by project or occupancy restrictions in anticipation of further development of the property. The table shows results for operating activities, including properties bought and sold and investments made during the year.

The key ratios show the situation at the respective year-end and the figures in the two tables are therefore not wholly comparable. The comparability between the years is limited due to net acquisitions in 2013 and 2014.

**PROPERTY TRANSACTIONS 2014: ACQUISITIONS**

City	Property	Category	Lettable area, sq.m	Quarter
Gothenburg	Gamlestaden 39:14	I/W**	1,000	Q1
Linköping	Idéskaparen 2	Office	23,650	Q1
Stockholm	Arenan 2	Office	53,372	Q2
Stockholm	Arenan 3	Office	16,606	Q2
Stockholm	Arenan 6	Office	30,467	Q2
Stockholm	Arenan 8	Office	14,333	Q2
Solna	Startboxen 3	Office	19,218	Q2
Partille	Ugglum 1:76	Retail	4,263	Q2
Gothenburg	Kortedala 36:23	I/W**	8,620	Q2
Karlskrona	Del av Karlskrona 4:10	Other*	0	Q3
Kalmar	Elefanten 3	Office	8,412	Q3
Kalmar	Gumsen 41	Office	2,042	Q3
Kalmar	Timotejen 1	Office	1,552	Q3
Kalmar	Rybsen 1	Office	1,112	Q3
Örebro	Del av Olaus Petri 3:119	Other*	0	Q4
Norrköping	Rotfjärilen 2	I/W**	830	Q4
Uppsala	Fyrislund 6:8	I/W**	7,613	Q4
Mölnådal	Stockrosen 2	Retail	3,039	Q4
Västerås	Köpmannen 5	Retail	16,909	Q4
<b>TOTAL</b>			<b>213,038</b>	

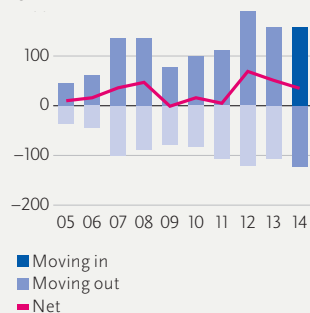
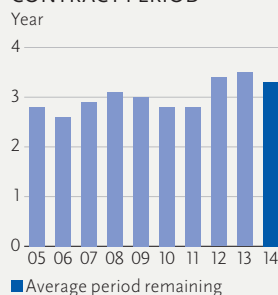
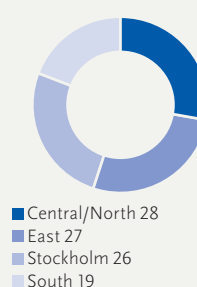
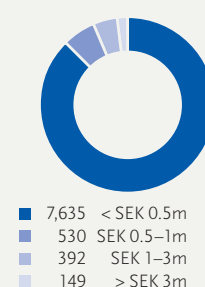
**PROPERTY TRANSACTIONS 2014: DIVESTMENTS**

City	Property	Category	Lettable area, sq.m	Moving in quarter
Köping	Nifelhem 6	Retail	2,683	Q1
Stockholm	Slaggtorget 2	Office	1,980	Q1
Uppsala	Fyrislund 6:15	Other*	0	Q1
Stockholm	Varmvattnet 3	I/W**	14,757	Q2
Landskrona	Ratten 6	I/W**	2,001	Q2
Kristianstad	Kristianstad 4:7	Office	14,612	Q2
Kristianstad	Härbärgen 1	Other*	4,218	Q2
Karlstad	Gripen 11	Other*	4,388	Q3
Härnösand	Cedern 1	I/W**	2,262	Q3
Sollefteå	Föraren 3	I/W**	1,284	Q3
Lomma	Vinstorp 26:58	Other*	0	Q4
Alingsås	Fodret 14	Other*	7,700	Q4
Karlskrona	Hammaren 1	Office	5,378	Q4
<b>TOTAL</b>			<b>61,263</b>	

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.

\*\* Industrial/warehouse



**NET MOVING-IN**  
SEKm**CONTRACT PERIOD****AREA PER REGION**  
%**CONTRACTS RANKED BY VALUE**  
Number**PROFIT PER PROPERTY SEGMENT AND REGION**

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Stockholm	985	752	-318	-261	667	491	68	65	401	220
East	636	607	-219	-231	417	376	66	62	214	317
Central/North	571	554	-216	-220	355	334	62	60	212	148
South	329	307	-125	-116	204	191	62	62	194	145
– Investment	2,414	2,081	-796	-743	1,618	1,338	67	64	624	709
– Development	107	139	-82	-85	25	54	24	39	397	121
<b>TOTAL</b>	<b>2,521</b>	<b>2,220</b>	<b>-878</b>	<b>-828</b>	<b>1,643</b>	<b>1,392</b>	<b>65</b>	<b>63</b>	<b>1,021</b>	<b>830</b>

**KEY RATIOS PER PROPERTY SEGMENT AND REGION**

	Fair value, SEKm		Yield requirement, <sup>1</sup> %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Stockholm	14,376	9,521	6.4	6.8	777	649	1,244	898	90	90
East	6,360	5,623	7.2	7.4	758	722	711	657	91	90
Central/North	5,626	5,238	7.3	7.5	734	727	655	648	89	90
South	3,846	3,677	7.3	7.5	523	526	373	367	90	89
– Investment	27,315	21,777	6.9	7.2	2,474	2,276	2,797	2,360	92	92
– Development	2,893	2,282	7.0	7.5	318	348	186	210	57	66
<b>TOTAL</b>	<b>30,208</b>	<b>24,059</b>	<b>6.9</b>	<b>7.2</b>	<b>2,792</b>	<b>2,624</b>	<b>2,983</b>	<b>2,570</b>	<b>90</b>	<b>90</b>

1) Yield requirement calculated excluding building rights.

*Globen City*

## TRANSACTIONS

During the year, Klöver has increased its portfolio in the Stockholm area through the acquisition of Globen City and also complemented the existing portfolio in several of the prioritized locations. Acquisitions have been made in all four regions.

### ACQUISITIONS

The largest transaction during the year was the acquisition of Globen City which comprised the properties Arenan 2, 3, 6 and 8 in Stockholm Region as well Startboxen 3 in Solna for a total property value of SEK 3.8 billion. The total lettable area amounts to approximately 140,000 sq.m. of which most consist of office premises. The Globen area is a really attractive commercial area south of Stockholm's city centre and is going to have an even more central position with the development of Söderstaden. After this acquisition the Stockholm Region accounts for just under half of Klöver's total property value.

The property Idéskaparen 2 was acquired in Linköping, a modern commercial building with 23,600 sq.m. of office premises. The seller was Ericsson and in connection with their divestment they signed a 10-year lease contract. The purchase price amounted to SEK 266 million. This acquisition strengthens Klöver's leading position overall in Mjärdevi Science Park in Linköping.

Four properties were acquired in the Gothenburg area

during the year for a total of SEK 121 million. The properties Kortedala 36:23 and Partille 1:76, in which Axfood, Handelsbanken and Thyssen Krupp are the largest tenants, were acquired from Hemfosa. The property Gamlestaden 39:14 was acquired as was the property Stockrosen 2 in Mölndal from Sigillet. The total lettable area in the four properties amounts to approximately 17,000 sq.m.

A major addition was made to Klöver's operations in the retail sector in Västerås with the acquisition of the property Köpmannen 5 from IKEA Properties for SEK 175 million at the beginning of the year. At the time of acquisition this property was being totally rebuilt and now provides approximately 16,600 sq.m. of retail premises for everyday commodities and durables. The largest tenants are Willys, Systembolaget and Rusta.

At the beginning of the summer four properties were acquired in Kalmar that provide a good supplement to the existing portfolio. The lettable area in these properties totals 135,000 sq.m. and comprises office, retail and warehouse premises. In Uppsala the property Fyrislund 6:8 was acquired



Idéskaparen 2, Linköping



Stockrosen 2, Mölndal

and in Norrköping the property Rotfjärilen 2. The purchase price for these six properties totalled SEK 148 million. During the year two smaller sites have been acquired to enable additions to or development of existing properties. In Karlskrona part of the property Karlskrona 4:10 and in Örebro part of the property Olaus Petri 3:119 were acquired.

During December contracts were signed for the acquisition of two office and warehouse properties in Örebro and three properties in Västerås. One of the properties in Västerås is a centrally located modern office building and the others consist of retail and warehouse premises in Erikslund. The total lettable area amounts to around 31,200 sq.m. and tenants are expected to move in to all of these properties during the first quarter of 2015.

#### DIVESTMENTS

Klövern has during the year continued to concentrate its holdings and to improve efficiency in the administration by selling 13 properties with a total lettable area of 61,000 sq.m. The total sales price was SEK 531 million.

The properties Härberget 1 and Kristianstad 4:9 in Kristianstad with a total lettable area of some 18,800 were sold to Hemfosa for SEK 120 million. This transaction meant that Klövern has moved out of Kristianstad. Other locations that Klövern has now left are Landskrona, Lomma and Alingsås through the sales of Ratten 6, Vinstorp 26:58 and Fodret 14. The total amount paid for these three properties was SEK 125 million. In Karlstad Gripén 11 was sold to Swirish Property

and in Stockholm Varmvattnet 3 was divested to Hedin Bil for a total price of SEK 233 million. Föraren 3 was sold in Sollefteå, Cedern 1 in Härnösand, Nifelhem 6 in Köping, Slaggtorget 2 in Stockholm and Hammaren 1 in Karlskrona, all of these properties to local purchasers. In Uppsala the undeveloped property Fyrislund 6:15 has been divested. The total purchase price for these six properties was SEK 63 million.

*A detailed list of the acquisitions and sales of properties completed during 2014 is provided in the table on page 30.*

#### ACQUISITION OF ADDITIONAL SHARES IN TRIBONA

During the year, Klövern acquired an additional 2,903,599 shares in Tribona AB (publ.) for SEK 87 million in connection with the new issue made by the company. As a result Klövern's holding in Tribona totals 14,517,998 shares, which corresponds to 29.8 per cent of the total number of outstanding shares in the company.

Tribona has been reported as an associated company since 7 June 2013. Klövern's share of the profit for 2014 amounted to SEK -126 million (5) while its share of Tribona's other earnings was SEK 4 million (-2). During 2013, the unrealized change in value up until the classification as shares in an associated company amounted to SEK 49 million for the holding in Tribona at that time.

Tribona specializes in modern and strategically located logistics properties. Its portfolio comprises 27 properties in Sweden and one in Denmark. The lettable area amounts to 674,000 sq.m. and the property value to SEK 4,831 million.



# PROJECTS

In the framework of Klöver's project activities, existing properties are developed and improved in connection with the letting of vacant premises, energy-saving measures and new production on building rights. The investments are made in order to increase the value of the properties through improved cash flow.

Most projects are of relatively limited size. Of the 301 ongoing projects in process at year-end, 30 involve an estimated investment exceeding SEK 10 million. However, the smaller projects also require substantial organizational input. Klöver has therefore continued to strengthen the regions' project organizations during recent years.

During 2014, Klöver has continued to focus closely on energy-saving measures, which have an impact on both the environment and operating costs in the property portfolio. At the end of the year 22 energy optimization projects were under way.

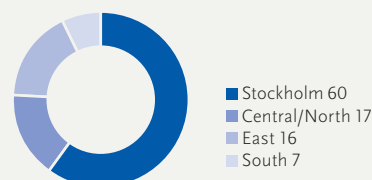
The market conditions for undertaking new construction remain favourable. This accords well with increased demand from tenants for flexibility and quality. A number of smaller refurbishment projects in the portfolio involve preparing and launching business centres under the First Office trademark.

## PROJECTS IN 2014

Investments totalled SEK 1,021 million (830) in 2014. The investments in projects completed during the year, and in some cases started in previous years, amounted to SEK 679 million (1,287).

At year-end 2014, a total of 301 projects (281) were under way with estimated expenditure totalling SEK 2,439 million (1,517). In all, SEK 1,265 million (632) remains to be invested in these projects.

PROJECT VOLUME PER REGION  
%



## KLÖVERN'S LARGEST ONGOING PROJECTS

City	Property	Type of project	Lettable area, sq.m.	Project area, sq.m.	Occupancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Rental value after project, SEKm	Expected completion date, year
Kista	Isafjord 8	Offices	26,112	26,112	100	675	573	60	60	2017
Uppsala	Kungsängen 10:1;2	Offices	11,376	11,376	100	250	115	15	21	2016
Örebro	Vindhjulet 3	Offices	19,343	19,343	100	155	88	11	28	2016
Norrköping	Kopparhammaren 2	Education	36,613	5,130	100	99	1	8	46	2015
Malmö	Dragör 1	Offices	2,322	2,322	100	71	2	5	5	2015
Stockholm	Johannelund 7	Retail	22,107	3,565	57	66	64	3	22	2016
Linköping	Brevduvan 17	Offices	7,603	4,998	90	49	1	3	11	2015
Stockholm	Rektangeln 3	Animal Clinic	3,131	2,654	100	44	40	4	7	2016
Uppsala	Fyrislund 6:6	Offices/warehouse	2,700	2,700	100	44	0	5	5	2015
Karlskrona	Skeppsbron 3	Offices	1,980	1,980	100	42	21	5	5	2015
<b>TOTAL</b>			<b>133,287</b>	<b>80,180</b>		<b>1,495</b>	<b>905</b>	<b>119</b>	<b>210</b>	

## OTHER ONGOING PROJECTS

<b>TOTAL</b>	<b>944</b>	<b>360</b>	<b>–</b>	<b>–</b>	<b>2015–</b>
<b>TOTAL ONGOING PROJECTS</b>	<b>2,439</b>	<b>1,265</b>			

## UPPSALA KUNGSÄNGEN 10:1, 10:2

Properties situated next to the Travel Centre in Uppsala. The existing building is being modernized for the County Administrative Board and other tenants. New buildings are also planned for the site. When completed they will house offices, a hotel, service premises and a restaurant with a total area of approximately 18,000 sq.m.



## KISTA ISAFJORD 8

During the spring of 2014 Klövern signed a 12-year lease contract with Tele2 for office premises. This means that Tele2 will co-locate its Swedish head office in Kista. The property being built along Torshamnsgatan will comprise approximately 27,000 sq.m. Tele2 is renting approximately 20,000 sq.m. and will move in in August 2016.



# BUILDING RIGHTS

Klövern is working actively to utilize its existing building rights and create new ones. The work of developing new building rights has continued during 2014.

Klövern currently has building rights according to local plans and assessed building rights at the majority of the prioritized locations. Besides building rights for offices and residential buildings, planning is being undertaken for the travel centres planned or under construction in many of the locations where Klövern operates.

The building rights consist of building rights according to the official local plans and assessed building rights. Assessed means here Klövern's assessment on the basis of the official local and general plans for the area. In all, building rights totalled 1,417,000 sq.m. (1,397,000) at year-end. Of these, 551,000 sq.m. (587,000) had been specified in local plans. Over half of these building rights consist of office premises and one-quarter of housing. The value of the building rights as at 31 December 2014 was SEK 864 million (972), which corresponds to SEK 610 per sq.m. (695).

BUILDING RIGHTS 2014	Total building rights, 000 sq.m. GA <sup>1</sup>	Building rights specified in local plans, 000 sq.m. GA <sup>1</sup>	Assessed building rights, 000 sq.m. GA <sup>1</sup>
Kista	146	111	35
Globen	18	14	4
Greater Stockholm	19	4	15
Uppsala	100	0	100
<b>STOCKHOLM REGION</b>	<b>283</b>	<b>129</b>	<b>154</b>
Linköping	248	108	140
Norrköping	32	32	–
Nyköping	59	18	41
Karlskrona	45	40	5
Kalmar	1	–	1
<b>EAST REGION</b>	<b>385</b>	<b>198</b>	<b>187</b>
Västerås	126	41	85
Karlstad	266	15	251
Örebro	25	–	25
Falun/Säter	45	22	23
Härnösand/Sollefteå	25	25	–
<b>CENTRAL/NORTH REGION</b>	<b>487</b>	<b>103</b>	<b>384</b>
Gothenburg	32	15	17
Malmö	217	98	119
Borås	2	1	1
Halmstad	11	7	4
<b>SOUTH REGION</b>	<b>262</b>	<b>121</b>	<b>141</b>
<b>TOTAL KLÖVERN</b>	<b>1,417</b>	<b>551</b>	<b>866</b>

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



# Building rights

## KARLSTAD PINASSEN 2

Klövern has the opportunity to develop and build on the property Pinassen 2, located at a prime location in Inre hamn, next to the new City Hall. Restaurants and offices are planned on three floors encompassing 14,000 sq.m.



## VÄSTERÅS SIGURD 7

This property is situated south of the central station and forms part of the development area around the central station. The local plan has gained force of law and permits the construction of 9,000 sq.m. of hotel and office premises.



## KISTA ISAFJORD

The properties situated on the corner of Torshamnsgatan/Kistavägen will involve a new building with approximately 150,000 sq.m. of office premises.





# Completed projects



## **DRAGÖR 1, MALMÖ**

In what used to be the Limhamn ferry port attractive offices have been built overlooking the sea. The six-storey building houses offices, a restaurant and retail premises totalling approximately 2,300 sq.m. During the year one of the tenants took second place in the competition Sweden's Best Looking Offices.



## **K2, NORRKÖPING**

Klövern has developed the property Kopparhammaren 2, situated on Strömmen (the Mill Race) in the industrial heart of Norrköping, for Linköping University. This investment included reconstruction as well as refurbishment and a new extension to provide a total of approximately 5,200 sq.m.



**BREVDUVAN 17, LINKÖPING**

At the heart of central Linköping Klöver  
has renovated approximately 5,000 sq.m. of  
office premises for several different tenants.





# THE VALUE OF THE PROPERTIES

The fair value of the properties was SEK 30,208 million (24,059) at the year-end. The changes in value amounted to SEK 1,207 million (–28), of which realized changes in value amounted to SEK 8 million (22) and unrealized changes in value SEK 1,199 million (–50).

The property market has developed positively during 2014 and in terms of transactions this was a record year with a turnover that exceeded the previous record year of 2008. The factors behind this have been good access to capital at low interest rates, low vacancy levels and a stable cash flow. The most active categories of buyers during the year have been listed and unlisted real estate companies followed by institutions and funds. The listed real estate companies have been the largest net purchasers. Swedish stakeholders continue to be overrepresented in the transaction market with almost 85 per cent of the capital invested and close to 80 per cent of the sales volumes. Stockholm and property markets outside the conurbations attracted most capital during the year. Stockholm accounted for around 36 per cent of the investment volume.

## CHANGES IN VALUE OF PROPERTIES

Changes in value of properties amounted to SEK 1,207 million (–28). The change in value includes realized changes of SEK 8 million (22) and unrealized changes of SEK 1,199 million (–50). Unrealized changes in value represent a rise of 4 per cent (–0.2). At year-end 2014, the average yield requirement for Klöver's properties was 6.9 per cent (7.2), excluding land and building rights.

The main reason for the rise in the value of properties is the investment made in new rentals, rising market rents and reduced yield requirements.

Klöver's average yield requirement has dropped by 0.3 percentage points compared to the previous year, mainly linked to the strong interest in investment and the continued positive net moving in.

## VALUATION MODEL

Klöver 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. This means that every property in the portfolio is valued externally at least once during a rolling 12-month period and three times internally.

The yield-based valuations are carried out using the cash flow method, i.e. based on forecasts of future cash flows. The direct 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 DTZ Sweden and Savills.

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

+ Rent payments	
– Operating payments	
<hr/>	
= Operating surplus	
– Deduction for investments	
<hr/>	
= Property cash flow	

- > The property's cash flow is discounted to present-day 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 give present-day value.
- > The value of any building rights and undeveloped land is added to the present-day value.
- > The normal period of calculation is five or ten years.
- > The development of inflation has been assessed at two 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.

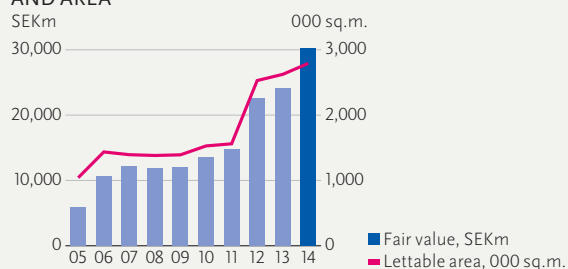
## RENT PAYMENTS

The current lease contracts, as well as known lettings and vacancies, provide the basis for an assessment of the property's rent payments. The external valuers have, in collaboration

## SUMMARY

Value date	31 December 2014
Fair value	SEK 30,208 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 5.25 and 10.00 per cent
Cost of capital/discount rate	Between 6.00 and 12.24 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (Riksbank's inflation target)

## THE PROPERTIES' FAIR VALUE AND AREA



## SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on profit, SEKm
Yield	0.5 percentage point	-1,991/2,304
Rental income	SEK 50/sq.m.	+/-2,064
Operating income	SEK 25/sq.m.	-/+1,032
Vacancy rate	1.0 percentage point	-/+434

## FAIR VALUE, SEKm

	2014	2013
Fair value as at 1 January	24,059	22,624
Acquisitions	4,452	1,020
Investments	1,021	830
Sales	-531	-387
Changes in value	1,207	-28
<b>FAIR VALUE AT THE END OF THE PERIOD</b>	<b>30,208</b>	<b>24,059</b>

## PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2014

	Fair value, SEKm	No. of properties	Rental value, SEKm <sup>1</sup>	Occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm	14,376	90	1,244	90	777	6.00–12.24	5.40–10.00	6.4
East	6,360	129	711	91	758	7.00–12.24	5.25–10.00	7.2
Central/North	5,626	99	655	89	734	7.00–11.20	5.25–9.00	7.3
South	3,846	90	373	90	523	7.90–10.90	5.80–8.75	7.3
– Investment	27,315	347	2,797	92	2,474	7.00–12.24	5.25–10.00	6.9
– Development	2,893	61	186	57	318	7.65–12.24	5.75–10.00	7.0
<b>TOTAL</b>	<b>30,208</b>	<b>408</b>	<b>2,983</b>	<b>90</b>	<b>2,792</b>	<b>6.00–12.24</b>	<b>5.25–10.00</b>	<b>6.9</b>

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

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 PAYMENTS**

Operating payments comprise expenditure for the normal operation of the properties, including property tax, repairs and maintenance, site leasehold charges and property administration. The assessment of operating payments is based on the properties' budgets and outcome and the external valuers' experiences of comparable properties. The maintenance level of the properties is assessed based on their current state, 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 based on the condition of the properties. In the event of major vacancies in the property, the need for investments often increases.

#### **YIELD REQUIREMENT AND COST OF CAPITAL**

The direct 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 nature of the lease.

In 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. 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, experiences 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 PLOTS**

Properties which have unutilized building rights and sites to build on are valued on the basis of the location price method or alternatively a current value based on the estimated market value after development of building rights and plots. All the values of building rights and unused sited have been assessed by the external valuers.

#### **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.



# RESPONSIBLE ENTREPRENEURSHIP



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SPECIFICATION OF PROPERTIES AND REVIEW

*Stefan Larsson, one of Klöver's staff, on his way to help tenants in Karlstad.*

## SUSTAINABILITY

Taking economic, environmental and social responsibility is self-evident for Klöver. We are convinced that working sustainably is linked to profitability and that it offers an important commercial possibility.

Setting a good example for our employees, customers and suppliers creates trust and at the same time we can benefit from the possibilities that arise as a result of the work we devote to sustainability in our operations.

Klövern is a company that is growing continually, and as we grow so does our impact on the community. Our contribution to the sustainability of the community and our profitable entrepreneurship begins with our everyday routines, great oaks from acorns grow. From our motto – making the customer's day easier every day – to our vision – creating environments for future enterprise.

Sustainability is not a new concept for Klöver and the way we work is continually being developed and refined. For the first time we can present a sustainability report drawn up according to GRI G4's guidelines. During 2014 we have devoted a great deal of energy to identifying the most central sustainability aspects and integrating them into our business strategy. On the basis of a materiality analysis we have set priorities for the factors that are most important for Klöver's stakeholders in combination with our own perceptions of the relevance of the different areas.

*Read more about our sustainability analysis in Klöver's sustainability report for 2014 and on [www.klovern.se](http://www.klovern.se).*



*Tenants of one of Klöver's First Office business centers in Karlstad.*





*Klöver's employees Asa Johansson and Per Johansson in one of Klöver's First Office business centers. This is in a property called Barkassan 8 which is in Karlstad.*

## PERSONNEL

The employees are one of Klöver's success factors. It is through their commitment, development and expertise that we can create a culture in which we and our customers can thrive.

In connection with the publication of our first sustainability report a dialogue with our stakeholders has strengthened our belief that priority has to be given to safe workplaces as well as development and training for our staff in our work with the social aspects of sustainability.

We are endeavouring to create the best possible working climate and conditions for all our employees. Employers who are able to listen create commitment and receive trust in return, which in the long run also leads to well managed properties and satisfied customers. Klöver has to be an attractive employer with knowledgeable and committed employees. The year has been characterized by our continued focus on making sure that our working climate is secure. We have also improved our development plans for employees, discussed corruption and bribery and also had training linked to the company's basic values and code of conduct.

### ATTRACTING AND RECRUITING

The real estate business has historically been male-dominated. Klöver's strategy in every recruitment activity is to strive for a better gender mix and improved diversity. Our attractiveness as an employer has become stronger, which can be seen clearly when we recruit new staff. A well-planned programme for skills enhancement and the resulting increase in the number of development possibilities in one of the reasons. Our growing strategic cooperation with upper-secondary schools and higher education continues.

We make every effort to provide placement and trainee places for as many as possible so that more people will learn about the sector and get their first footing in the labour market. We implemented another summer trainee programme with good results. In addition to the valuable contacts with students this programme offers a good recruitment base, mainly for property economists and administrators.

Despite the relatively small size of its organization,



Klövern can offer good internal career prospects and during 2014 we have enabled 15 employees to develop in new roles within the company.

During 2014 we recruited 32 new members of our staff while 31 employees left our employment. This turnover is mainly due to reorganization in connection with the growth of the company and retirements.

### COMPETENCE AND DEVELOPMENT

To ensure the expertise of the entire organization and ascertain what training needs there are and what is expected of each employee, there are explicit job-descriptions for each position. The annual employee review meetings enable the joint creation of individual development plans which combine training adapted uniquely for Klövern together with courses in topics such as landlord-tenant law, property management and working environment.

### WORKING ENVIRONMENT AND HEALTH AND SAFETY

Klövern works systematically with working environment issues to prevent or minimize occupational injuries and work-related ill-health. During the year, all safety officers and operational managers have undergone training sessions in the working environment that have been adapted to special issues relating to the property management sector.

A widely available safety manual, that focuses mainly on preventive work-environment work but also includes crisis events, has been introduced during the year. All employees have received training in crisis management as well as training linked to the company's basic values and code of conduct.

For the second year in succession we have undertaken an employee satisfaction survey. The results show that our employees continue to enjoy their work, that there is good cooperation and sound management.

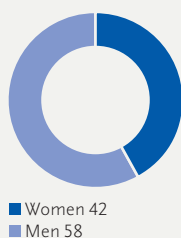
Work on the prevention of stress-related problems continues systematically all the time and absence because of illness continues to be low despite the high tempo of our operations.

All permanent employees are covered by health insurance with attractive terms and a retirement pension scheme and receive health check-ups every two years, an annual grant for keep-fit activities and are offered subsidized lunches. The fringe benefits also include individually adapted skills-enhancement measures.

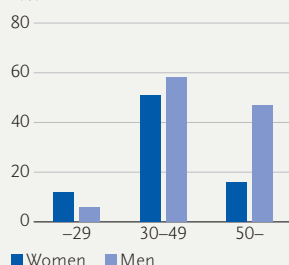
### PROFIT-SHARING FOUNDATION

Klövern has a profit-sharing foundation in order to promote employee commitment and participation in the business. The maximum annual allocation to the foundation is one price base amount per employee, and these allocations have been made in ten of the eleven years of the foundation's existence.

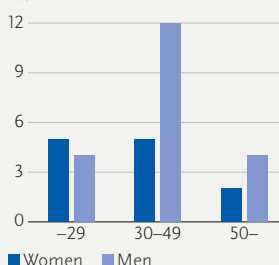
PROPORTION OF WOMEN/  
MEN, AT YEAR END  
%



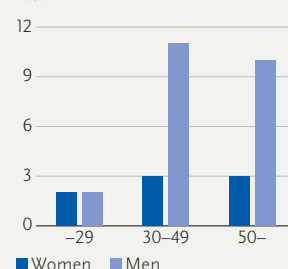
GENDER AND AGE,  
AT YEAR END  
No.



NEW EMPLOYEES,  
GENDER AND AGE  
No.



TERMINATED EMPLOYMENTS,  
GENDER AND AGE  
No.



	2014	2013	2012	2011	2010
Employees at year end, no.	190	189	185	132	126
– of which women/men, no.	79/111	76/113	75/110	58/74	54/72
– of which employed on collective agreement, no.	41	44	44	32	29
Average age, years	45	46	46	45	45
Personnel turnover, %	16	9	10	8	10
Added value per employee, SEKm	8,9	7,6	7,3	5,6	6,7
Skills enhancement cost per employee, SEK thousand	18	19	16	20	19
Sickness absence, %	2.0	1.9	2.3	1.9	2.4

# ENVIRONMENT

Klövern is to provide environmentally adapted premises, developed and managed with the minimum possible use of resources and the least possible environmental impact. Each part of its business activities is to strive to act in an environmentally correct way.

Klövern's environmental work is well integrated into the every-day work of all employees. Environmental work takes place continuously in order to make continual improvements. Current legislation and environmental requirements, together with Klövern's environmental policy, provide the basis for this work, which involves its employees and tenants as well as suppliers and sub-contractors.

*More information about Klövern's environmental work can be found in our sustainability report for 2014.*

## ENVIRONMENTAL CERTIFICATION

Since 2011, Klövern has been environmentally certified according to the Swedish standard Svensk Miljöbas. The certification, which identified for instance the significant environmental impacts of our operations, has led to improvements in how this work is structured and also make it pos-

sible to introduce an environmental management system in compliance with ISO 14001. An environmental audit is carried out each year by an external body.

## ENVIRONMENTALLY CERTIFIED

Klövern had 19 environmentally certified buildings at the end of 2014 and the target is to increase this figure by five buildings each year. During 2014 nine buildings were environmentally certified. Green Building is the most frequent classification system, but we also have buildings classified according to Miljöbyggnad and LEED. The total area that is environmentally classified is just over 133,000 sq.m., which corresponds to five per cent of Klövern's total lettable area. Klövern is a member of the Sweden Green Building Council, which is the body that deals with all environmental classification systems in Sweden.



*Sedum roof on the property  
Skeppsbron 1 in Karlskrona.*

### GREEN LEASE CONTRACTS

It is important for landlords to support the environmental work of their tenants – partly for sustainable long-term development and also to establish long-term relationships with tenants. To facilitate this and also to reduce Klöverns environmental impact, during the year we have intensified our efforts to sign green rental contracts. Our target during 2014 was for each business unit to sign one green rental contract per 50,000 sq.m. This resulted in 33 new green contracts, which did not quite reach our goal of 47. Seven per cent of the contracts signed with new tenants or renegotiated during the year were green. The green rental contracts use the template established by “Fastighetsägarna”.

### ENVIRONMENTAL IMPACT AND GOALS

Klöverns has identified its six most important environmental aspects and goals, which are described below.

#### Energy

**Klöverns goal is to reduce heat consumption by 12 per cent from 2013 to 2015.**

Energy consumption is the most important aspect of Klöverns environmental work and the work on energy continues to be successful. The original heat consumption goal for 2008–2012 of reducing consumption by 20 per cent was exceeded as the final reduction totalled 21 per cent. We are now following the new target for 2013–2015 of a 12 per cent reduction in heat consumption. At the end of 2014 this reduction amounted to ten per cent. All the electrical energy purchased for properties is green hydro-electricity. Water consumption is to be reduced by 20 per cent through a water conservation project during 2014–2015 in the properties acquired in recent years. This is to be achieved mainly through the installation of flow-restrictor aerators. Reducing water consumption also means that less hot water is used and therefore less heating is required.

The solar panel installation for the property Vindhjulet 3 in Örebro has supplied just over 113,000 kWh compared to 115,000 kWh in the previous year. This solar panel installation, the largest in Örebro, produces 30–40 per cent of the electricity needed in the property, which comprises 19,000 sq.m. A new solar panel installation at Kopparhammaren 2 in Norrköping began to operate during the final quarter of 2014.

#### Transports

**Klöverns transport and company travel is to be assessed from the point of view of environmental and economic aspects as well as duration.**

A policy for meetings and travel has been drawn up which states for instance that the best meeting from an environmental point of view is an interactive one. The travel booking system used by Klöverns makes it possible to book rail and air travel, taxis and hotels at competitive prices. This not only

saves time but simultaneously provides financial savings and good statistical data.

#### Procurement

**Klöverns procurement is to be assessed from the point of view of environmental and economic factors as well as life-span.**

Klöverns 50 largest suppliers are to be reviewed on the basis of sustainability. Each business unit is to set a target that will reduce the number of suppliers.

#### Waste

**As far as possible Klöverns waste is to be sorted and recycled.**

Framework agreements have been signed with the waste removal companies, Stena, IL, Sita and Ragn-Sells. Waste management is constantly reviewed, particularly as the conditions to enable sorting are changing and vary from municipality to municipality.

#### Chemicals

**Klöverns use of chemicals is to be optimized with regard to function, working environment, environmental considerations and economy.**

The use of chemicals is limited within Klöverns. Active work on the inventory by health and safety officers has also enabled a reduction of the use of chemicals during 2014.

#### Communication

**Klöverns employees are to have the knowledge they need to stimulate and communicate the company's environmental work.**

All of Klöverns employees complete a basic environmental training course based on current legislation and environmental requirements together with Klöverns environmental policy. The aim of this training is to give employees insight into the way in which human activities impact on the environment. They are also given advice on how we can all help to improve the environment, both as private individuals and employees in a property company. During the year an environmental manual with environmental requirements was produced for each business unit office. The target that all offices were to comply on the whole with the environmental manual during 2014 has been attained.

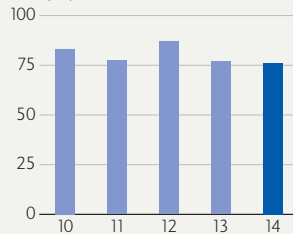
### CLIMATE EMISSIONS

For the second year in succession Klöverns has submitted a report to the CPD (Carbon Disclosure Project) under the classification “Financials”. CDP is an organization that evaluates and compares emission data from major companies all over the world. In the CDP Nordic Report for 2014 Klöverns was given the highest rating of all the real estate companies in Sweden that had submitted reports. We were given 89 points out of a possible 100. The report to CDP was based on emission data from various sources of emission in our operations. There is a more detailed account in Klöverns sustainability report for 2014.



**HEAT CONSUMPTION**

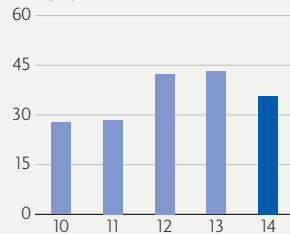
kWh/sq.m.



Heat consumption has continued to decline during the year and is in line with the targets adopted.

**COOLING CONSUMPTION**

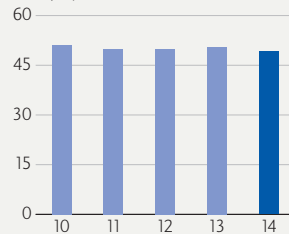
kWh/sq.m.



Cooling consumption varies from year to year, depending largely on the type of property and tenant.

**ELECTRICITY CONSUMPTION INCLUDING TENANTS**

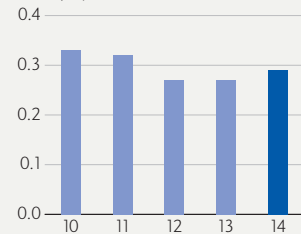
kWh/sq.m.



Total electricity consumption, including some of the tenants' consumption, has declined during the year. Average consumption of electricity totalled 49.14 kWh (50.5) per sq.m. All electricity consumed is green hydro-electricity.

**WATER CONSUMPTION**

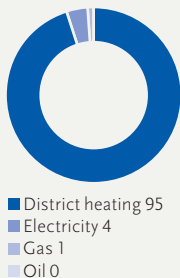
cu.m./sq.m.



Water consumption per sq.m. has decreased in recent years. The total for 2014 was, however, higher than for the previous year because of new acquisitions and this has prompted new water-saving projects.

**HEATING TYPE**

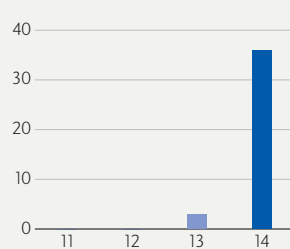
%



Electricity refers to electrical heating including electricity for heat pumps. Klöver's last oil-fired boiler for central heating was removed during the year.

**GREEN LEASE CONTRACTS**

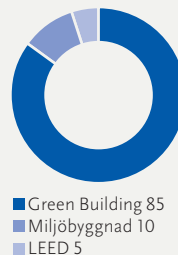
No.



33 new green lease contracts were signed during 2014 compared to a target of 47. Altogether Klöver has 36 green lease contracts at the end of 2014.

**ENVIRONMENTALLY CERTIFIED BUILDINGS**

%



Green Building is the EU's programme to promote more energy efficient offices and industrial building by providing knowledge and best practices. In order to obtain this certification, new buildings must consume 25 per cent less energy than the standards set for new construction by the Swedish National Board of Housing, Building and Planning. In the case of renovation, the consumption should be reduced by at least 25 per cent. There are more than just over 270 Green Building-certified buildings in Sweden, of which Klöver owns 19.

Miljöbyggnad is a certification system based on Sweden's official building regulations and Swedish construction practices. The system is relatively simple and cost efficient but still effective for creating environmentally sustainable buildings. There are three Miljöbyggnad classifications: bronze, silver or gold. There are almost 400 Miljöbyggnad-certified buildings in Sweden. Klöver has two buildings with this classification, one gold and one silver.

LEED (Leadership in Energy and Environmental Design) is an international environmental certification system developed in the USA by US Green Building Council. The system adopts an overall approach to a building's environmental performance and includes more environmental aspects than Swedish systems, such as innovation and design, energy and atmosphere as well as localization and the construction site. A building can be certified at one of four levels: certified, silver, gold or platinum. There are currently more 116 LEED-certified buildings in Sweden. Klöver has one building with a LEED gold classification.

## KLÖVERN'S SUCCESSFUL WORK WITH ENERGY

Energy consumption is one of the most important aspects of Klöver's environmental endeavours. We have been working for a long time on reducing the energy consumed by our properties. It was therefore gratifying that we were awarded a prize in 2014 in the E-Prize competition for being Sweden's leading company in the medium-sized enterprises/real estate companies/public sector category. E-Prize is a collaboration between E.ON and Veckans affärer and is the most prestigious energy prize in the commercial sector. We were awarded the prize for our innovative methods of reducing energy consumption in our buildings.



### OUR OWN STAFF

Our own proactive operational staff are a very important part in the work we do with energy. It is their daily presence and focus that largely contributes to the savings made and the improvements in operational efficiency attained. Being on the spot means that we can deal with customer's wishes at short notice, helping them with their daily routines so that they can create efficient workplaces, by maintaining the right climate and technical functions as well as by listening to their wishes of different kinds.

### TRAINING

An important element in the work we do on energy and technical functions involves training our staff in technological subjects and official regulations. Training sessions also enable the transfer of knowledge between individuals and business units.

### ENERGY PROJECT

One example of a major energy project that is taking place during 2014–2015 is in the property Gullbernahult in Karlskrona, where by improving installations we are going to halve the energy consumed.

### SMART ENERGY SOLUTIONS

Properties in Örebro and Norrköping have been equipped with solar panels that generate electricity. In several of Klöver's business units we also have geo-thermal energy installations that can be used for both heating and cooling.

### SAVING WATER

Klöver works continuously to reduce water consumption in our buildings. During 2014–2015 we are carrying out water projects in properties acquired in recent years. This means that about one-third of our buildings are going to be equipped with flow-restrictor aerators. A similar measure was taken about five years ago, which resulted in a 20-per cent drop in water consumption. An important outcome of the water project is also that the consumption of hot water will decline and with it heat consumption as well.



*Hampus Waldemar, Klöver in Linköping.*

### MONTHLY DEVIATIONS MEDIA

Consumption values for each month are compared to the same month in the previous year (corrected for external temperature) and deviations are registered and analysed for remedial measures. Continual questioning of outcomes creates awareness and knowledge about how our properties can best be optimized.

### WINTER CHECKS

Klöver works assiduously to keep all its technical installations in the best possible trim and particularly before and during the winter. Central heating facilities, ventilation systems and climate control installations are tested for functionality and energy recycling. This is to ensure that installations work efficiently and to keep consumption as low as possible.



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*Cinema in Norrköping. Cnema, Kopparhammaren 7.*

INTRODUCTION

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RESPONSIBLE ENTREPRENEURSHIP

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FINANCIAL REPORTS

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# FINANCING

Klövern's average interest rate improved during the year from 4.3 per cent to 3.5 per cent. The main explanation for this is the reduction of interest rates by the Riksbank as well as lower margins on loans from both banks and the capital market. Interest rate hedging agreements that have already been made counteracted the positive effects but also provide protection against interest rate rises.

## THE CREDIT MARKET

The Riksbank lowered its policy rate, the repo rate, on two occasions during the year. At the beginning of the year, the repo rate was 0.75 per cent and at year-end 0.00 per cent. Access to liquidity in the bank market has improved even further during the year both with respect to existing and new lenders.

2014 was characterized by historically low short and long-term market rates. What effects the low interest situation will have in the long term remains to be seen but in the short term the effect, in isolation, is definitely positive for the company.

## FINANCIAL MANAGEMENT

Financial management 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, to improve the efficiency of cash management and to 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.

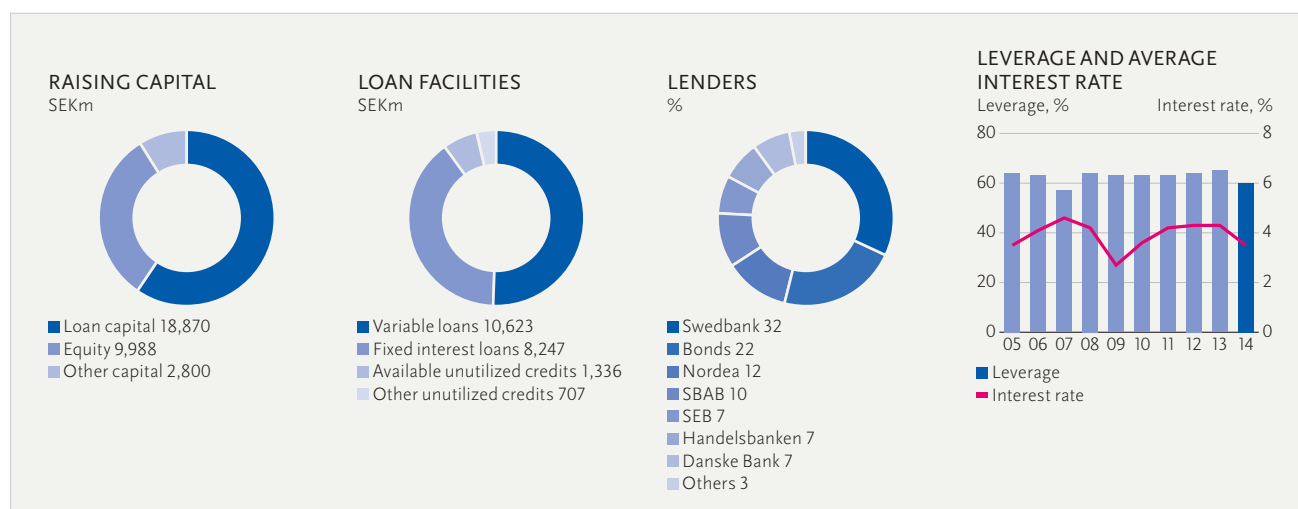
## RAISING CAPITAL

Running a real estate company is capital intensive. The total amount of assets, which is substantially the same as the value of the properties, is financed with equity, loan capital and other capital. The proportions of these three depend on various factors such as the cost of the different forms of finance, the direction of the property portfolio and the risk aversion of the shareholders and lenders. For a company like Klöver equity is normally the most expensive financing form of the three while other capital is the cheapest.

On 31 December 2014, Klöver's assets amounted to SEK 31,658 million (25,230). Equity accounted for SEK 9,988 million (7,198) of the asset value, loan capital for SEK 18,870 million (16,163) and other capital for SEK 2,800 million (1,869).

## FIXED INTEREST AND TIED-UP CAPITAL

Maturity year	Fixed interest		Tied-up capital			
	Loan volume, SEKm	Interest rate, %	Contract volume, SEKm	Utilized, SEKm	Of which outstanding bonds, SEKm	Unutilized, SEKm
Variable	10,623	2.7	–	–	–	–
2015	601	5.1	8,222	6,659	1,270	1,563
2016	1,380	3.5	1,749	1,679	–	70
2017	1,275	4.4	7,942	7,532	1,150	410
2018	1,191	5.1	2,830	2,830	1,800	–
2019	900	5.0	–	–	–	–
2020	500	4.5	–	–	–	–
2021	500	4.8	–	–	–	–
2022	800	5.6	–	–	–	–
2023	1,100	4.7	–	–	–	–
Future	–	–	170	170	–	–
<b>TOTAL</b>	<b>18,870</b>	<b>3.5</b>	<b>20,913</b>	<b>18,870</b>	<b>4,220</b>	<b>2,043</b>



### Equity

Equity consists of the difference between assets and liabilities. The shareholders have a share in the equity, based on their holdings. Klövern has three classes of shares: Class A ordinary shares, Class B ordinary shares and preference shares.

Klövern's equity ratio, in other words the proportion of equity in relation to Klövern's total assets is 32 per cent (29) and the adjusted equity ratio is 36 per cent (31). Return on equity consists of earnings after tax in relation to average equity. As earnings after tax are affected not only by the operating profit but also by changes in value of both properties and derivatives, the level of return varies sharply from year to year. The goal is for return on equity over time to amount to the risk-free interest rate, measured as a five-year government bond yield, plus at least nine percentage points. This goal, which is actually a long-term goal, was achieved in 2014 as the return on equity amounted to 14.5 cent (11.6).

### Loan capital

Loan capital consists of interest-bearing liabilities.

As interest-bearing liabilities are normally a cheaper form of finance than equity, there is an incentive to have a relatively high share of loan capital, within the given risk mandates.

The interest-bearing liabilities accounted for 59 per cent (64) of the total financing at year-end. Leverage, measured as interest-bearing liabilities after deduction for the market value of listed shareholdings and liquid funds in relation to the value of the properties, amounted to 60 per cent (65). Leverage of properties, measured as interest-bearing liabilities

ties with collateral in properties relating to the fair value of properties at the end of the period, amounted to 51 per cent (57). Interest-bearing liabilities without collateral in properties mainly comprise the uncovered bonds issued by Klövern, totalling SEK 3,520 million. More information about bonds can be found on page 56–57.

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, Klövern has chosen to swap 43 per cent (51) of the interest-bearing liabilities, SEK 8,166 million (8,317) for fixed interest with a long maturity. Ordinary fixed interest loans account for 1 per cent. Variable loans account for 56 per cent (47), SEK 10,623 million (7,568). During the period an interest cap on SEK 855 million has expired and has not been replaced by a new contract.

During the year, SEK 6,020 million (4,860) of existing credit facilities have been refinanced and SEK 3,050 million (960) raised in new loans. Klövern raised an additional SEK 1,100 million (1,365) through a bond issue.

In addition to existing loans, Klövern had unused credit and overdraft facilities of SEK 2,043 million (1,306), of which SEK 1,336 million (761) was available for immediate use with existing collateral. The unused loan facilities are distributed among three different lenders and are subject to renegotiation in 2015, 2016 and 2017 respectively. All financing takes place in Swedish kronor. At year-end 2014, liquid funds amounted to SEK 286 million (84).

**Other capital**

Other capital consists mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. The financing form Other capital amounted to SEK 2,800 million (1,869) and constituted 9 per cent (7) of Klöver's total financing as at 31 December.

**AVERAGE INTEREST RATE AND FIXED INTEREST**

At year-end, Klöver's average interest rate was 3.5 per cent (4.3). Decreasing base rates are counteracted by already agreed interest rate hedging contracts to insure against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest caps, as well as costs for credit facilities and overdraft facilities, Klöver's average borrowing rate was 2.5 per cent (3.4) at year-end. The average fixed-interest period, taking into consideration interest rate derivatives, was 2.1 years (2.7).

**TIED-UP CAPITAL**

At year-end, the average period of tied-up capital was 2.1 years (2.0). Loans mature during 2015 totalling SEK 6,659 million (5,364), excluding overdraft facilities.

**DERIVATIVES**

Klöver uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 8,166 million (9,172) at year-end, corresponding to 43 per cent (57) of the interest-bearing liabilities. Klöver normally uses a combination of two types of derivatives: interest rate swaps and interest 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 0.52 and 3.95 per cent.

At year-end 2014, the volume of swaps was SEK 8,166 million (8,317). The interest rate swaps and fixed-interest loans entail that 44 per cent of the interest-bearing liabilities has fixed interest. No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SEB and Swedbank.

The interest cap holdings amounted to SEK 0 million (855) at year-end. The interest caps protect against rising variable interest rates by providing an 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 cap, which is booked as a cost during the time to maturity of the cap and increases Klövern's average borrowing rate.

#### Valuation of derivatives

The value of the interest caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2014, the change in value of the derivatives amounted to SEK 0 million (1) for the interest rate caps and SEK –565 million (336) for the swap agreements. The aggregate change in value for the derivatives was SEK –565 million (337), of which SEK 0 million (47) was realized. The fair value at year-end amounted to SEK 0 million (0) for the interest caps and SEK –709 million (–144) for the interest rate swaps. The total value of derivatives at year-end was SEK –709 million (–144). All changes in value regarding derivatives have been reported in the balance sheet. Hedge accounting was not applied.

#### CREDITORS AND COLLATERAL

The loan portfolio is distributed among nine lenders: Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SBAB, SEB, Sparbanken Öresund, Swedbank and Sörmlands Sparbank.

Property mortgages of SEK 21,644 million (16,449) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klövern has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klövern AB.

#### COVENANTS AND RISK-TAKING

Klövern's financial risk taking and position is shown, among other things, by the key ratios, 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 ratios. Klövern's own goals comply well with the banks' requirements.

Klövern's goal for 2014 was an equity ratio of at least 30 per cent. After major acquisitions during the year the equity ratio dropped temporarily but is now above target level after the issue of preference shares during Q4. The equity ratio target for 2015 remains unchanged.

The banks that have an equity ratio covenant have set 20–25 per cent as the lower limit. Klövern's goal is for the

interest coverage ratio to amount to at least 1.5, which complies with the banks' requirements. Klövern has no goal of its own for leverage but the banks' requirements vary between 60 and 75 per cent, depending for instance on the volume of collateral volume.

Klövern meets all of the banks' goals and requirements as at the balance sheet date and we expect to continue to do so in 2015. The equity ratio was 31.5 per cent (28.5), adjusted equity ratio 35.9 per cent (31.4), the interest coverage ratio 2.0 (1.9), total leverage 60 per cent (65) and leverage of properties amounted to 51 per cent (57).

#### DERIVATIVE AGREEMENTS

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<i>Nominal interest rate swaps</i>				
Swedbank	600	0.1	2.8	–2
Danske Bank	400	1.1	3.0	–13
Swedbank	200	2.0	1.5	–5
Handelsbanken	700	2.0	0.6	–5
Danske Bank	545	2.1	3.1	–33
Nordea	30	2.8	4.0	–3
Handelsbanken	200	3.0	0.5	–1
SEB	500	3.0	1.6	–18
Swedbank	300	3.6	2.7	–25
Swedbank	200	3.6	2.7	–16
Pfandbriefbank	291	3.8	2.1	–17
Swedbank	400	4.0	3.7	–52
Swedbank	100	4.0	1.8	–5
Swedbank	400	4.1	3.5	–49
Swedbank	400	5.0	2.2	–31
Swedbank	100	5.0	1.9	–6
Swedbank	400	6.0	2.4	–39
Swedbank	300	6.7	2.5	–32
Swedbank	200	7.0	2.5	–23
Swedbank	200	7.1	3.3	–53
Swedbank	600	7.1	3.3	–159
Swedbank	500	8.0	2.2	–45
Swedbank	100	8.3	2.2	–10
Swedbank	500	9.0	2.7	–67
<b>TOTAL SWAPS</b>	<b>8,166</b>	<b>4.3</b>	<b>2.4</b>	<b>–709</b>

# BONDS

In 2014, Klöver issued one bond on the Swedish market for SEK 1,100 million. Total outstanding bond volume amounted to SEK 4,220 million at year-end after bonds for SEK 70 million had been bought back during the year. The bonds constitute a complement to bank financing.

## THE BOND MARKET IN 2014

During 2014 real estate bonds to a value of SEK 37 billion were issued. This is somewhat more than in the previous year, when issues in the bond market totalled SEK 33 billion. In 2012 these issues amounted to SEK 21 billion in the Swedish bond market.

The absolute majority, more than 90 per cent, of the volume of bonds issued by real estate companies in 2014 were uncovered bonds. Covered bonds to the value of SEK 2.6 billion were issued during the year.

The bond market was particularly strong during Q1 of 2014 when just under SEK 14 billion was issued, approximately 38 per cent of the total volume for the year.

During Q2 bonds for SEK 9.5 billion were issued, which means that just under two thirds of the total volume for the year had been issued during the first six months.

The third quarter of the year, which on the whole comprises a holiday period, normally means low activity. This was the case also in 2014. Altogether bonds for SEK 4.6 billion were issued during the quarter.

At the end of September and in October there was some degree of anxiety on the stock exchange. The risk of increasing disquiet in the world around us as well as more negative forecasts on the development of the global economy from the IMF combined with a steady drop in oil prices from the beginning of August to contribute to the total elimination of a rise of 9 per cent in share prices hitherto during the year. The generally somewhat more pessimistic mood in the capital market also affected the bond market where margins rose for most of those issuing bonds.

A lower oil price had a negative impact on credit spreads during the final months of the year for many Norwegian companies with links to the oil industry. Several banks claim that the exposure of many investors in bonds in Sweden and the Nordic countries to these companies contributed to the unfavourable market conditions for issuing real estate bonds.

## REAL ESTATE BONDS ISSUED DURING 2014

Even though there were about 30 different companies issuing real estate bond during 2014 in the Swedish bond market, Vasakronan alone accounted for just over SEK 9 billion, or one quarter of the total volume issued. The ten largest companies issuing bonds in this market borrowed a total of SEK 25 billion in the bond market.

Issuer	Volume issued in 2014, SEK million
VASAKRONAN AB	9,301
RIKSBANKEN AB	4,800
HEMSÖ FASTIGHETS AB	2,900
CASTELLUM	1,500
VACSE	1,400
BALDER	1,050
HEMFOSA	1,200
KLÖVERN	1,100
HEIMSTADEN AB	1,000
IKANO BOSTAD	1,000

## SURVEY OF BONDS PER 31 DEC. 2014

ISIN code	Type	Issued	Maturity	Fixed/variable interest	Volume SEK million	Spread over 3 month Stibor on emission, %	Current spread over 3 month Stibor, %
SE0004453108	Uncovered	March 12	March 15	Variable	500	4.00	2.21
SE0004491512	Uncovered	March 12	March 15	Variable	500	4.00	2.21
SE0004868453	Uncovered	Oct.12	Jan. 17	Variable	1,150	4.00	2.48
SE0004951648	Uncovered	Dec. 12	March 15	Variable	340	3.60	2.25
SE0005127578	Covered	Apr. 13	Apr. 18	Variable	700	3.00	2.07
SE0005757358	Uncovered	March 14	March 18	Variable	1,100	2.25	2.87

### KLÖVERN'S ISSUE DURING 2014

During 2014 Klöver issued one bond in the Swedish market with a volume of SEK 1.1 billion. This uncovered bond, which was issued in February, was used primarily to finance the acquisition of Globen City. The issue was undertaken in collaboration with Nordea. It is gratifying that the proportion of international investors in this type of instrument is growing.

An extremely healthy banking market in 2014 contributed to Klöver's decision to raise a somewhat higher degree of funding in the form of traditional bank loans rather than in the bond market. Substantial issues of preference shares during the year when Klöver opted to strengthen its equity also helped to rein in the need for capital raised through bonds.

### ALTERNATIVE FORM OF FINANCING

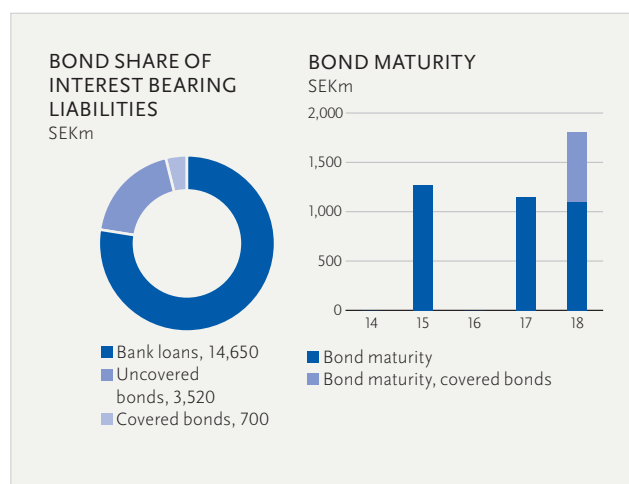
During the past years because of the financial crisis, the downturn, insufficient liquidity and changes in regulatory requirements, banks have been both more restrictive and more liberal in their lending policy. It became clear in 2011 and 2012 that the banks' leverage, the proportion of loans in relation to the properties' value, followed a declining trend. From the 75 per cent ratio that was previously typical, a ratio of 70, 65 and even 60 per cent, depending on the volume of collateral, became increasingly common. During 2014 we could see a rise to some extent in the leverage in the market and it was not impossible to obtain up to 70 per cent leverage. Loan capital accounts for around 65–75 per cent of property value in Klöver's financing. Alternative forms of financing, such as bonds, are an interesting means of attaining this.

The capital raised from bond issues has not only been used to cover the difference between the banks' maximum leverage limit and Klöver's wishes but also to carry out interesting acquisitions rapidly when the banks' lead time for funding was long.

### INVESTORS

A large number of institutional investors invest in Klöver's different bonds. The ten largest bondholders have lent just under SEK 1.5 billion to Klöver. A considerable amount has also been invested through the banks' different Private Banking services. Investors include both banks, pension funds, trade unions, real estate companies, private companies and individual investors.

It can be noted that in connection with its issue of covered bonds in 2013 Klöver attracted a new kind of investor in Sweden in the form of large, well-known institutions that had previously not been as ready to invest in uncovered bonds.



The minimum investment in Klöver's bonds has been SEK 500,000 or one million. This is one reason why a considerable proportion of the uncovered bonds have been purchased by smaller institutions and private individuals.

### SECONDARY MARKET

All of the six bond loans issued by Klöver 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 bond brokers. Some of these market participants voluntarily set indicative prices for each bond loan.

### MARGINS

All of Klöver's outstanding bonds provide a coupon payment based on a pre-set margin over three-month Stibor. In the early months of 2014 there was some pressure that reduced this margin but it rose to some extent towards the end of the year.

### COMMERCIAL PAPER

At present, Klöver has not issued any commercial paper but could well consider doing so in the future with a view to further diversify financing. 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 one year. The short maturity leads to a high refinancing risk and a bank therefore always guarantees the corresponding loan volume if an issue proves to be impossible.



# SHARES

The total market value of Klöver's outstanding ordinary and preference shares was SEK 12,323 million (7,527) at year-end 2014. During 2014 preference shares worth SEK 2,164 million were issued while ordinary Class B shares were introduced as a new class of shares through a bonus issue. At the end of the year a reverse split was also implemented that covered all classes of shares at a ratio of 1:2. Klöver is listed on Nasdaq Stockholm and belongs to the Mid Cap segment.

## MARKET INFORMATION

On 30 December the price for an ordinary Class A share in Klöver was SEK 8.20, and for a Class B ordinary share SEK 7.60, while the price for a preference share was SEK 317.50. Adjusted for the bonus issue of Class B shares and the reverse split undertaken during the year this means a rise of 48 per cent (11) for ordinary shares and 6 per cent (10) for preference shares. The performance of ordinary shares has been calculated on the basis of how the value of a holding of ordinary shares – renamed during the year as Class A ordinary shares – developed after taking into account the Class B ordinary shares that were acquired for no consideration through the bonus issue.

During the year, the Stockholm stock exchange as a whole, measured as the All-Share index, rose by 12 per cent (23) while the Nasdaq Stockholm OMX Real Estate index rose by 35 per cent (20).

Klöver is included in the OMX Stockholm Benchmark index (OMXSB) which comprises the largest and most heavily traded shares on the Stockholm exchange. Like the OMX Stockholm All-Share index (OMXS) this is an indicator for general developments on the Stockholm stock exchange.

Klöver's market capitalization had increased to SEK 12,232 million (7,527) at year-end 2014, based on the number of outstanding ordinary and preference shares. Turnover in the different shares continued to indicate high liquidity, for Class A ordinary shares it was 42 per cent (45) and 69 per cent (54) for preference shares. Total turnover for Klöver's Class A ordinary share was SEK 2,493 million (2,074) and SEK 2,282 million (1,414) for the preference share.

Klöver's share capital amounted to SEK 1,864,875,960 at year-end (925,403,490). The share's quota value, for both ordinary and preference shares, was SEK 2 per share. The total number of shares amounted to 932,437,980 on December 31, divided between 915,993,980 ordinary and 16,444,000 preference shares.

## DIFFERENT CLASSES OF KLÖVERN SHARES

Klöver 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 rights to the company's assets and profit.

Preference shares entail a priority right to the company's profit and assets through the right to dividends and priority over ordinary shares as well as entitlement to a fixed amount in the case of bankruptcy or liquidation, but nothing more. The regulations on voting rights and dividends are decided upon by the Shareholders' Meeting and can be found in the Articles of Association.

## Ordinary shares

Klöver's ordinary Class A 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 shares, Class B ordinary shares, was added in 2014 through a bonus issue. The first day of trading for Class B ordinary shares on Nasdaq Stockholm was 9 December 2014. A Class A ordinary share entitles the holder to one vote unlike a Class B ordinary share, which entitles the holder to one tenth of a vote.

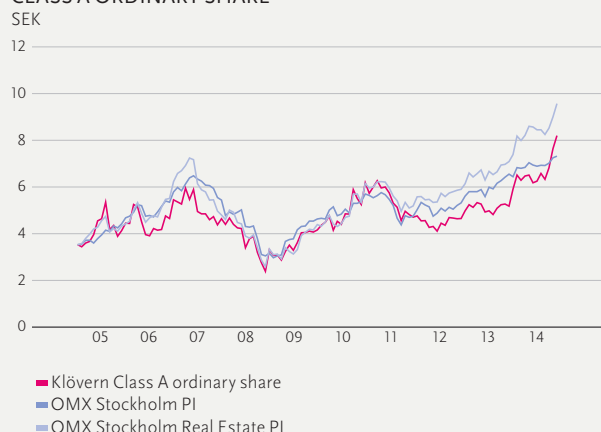
After the bonus issue and the reverse split undertaken during the year the total number of registered ordinary shares on 31 December 2014 amounted to 915,993,980, divided between 83,272,810 Class A and 832,721,800 Class B shares.

## Preference shares

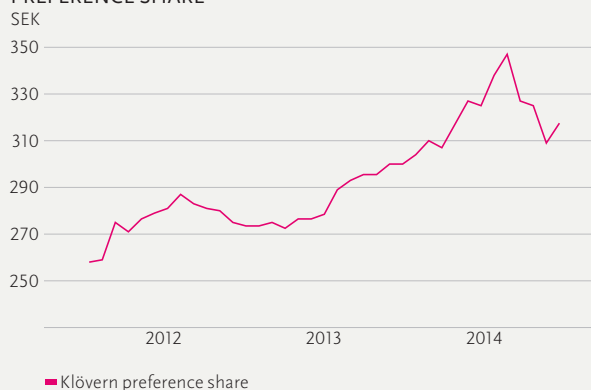
Klöver's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote.

Klöver'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 annual 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 dividends paid and SEK 5.00 has to be aggregated 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

## CLASS A ORDINARY SHARE



## PREFERENCE SHARE



## KEY FIGURES, SHARE

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Share price at year-end, Class A ordinary shares, SEK	8.20	5.18	4.65	4.71	6.18	4.16	3.31	4.64	5.45	4.45
Share price at year-end, Class B ordinary shares, SEK	7.60	–	–	–	–	–	–	–	–	–
Share price at year-end, preference shares, SEK	317.50	300.00	273.50	–	–	–	–	–	–	–
Market capitalization, outstanding shares, SEKm	12,232	7,527	6,670	4,165	5,467	3,682	2,929	4,227	4,996	2,949
Profit from property management per ordinary share, SEK	0.61	0.49	0.43	0.48	0.50	0.56	0.39	0.42	0.41	0.27
Earnings per ordinary share, SEK	1.02	0.68	0.23	0.53	0.68	0.27	–0.53	1.34	0.92	0.59
Equity per share, SEK	10.71	7.78	7.46	5.36	5.11	4.65	4.56	5.34	4.22	3.42
Dividend per ordinary share, SEK	0.30 <sup>1</sup>	0.27	0.27	0.23	0.27	0.23	0.18	0.27	0.23	0.18
Dividend per preference share, SEK	20.00 <sup>1</sup>	20.00	20.00	20.00	–	–	–	–	–	–
Dividend in relation to profit from property management, %	77 <sup>1</sup>	68	83	79	55	41	46	64	56	67
Dividend yield Class A ordinary shares, %	3.7 <sup>1</sup>	5.3	5.9	4.8	4.4	5.5	5.5	5.9	4.2	4.1
Dividend yield Class B ordinary shares, %	3.9 <sup>1</sup>	–	–	–	–	–	–	–	–	–
Dividend yield preference shares, %	6.3 <sup>1</sup>	6.7	7.3	–	–	–	–	–	–	–
Total return, ordinary shares, %	53.0 <sup>2</sup>	17.2	3.7	–19.4	54.0	31.3	–22.7	–10.8	26.5	30.2
No. of registered ordinary shares, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	662.2
No. of outstanding ordinary shares, million	916.0	916.0	888.5	884.4	884.4	884.4	884.4	911.9	915.8	662.2
Average no. of outstanding ordinary shares, million	916.0	914.9	874.0	884.4	884.4	884.4	897.6	915.2	688.6	636.9
No. of registered preference shares, million	16.4	9.3	9.3	–	–	–	–	–	–	–
No. of outstanding preference shares, million	16.4	9.3	9.3	–	–	–	–	–	–	–
Average no. of outstanding preference shares, million	10.5	9.3	5.9	–	–	–	–	–	–	–

1) Based on proposed dividend. 2) Adjusted for bonus issue 2014  
Historic figures adjusted for the bonus issue and reverse split undertaken during 2014.

ordinary shareholders until the preference shareholders 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.

In the event of liquidation, the preference shares have priority over the ordinary shares corresponding to an amount of SEK 300 with increments for any withheld amounts.

The record days for these payments shall be 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.

At year-end after the four new issues of preference shares that had been undertaken during the year the total number of preference shares was 16,444,000.

Detailed information regarding dividends, issues and redemption can be found in Klöver's Articles of Association, which is included in the section on Corporate Governance in this annual report. The dates for record days and distribution of dividends is available in the calendar on [www.klovern.se](http://www.klovern.se).

### ISSUES

During the spring three minor issues of preference shares took place with a total volume of 1,851,662 shares, which resulted in issue proceeds of SEK 289 million. During November a new issue of 12,500,000 preference shares was made at a price of SEK 150 per share. This issue was substantially over-subscribed and meant issue proceeds of SEK 1,875 million before issuing costs.

In a bonus issue made in early December all holders of ordinary shares received ten new Class B ordinary shares for each existing Class A ordinary share, which meant that the number of outstanding ordinary shares was increased by a factor of eleven. In connection with the introduction of the new class of shares, Class B ordinary shares, a conversion clause was added which means that Class A ordinary shares may at the holder's request be converted to Class B ordinary shares. More details about this can be found in the paragraph 5.6 of the Articles of Association. Class B ordinary shares offer an opportunity for growth with limited dilution of the voting rights of holders of Class A ordinary shares.

### REVERSE SPLIT

During December a 1:2 reverse split was implemented applying to all classes of shares so that two existing shares of the same class were merged into one share of the same kind.

### 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. Up until 2012 Klöver used this authorization to repurchase 11,807,202 ordinary shares.

The Extraordinary Shareholders Meeting on 14 September 2012 authorized the board to begin transfer of shares for the same purpose. From 31 December 2012 Klöver transferred a total of 6,807,027 ordinary shares and 143,536 preference shares. During 2013 all the remaining repurchased shares were divested. At the end of 2014 Klöver had no holdings of its own ordinary or preference shares.

### DIVIDEND

Klöver's goal is for the dividend to amount to at least 50 per cent of the profit from property management in the long term.

The Board of Directors' proposal to the Annual General Meeting is for a dividend of SEK 0.30 per ordinary share and SEK 20.00 per preference share. For the accounting year 2013 the dividend amounted to SEK 1.50 per ordinary share and SEK 10.00 per preference share. Adjusted for the bonus issue and the reverse split undertaken during 2014 the previous year's dividend corresponds to SEK 0.27 per ordinary share and SEK 20.00 per preference share.

The present proposal means that the dividend for the accounting year of 2014 amounts to 77 per cent (68) of the profit from property management in 2014. Over the past nine years, this would correspond to an average dividend amounting to 64 per cent of the profit from property management.

Record day for preference shareholders is the last weekday of each quarter and dividends are normally distributed three business days later. The dates for record days and payment of dividends are available in the calendar on [www.klovern.se](http://www.klovern.se).

During the year a total of SEK 195 million (185) has been paid as dividend to holders of preference shares, while SEK 250 million (250) has been paid as dividend to holders of ordinary shares.

### DIVIDEND YIELD AND TOTAL RETURN

The proposed dividend of SEK 0.30 per ordinary share corresponds to a dividend yield of 3.7 per cent for Class A ordinary shares and 3.9 per cent for Class B ordinary shares. During 2014, the total return on ordinary shares, including the dividend of SEK 1.50, was 53 per cent as compared to 17 per cent during the previous year. The total return has been calculated on the basis of how the value of a holding of ordinary shares – the name of which was changed during the year to Class A ordinary shares – has developed when the Class B ordinary shares acquired for no consideration through a bonus issue are taken into account.

### RETURN ON EQUITY

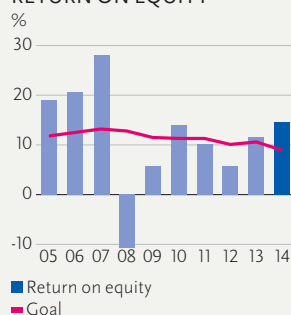
Klöver's goal for return on equity over a business cycle is the risk-free interest rate plus at least nine percentage points. The risk-free interest rate was 0.9 per cent (1.6) during 2014. Return on equity during 2014 was 14.5 per cent (11.6) and the goal was thereby achieved.

### EQUITY AND EQUITY RATIO

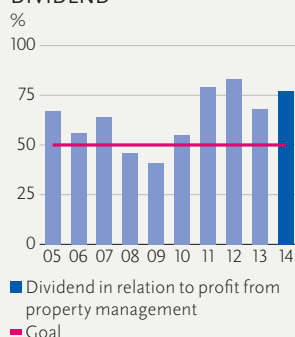
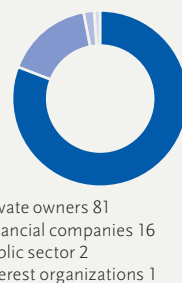
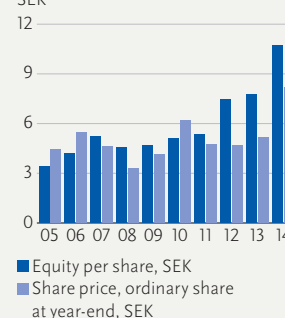
Net asset value is the value of the company's assets minus the value of liabilities. Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities as well as investment properties, which are assessed at fair value. At year-end 2014, total equity amounted to SEK 9,998 million (7,198). On the liabilities side of the balance sheet at the end of the year was a deferred tax liability of SEK 978 million (861), which includes the difference bet-



## RETURN ON EQUITY



## DIVIDEND

SHAREHOLDER CATEGORIES  
share of capital, %EQUITY AND SHARE PRICE  
SEK

## DEVELOPMENT OF THE SHARE CAPITAL

Date	Event	Change in the no. of ordinary shares	Total no. of ordinary shares	Change in the no. of preference shares	Total no. of preference shares	Accumulated share capital, SEK
01.01.2002	The company was established		166,544,326		—	832,721,630
13.01.2012	Cash new issue	34	166,544,360			832,721,800
13.01.2012	Bonus issue			4,163,609	4,163,609	853,539,845
06.03.2012	New issue			7,544,531	11,708,140	891,262,500
10.04.2012	New issue			66,638	11,774,778	891,595,690
19.04.2012	New issue			585	11,775,363	891,598,615
29.06.2012	New issue			463,000	12,238,363	893,913,615
09.07.2012	New issue			448,000	12,686,363	896,153,615
14.09.2012	New issue			912,500	13,598,863	900,716,115
17.09.2012	New issue			132,475	13,731,338	901,378,490
08.10.2012	New issue			3,583,350	17,314,688	919,295,240
08.10.2012	New issue			1,105,000	18,419,688	924,820,240
17.10.2012	New issue			116,650	18,536,338	925,403,490
24.3.2014	New issue			300,000	18,836,338	926,903,490
11.4.2014	New issue			987,468	19,823,806	931,840,830
28.5.2014	New issue			564,194	20,388,000	934,661,800
11.11.2014	Reduction of share capital					186,932,360
25/27.11.2014	New issue			12,500,000	32,888,000	199,432,360
5.12.2014	Bonus issue of Class B ordinary shares	1,665,443,600	1,831,987,960			1,864,875,960
22.12.2014	Reverse split	-915,993,980	915,993,980	-16,444,000	16,444,000	1,864,875,960
31.12.2014	Closing balance		915,993,980		16,444,000	1,864,875,960

ween the fair values and tax values of the properties and derivatives (temporary differences, although excluding acquired temporary differences). The tax liability is realized when and if derivatives are sold and the properties are sold as separate properties. If, however, a company is sold with the property as an asset, no tax effect arises. In Klöver's case, practically

all properties are in corporate form, which, in all probability, means that only a minor part of the total deferred tax liability will be paid. The difference between the tax value and the fair value of the properties was SEK 12,830 million (9,739) at year-end. If the equity was adjusted with deferred tax on

properties, calculated at 5 per cent, goodwill and the value of derivatives, the equity ratio would be 35.9 per cent (31.4).

#### SHAREHOLDER STRUCTURE

At year-end 2014, there were 42,725 shareholders (35,818) in Klövern. The ten largest shareholders represented 65.7 per cent (63.3) of the total number of outstanding shares, corresponding to a market capitalization of SEK 5,171 million (3,586). 79 per cent (83) of the total number of shares were held by Swedish shareholders.

Corem Property Group, Rutger Arnhult via companies and Arvid Svensson Invest, had shareholdings that each exceeded 10 per cent as at 31 December 2014.

#### SHAREHOLDINGS BY SIZE

Shareholding	Number of shareholders
1 – 500	25,020
501 – 1,000	4,829
1,001 – 5,000	7,599
5,001 – 10,000	2,540
10,001 – 15,000	958
15,001 – 20,000	450
20,001 –	1,329
<b>TOTAL</b>	<b>42,725</b>

#### SHAREHOLDERS 31.12.2014

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, %
Corem Property Group	16,100	161,000	–	19.0	19.1
Arvid Svensson Invest	13,300	132,997	685	15.8	15.9
Rutger Arnhult via companies	9,377	85,174	583	10.2	10.7
Gårdarike	7,262	2,500	46	1.1	4.5
Länsförsäkringar fund management	53	71,067	–	7.6	4.3
Handelsbanken funds	2,390	36,342	–	4.2	3.6
Swedbank Robur funds	2,290	22,458	42	2.7	2.7
CBNY-Norges Bank	2,153	23,522	66	2.8	2.7
4th AP Fund	883	10,422	181	1.2	1.2
JPMorgan Chase NA	748	9,130	–	1.1	1.0
Nordea Investment Funds	683	7,420	–	0.9	0.8
SEB Investment Management	700	6,682	0	0.8	0.8
Robur Insurance	578	5,527	623	0.7	0.7
SEB	629	5,543	50	0.7	0.7
Avanza Pension	544	4,511	614	0.6	0.6
Klövern's Profit-Sharing Foundation	481	4,810	15	0.6	0.6
Invus Investments	436	4,356	11	0.5	0.5
SSB Client Omnibus AC OM03	365	4,913	47	0.6	0.5
Mellon US Tax Exempt Account	582	2,040	37	0.3	0.5
Lundmark & Co. Fund Management	388	3,875	51	0.5	0.5
<b>TOTAL MAJOR OWNERS</b>	<b>59,942</b>	<b>604,289</b>	<b>3,051</b>	<b>71.9</b>	<b>71.9</b>
Other owners	23,330	228,433	13,393	28.1	28.1
<b>TOTAL OUTSTANDING SHARES</b>	<b>83,272</b>	<b>832,722</b>	<b>16,444</b>	<b>100.0</b>	<b>100.0</b>
Repurchased own shares	–	–	–		
<b>TOTAL NUMBER OF REGISTERED SHARES</b>	<b>83,272</b>	<b>832,722</b>	<b>16,444</b>		

# TAXES

Klövern reports tax expenses in the form of current tax and deferred tax, calculated on the basis of the current tax rate of 22 per cent.

## CURRENT TAX

Current tax in the statement of income is calculated on the taxable profit after utilization of any approved tax loss carryforwards. Current tax can also include tax owing to reassessment of previous years and tax from companies acquired or sold during the year. The taxable profit means profit for the year after taking into account, inter alia, the deductible depreciation in the tax return and the direct deductions for tax purposes of certain investments. Current tax is the tax paid and thus, unlike deferred tax, has an effect on the cash flow.

## DEFERRED TAX

Deferred tax in the statement of income means a schematic calculation of possible future tax. The deferred tax includes changes in deferred tax assets and deferred latent 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 liability. Deferred tax can be both positive and negative.

Deferred tax asset, that is the granted and approved tax loss carryforwards multiplied by the tax rate, is reported together with the deferred tax liability in the balance sheet. Tax loss carryforwards are used to reduce the taxable profit. The tax asset is realized in pace with the use of the tax loss carryforwards. The possibility of using the tax loss carryforwards can be limited depending on the possibilities for tax purposes of evening out profit between group companies.

Deferred tax liability, calculated on the difference between the fair value of properties and derivatives and their tax value (temporary differences), is reported together with the deferred tax asset on the liabilities side of the balance sheet. Temporary differences acquired through company acquisitions are treated 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. The tax liability is realized when and if the property is sold as a separate property. If, however, a company is sold with the property as an asset, no tax effect arises. However, during property transactions in corporate form, the buyer generally demands a discount attributable to the temporary difference. In Klöver's case, practically all properties are sold in corporate form.

## TAX IN 2014

Profit in current real estate operations was charged with deferred tax of SEK –10 million (–10). Furthermore, the change in difference between fair value and residual values for tax purposes for properties, derivatives and financial assets has led to an effect on deferred tax of SEK –193 million (–168). The deferred tax liability has increased by SEK 74 million because of carryforwards in acquired companies as well as re-evaluation of previously barred carryforwards. In total this includes an effect on deferred tax liability of SEK –129 million (–178) and on current tax of SEK –2 million (–1).

Klövern's tax-loss carryforwards totalled SEK 2,236 million at year end.

## TAX DISPUTES

Klövern had one major tax dispute in 2014. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klöver for the income year of 2008, which may entail a tax expense of around SEK 21 million. During 2014, the Supreme Administrative Court granted leave to appeal a previous decision. Klöver has won this case in all the lower courts.



# RISK AND SENSITIVITY

A real estate company is exposed to various risks and opportunities in its business. Internal rules and policies have been adopted to limit exposure to various risks.

## THE VALUE OF THE PROPERTIES

### Risk

A great risk and opportunity for Klöver's properties lie in changes in value. Changes in value are affected by factors such as how well Klöver succeeds in improving and developing properties and by its contract and customer structure. External changes such as the general state of the economy, interest rates, the local balance between supply and demand, loan financing and the yield requirement, also have an impact. The yield requirement is affected to a great extent by the risk-free interest rate and the properties' unique risk. Property values are less volatile for concentrated portfolios in good locations in comparison with those in less attractive locations.

### Management

Klöver has often acquired properties with high vacancy rates in order to develop and improve them. Klöver has a high level of expertise in property and project development. Due to Klöver's local organization and closeness to its customers, long-term relationships have been established with tenants, which reduce the risk of new vacancies. The customer structure is well diversified with 54 per cent in private companies, 27 per cent in listed companies and 19 per cent in the public sector.

## UNREALIZED CHANGES IN VALUE ON PROPERTIES

	-10%	-5%	0%	5%	10%
Changes in profit before tax, SEKm	-3,021	-1,510	0	1,510	3,021
Equity ratio, %	27	29	32	34	36
Leverage, %	66	63	60	57	54

## FINANCING

### Risk

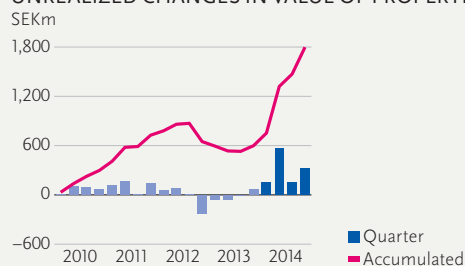
Klöver's interest-bearing liabilities consist of around just over 78 per cent loans from banks and credit institutions and around 22 per cent of borrowing from capital markets through bonds. Consequently, Klöver is exposed to financing and interest rate risks. By using various derivatives to manage its interest rate risks, Klöver is also exposed to the risk of change in value of these derivatives.

### Management

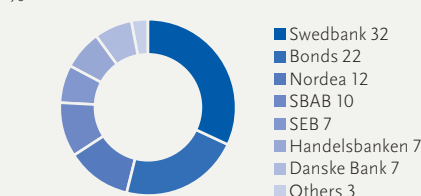
The financing risk is managed by goals in the financial policy for maturities on tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. From 2014, the goal is for the tied-up capital to be at least 1.5 years. The tied-up capital maturity amounted to 2.1 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 the business plan.

Spreading borrowing between many lenders reduces

## UNREALIZED CHANGES IN VALUE OF PROPERTIES



## LENDERS



the financing risk. Klöver has loans from nine different credit institutions and its liabilities to any one of them do not exceed the maximum of 50 per cent of Klöver's interest-bearing liabilities laid down in the business plan. During 2014 Klöver issued bonds for a total of SEK 1,100 million.

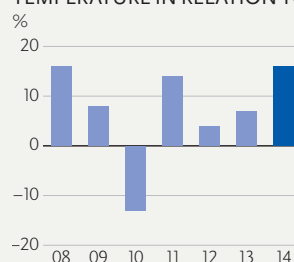
Klöver has chosen to reduce to some extent the percentage of its liabilities protected against rising interest rates in the current low interest rate environment but at the same time is fully prepared and has approved derivative lines to enable rapid action if the interest rate curve starts shifting upwards. The total volume of swaps is SEK 8,166 million, which means that 44 per cent of Klöver's credit took the form of fixed interest loans at the end of 2014.

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 Klöver is always zero.

#### FINANCIAL GOALS AND OUTCOME ACCORDING TO FINANCIAL POLICY

	Goals 2014	Outcome	Goals 2015
<b>Interest coverage ratio</b>	Shall amount to at least 1.5 multiples.	✓ Achieved, 2.0.	Shall amount to at least 1.5 multiples.
<b>Equity ratio</b>	Should amount to at least 30 per cent.	✓ Achieved, 31.5%.	Shall amount to at least 30%.
<b>Interest rate risk</b>	At least 40 per cent of total loan volume should have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.	✓ Achieved, 44%. ✓ Achieved, 4.3 years.	At least 40 per cent of total loan volume should have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.
<b>Base risk</b>	Tied-up capital is to be at least 1.5 years. At most 40 per cent of the total liability should mature during the same year.	✓ Achieved, 2.1 years. ✓ Achieved, 40 %.	Tied-up capital is to be at least 1.5 years. At most 40 per cent of the total liability should mature during the same year.
<b>Refinancing risk</b>	No more than 50 per cent of the capital requirement should derive from the same lender.	✓ Achieved, maximum share 32%.	No more than 50 per cent of the capital requirement should derive from the same lender.

#### TEMPERATURE IN RELATION TO A NORMAL YEAR



The impact of the weather during a particular year can be measured as a deviation from a "normal year". If a particular year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 3.2 million at current consumption levels.

#### ENVIRONMENT

##### Risk

The Swedish Environmental Code stipulates that those who engage in activities that contribute to pollution are also responsible for subsequent treatment. If an operator cannot carry out or pay for this treatment of a property, a party that has acquired the property, and who, at the time of acquisition, knew of or should have detected the pollution is responsible. This means that, in certain conditions, Klöver can be subject to claims for land decontamination or remedial treatment for existing or suspected pollution in the ground, areas of water, or groundwater to restore the property to the condition required by the Environmental Code.

##### Management

A thorough analysis of any environmental risks is carried out before every acquisition.

##### Exposure

Klöver does not undertake any activity that requires a special environmental licence, although property administration and property development can have an impact on the environment. At present, however, there is no knowledge of any important environmental requirements to which Klöver could be subject.

**RENTAL INCOME AND OCCUPANCY RATE****Risk**

All property management runs the risk that tenants will vacate premises. When tenants move, costs may be incurred for adapting premises for new tenants and vacancy periods.

**Management**

At year-end 2014, Klöver'n had a total of 8,700 lease contracts (8,100) with 5,100 companies (4,900) operating in many different areas. The increase is attributable to acquisitions and a positive net occupancy. The tenant turnover rate has been relatively low at 4.7 per cent (4.8). The turnover rate is measured as vacating tenants in SEK during the year in relation to average lease contract value. The average lease term in Klöver'n's stock fell slightly during 2014 and totalled 3.3 years (3.5).

Klöver'n conducts a credit rating in connection with all new letting. On the basis of this credit rating, supplementary guarantees, deposits or bank guarantees are required for certain leases. All rents are paid in advance. Despite this, there is a risk that tenants will suspend payment or otherwise fail to discharge their obligations, which has a negative impact on Klöver'n's result. Because of its close dialogue with tenants, Klöver'n has very low rent losses. These amounted to SEK 1 million (4) or 0.05 per cent (0.2), of Klöver'n's total income during 2014. Klöver'n has reserved SEK 15 million for 2012 and SEK 15 million for 2013, a total of SEK 30 million, for loss of rental income due to a rental dispute. The tenant has deposited rents with the County Administrative Board for the period from Q4 of 2012 until Q1 of 2014, totalling around SEK 90 million.

**KLÖVERN'S TEN LARGEST TENANTS**

Tenant	Contract value, SEKm	Proportion of total contract value, %
Telefonaktiebolaget L M Ericsson	295	11.0
WSP Sverige AB	67	2.5
KappAhl Sverige AB	40	1.5
Posten Meddelande AB	31	1.2
TeliaSonera Sverige AB	30	1.1
Arbetsförmedlingen	28	1.1
Dalarna County Council	27	1.0
Municipality of Karlskrona	26	1.0
Östergötland County Council	25	0.9
CGI Sverige AB	23	0.9
<b>TOTAL</b>	<b>592</b>	<b>22.2</b>

**Exposure**

The largest tenant is the IT and telecom company Ericsson, which mainly leases large office areas, among them its head office with the group executive management premises, in Kista. The managements of Ericsson's three business areas, Global Services, Multimedia and Networks, and parts of its R&D activities are also located in Kista. In 2010, Ericsson signed a ten-year lease contract for 36,000 sq.m., of which the major part is for a new office building in Kista. Ericsson's total contract value amounted at year-end 2014 to SEK 295 million, which corresponds to 11 per cent of Klöver'n's total contract value.

The second largest tenant is WSP, which is one of the world's leading analytical and technical consulting companies. The WSP contract value totalled SEK 67 million at the end of 2014. WSP's largest rental agreement is for its head office in the Globen area but it also rents premises in Karlstad, Linköping, Norrköping, Örebro and Hässleholm.

**TAXES****Risk**

Klöver'n's self-evident intention is to comply with laws and regulations, not least within the area of taxation. However, lack of clarity concerning the interpretation of regulations, and in certain cases changes in them with retroactive effect, mean that Klöver'n, like other companies, cannot always anticipate the tax outcome of its actions.

**Management**

Klöver'n uses tax expertise from a number of reputable firms, among others Svalner Skatt.

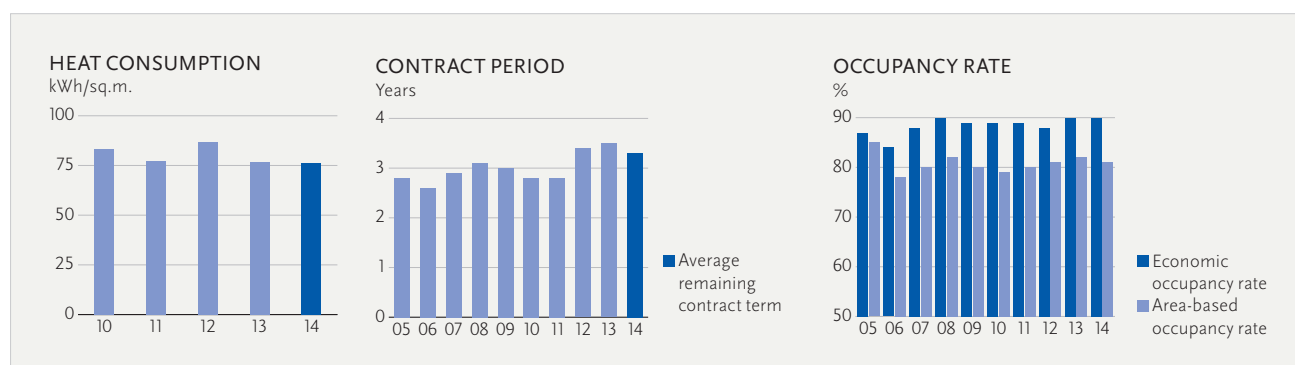
**Exposure**

Klöver'n had one major tax dispute in 2014. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klöver'n for the 2008 income year, which may entail a tax expense of around SEK 21 million. During the year the Supreme Administrative Court granted a permit to appeal on this issue. Klöver'n has won the case in all the lower courts.

**PROPERTY COSTS****Risk**

In properties where maintenance has been neglected there is a risk of large and expensive repair costs. Energy accounts for 30 per cent of Klöver'n's property costs and consumption and energy costs can rise sharply if control is lacking. Wea-





ther deviations from what can be considered normal can also affect the total outcome. Seasonal variations in the weather mean that energy costs are not evenly distributed over the year. Normally, for example, around 40 per cent of the year's heating consumption takes place during the first quarter of the year.

#### Management

Through its local organization, Klöver works with a very good control of its properties. An ambitious maintenance programme with preventive measures reduces the number, and costs of, unanticipated repairs. There has been a major focus on investments to optimize energy consumption. Klöver works actively to monitor energy consumption and takes steps to reduce it.

#### Exposure

The influence of the weather during a particular year can be measured as a deviation from a normal year. If the temperature in any one year deviates from the normal year by  $\pm 10$  per cent, Klöver's energy costs change by SEK 3.2 million given the current consumption. In the past two years, Klöver has placed an increasing focus on tenants paying for the actual cost of energy consumption and not a standard charge, which has also reduced the risk for Klöver.

### OTHER RISKS

#### Operating risks

Operating risks are the risk of incurring losses due to shortcomings in routines, inadequate control, and/or irregularities. Good internal checks and external review by auditors, administrative systems that are fit for purpose, competence development and access to reliable valuation models are methods of reducing the operating risks. In this connection,

Klöver works continuously to monitor the company's administrative security and control.

#### Personnel

Personnel risk is the risk of not being able to meet Klöver's need of skilled personnel. The company works actively with internal career paths and internal training, and also actively endeavours to maintain the company's reputation as an attractive employer.

The executive management has a period of notice of six months and other personnel have a three-month period of notice if given by the employee. This provides sufficient time for recruitment when employees leave.

During 2014, Klöver had a staff turnover of 16 per cent (9).

#### Sensitivity analysis

The sensitivity analysis is based on the Group's earning capacity and balance sheet on 31 December 2014. 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 their level do not have full impact during a single year but only in a longer perspective.

	Change $\pm$	Annual effect on profit, SEKm
Economic occupancy rate	1 per cent point	$\pm 30$
Rental income	1 per cent	$\pm 25$
Property costs	1 per cent	$- 9$
Klöver's average interest rate	1 per cent point	$- 189$

# INVESTOR RELATIONS

The flow of information from Klöver is characterized by openness, reliability and swiftness. Klöver's IR activities and information to the market comply with current legislation, Nasdaq Stockholm's rules for issuers, the Swedish Code of Corporate Governance, Klöver's Information and IR policy and generally known recommendations.

Presentations of the company are made mainly by quarterly reports, press releases and regular meetings with shareholders, analysts and potential investors both concerning shares and bonds.

Press releases, interim reports, and annual reports are published and can be downloaded, both in Swedish and in English, from [www.klovern.se](http://www.klovern.se). Klöver's website also contains current information about the company, the share and financial statistics and offers possibilities of subscribing to press releases and reports. Interim and annual reports are distributed by post to all those who request them.

The number of analysts covering Klöver was 12 (10) at 9 (8) investment banks during the year.

## EQUITY ANALYSTS

Company	Analyst
ABG Sundal Collier	Fredrik Cyon
Carnegie Investment Bank	Tobias Kaj, Erik Granström
DnB Markets	Simen Mortensen
Handelsbanken	Albin Sandberg
Danske Bank	Jonas Andersson
Pareto	Johan Edberg
SEB Equities	Nicolas McBeath, Svante Krokfors
Swedbank	Jan Ihrfelt, Sofia Wallén
Nordea	Niclas Höglund

## Press releases, 2014

30.12.2014	Number of shares in Klöver 30 December 2014	30.5.2014	Number of shares in Klöver 30 May 2014
22.12.2014	Klöver buys properties for SEK 230 million in Västerås	28.5.2014	Klöver issues 564,194 preference shares
19.12.2014	Klöver is buying and building for SEK 100 million in Uppsala	28.5.2014	Klöver sells properties for SEK 63 million
16.12.2014	Information about previous notification of reverse split of shares	13.5.2014	Klöver sells in Kristianstad and purchases in Gothenburg area
12.12.2014	Klöver buys properties for SEK 127 million in Örebro	30.4.2014	Number of shares in Klöver 30 April 2014
08.12.2014	Klöver sells properties for SEK 171 million	29.4.2014	Klöver purchases in Kalmar for SEK 100 million
02.12.2014	Information about previous notification of bonus issue of Class B ordinary shares	23.4.2014	Decisions made at Annual Shareholders' Meeting in Klöver AB (publ.)
28.11.2014	Number of shares in Klöver 28 November 2014	23.4.2014	Klöver AB (publ.): Interim report January – March 2014
19.11.2014	Offer to subscribe for preference shares in Klöver over-subscribed	11.4.2014	Klöver issues 987,468 preference shares
14.11.2014	Klöver's self-storage operations now called Big Pink	11.4.2014	Klöver takes possession of Globen City
13.11.2014	Offer to subscribe for preference shares in Klöver extended	11.4.2014	Klöver signs 12-year lease rental with Tele2
13.11.2014	Klöver's common shares to change name to Class A ordinary shares	09.4.2014	Klöver publishes prospectus and applies for listing of bond loans on NASDAQ OMX Stockholm
12.11.2014	Klöver signs 10-year lease agreement with IP-Only AB in Uppsala	31.3.2014	Number of shares in Klöver 31 March 2014
6.11.2014	Klöver publishes prospectus	24.3.2014	Klöver issues 300,000 preference shares
6.11.2014	Klöver makes a new issue of preference shares for SEK 1,050 million	21.3.2014	Notification of 2014 Annual Shareholders' Meeting in Klöver AB (publ.)
22.10.2014	Decision made at Extraordinary Shareholders' Meeting in Klöver AB (publ.)	20.3.2014	Klöver's Annual Report for 2013
22.10.2014	Klöver AB (publ.): Interim report January – September 2014	10.3.2014	Klöver completes acquisition of Globen City
23.9.2014	Notification of Extraordinary Shareholders' Meeting in Klöver AB (publ.)	06.3.2014	Klöver purchases in Linköping for SEK 266 million
11.7.2014	Klöver sells properties for SEK 120 million	20.2.2014	Klöver issues bond loan for SEK 1,100 million
10.7.2014	Klöver AB (publ.): Interim report January – June 2014	12.2.2014	Klöver AB (publ.) Year-end report for 2013
		24.1.2014	Klöver signs letter of intent concerning acquisition of Globen City
		23.1.2014	Klöver divests in Akalla for SEK 180 million
		10.1.2014	Klöver acquires in Västerås for SEK 175 million

# CORPORATE GOVERNANCE



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SPECIFICATION OF PROPERTIES AND REVIEW

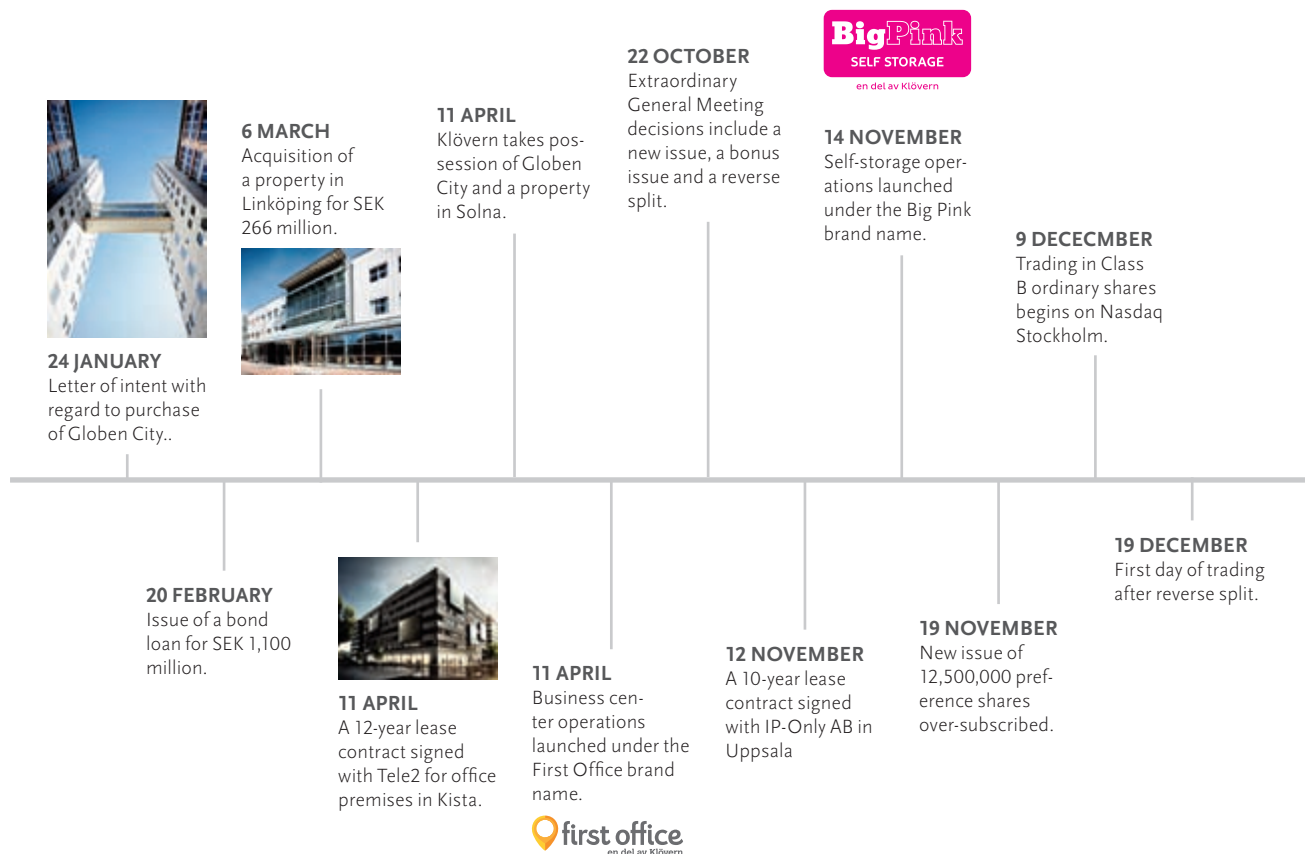


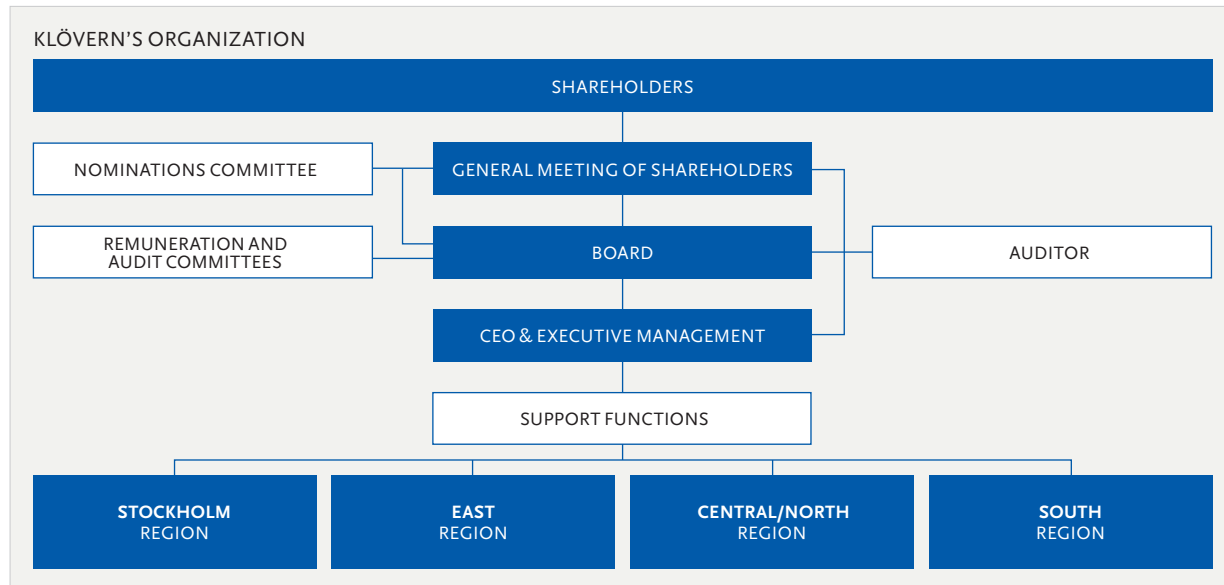
# CORPORATE GOVERNANCE REPORT 2014

Klövern AB is a Swedish public real estate company which is listed on Nasdaq Stockholm. Sound corporate governance with well-structured internal processes and clarity are of fundamental importance for Klöverns long-term creation of value. The corporate governance report is an account of Klöverns corporate governance during 2014.

## IMPORTANT EVENTS

- > Issue of a 4-year uncovered bond loan for SEK 1,100 million.
- > Dividend of SEK 1.50 per ordinary share and SEK 10.00 per preference share decided upon for the 2013 financial year.
- > Acquisition of an additional 2,903,599 shares in Tribona AB (publ), in connection with the new issue made by the company.
- > Four new issues of preference shares totalling 14,351,662 shares, of which 12,500,000 issued in November.
- > A new class of shares, Class B ordinary shares, was created through a bonus issue. Ten Class B ordinary shares were issued for each Class A ordinary share so that the total number of outstanding ordinary shares became 11 times larger.
- > A reverse split undertaken at the end of December meant that two shares, irrespective of class, were merged to form one share of the same class.
- > A conversion clause was included in the articles of association enabling shareholders who apply to do so to convert Class A ordinary shares into Class B ordinary shares.





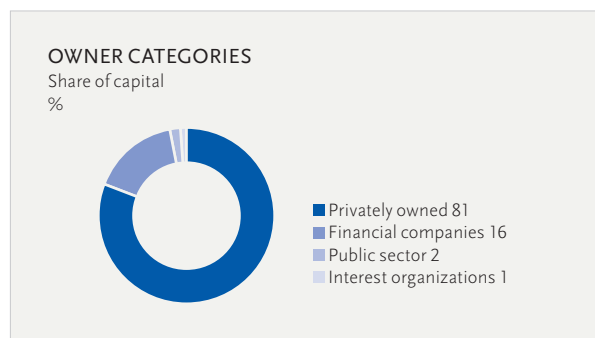
### CORPORATE GOVERNANCE IN KLÖVERN

Corporate governance in Klöver is long term and defines the decision-making system used by the owners, directly and indirectly, to manage the company and its risks. Klöver's corporate governance, management and control is based on current legislation, the regulatory framework of Nasdaq Stockholm, the Swedish Code of Corporate Governance, the Articles of Association, other external guiding documents and recommendations and internal guiding documents such as the business plan, policies and attestation rules. Klöver's values on closeness and commitment shape the way in which its personnel work, which is also the case for corporate governance, management and control.

#### THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance is a complement to legislation and other regulations. It is intended to provide relevant and effective corporate governance. The Code is not mandatory although an explanation is required in the event of a decision to depart from it according to the principle "comply or explain".

At least once a year the Board and auditors meet without the presence of the CEO or other representatives from the company. The company's auditors attend two board meetings per year and explain observations and points of view that have occurred in the course of examination.



#### Articles of Association

The Articles of Association, adopted by a general meeting of shareholders, together with current legislation, determines how the company operates and is governed. Klöver AB is a Swedish public limited liability company, listed on Nasdaq Stockholm. It is registered and has the corporate ID number 556482-5833, and its registered office is in Nyköping. Klöver has an administrative service office in Nyköping and its head office in Stockholm.

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.

**GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS**

The general meeting of shareholders is regulated by the Companies Act and the Articles of Association and is the highest decision-making body of a limited company. All shareholders, who have a shareholding registered in their own name at least five days prior to the meeting, are entitled to participate in the general meeting and vote for the shares owned and represented. Shareholders also have the right to have a matter discussed at the general meeting provided that the matter has been notified to the Board within the time limits specified in the notice of the meeting. Notice of general meetings of shareholders is given in accordance with the Companies Act and is provided 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 two weeks prior to the meeting.

**The share and ownership**

Klövern's Class A ordinary shares, until the middle of November 2014 called only ordinary shares, have been listed on Nasdaq Stockholm since 2003. Klövern's preference shares have been traded on Nasdaq Stockholm since January 2012. A new class of shares, Class B ordinary shares, was added – and listed on Nasdaq Stockholm – at the end of 2014 through a bonus issue. A Class A ordinary share entitles the holder to one (1) vote while a Class B ordinary share, like a preference share, entitles the holder to one tenth (1/10) of a vote. At year-end 2014, there were 83,272,180 Class A ordinary shares, 832,721,800 Class B ordinary shares and 16,440,000 preference shares. The total number of shareholders was 42,725 (35,818). Of the total number of shares 79 per cent (83) are owned by Swedish holders.

On 31 December 2014 the price of a Class A ordinary share was SEK 8.20, of a Class B ordinary share SEK 7.60 and of a preference share SEK 317.50. This means that the market capitalization, based on the total number of outstanding shares, was SEK 12,232 million (7,527). The share capital amounted to SEK 1,865 million (925).

The company has three shareholders, Corem Property Group, Arvid Svensson Invest and Roger Arnhult through companies, with a shareholding of over 10 per cent of the equity. The ten largest shareholders together represented 66 per cent (63) of the total share capital at year-end. During 2014 Class A ordinary shares worth SEK 2,493 million (2,074) and preference shares worth 2,282 million (1,414) were traded. The price of the ordinary share rose by 48 per cent (11) during the year. The share price performance has been calculated on the basis of how the value of a holding of ordinary shares – renamed during the year as Class A ordi-

nary shares – developed after taking into account the Class B ordinary shares that were distributed through the bonus issue. The price of the preference share rose by 6 per cent (10) during 2014. More information about shares in Klövern and a list of the largest shareholders can be found on pages 58–62.

**SHARE REPURCHASE AND DIVIDEND**

At year-end, Klövern no longer had any repurchased ordinary or preference shares. Klövern has been authorized by the 2014 Annual General Meeting to repurchase a maximum of 10 per cent on any occasion of the total number of registered shares during the period until the 2015 Annual General Meeting.

According to the goals in the business plan for 2015, dividend shall amount to at least 50 per cent of the profit from property management in the long term. When considering the amount of dividend, the company's investment alternatives, financial position and capital structure are taken into account.

During the past ten years, Klövern has, including the proposed dividend for ordinary shares and preference shares to be submitted to the Annual General Meeting, distributed an average of 64 per cent of the profit from property management to Klövern's shareholders.

The business plan for 2015 also includes a goal that the dividend to preference shareholders shall not exceed 30 per cent of the profit from property management in the long term.

**THE COMPOSITION OF THE NOMINATIONS COMMITTEE**

The composition of the Nominations Committee is decided by the Annual General Meeting and has to be representative of the owners of the company and has the task of preparing proposals for the Meeting to decide on. The Nominations Committee has to make proposals to the annual general meeting on:

- > the election of a chairman of the board
- > the appointment of directors with reasons for appointment, as well as on the number of directors and on fees
- > auditors including fees and reasons for appointment
- > fees for work on committees
- > rules on the composition of the Nominations Committee for the period until the next Annual General Meeting
- > the procedure for replacing members of the Nominations Committee before their work is completed.

**The work of the Nominations Committee**

The 2014 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



## THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2014

Director	Elected	Independent	No. of board meetings attended	Fee, SEK 000s	Shareholding <sup>3</sup> , % of equity	Shareholding <sup>3</sup> , % of votes
Fredrik Svensson, Chairman <sup>1</sup>	2005	No	22/23	280	15.8	15.9
Rutger Arnhult, CEO <sup>1,2</sup>	2009	No	22/23	–	10.2	10.7
Ann-Cathrin Bengtson	2011	Yes	23/23	140	–	–
Eva Landén <sup>1</sup>	2011	No	23/23	140	–	–
Pia Gideon	2013	Yes	22/23	140	–	–

## TOTAL SHAREHOLDING

1) Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent on relatively large owners and Rutger Arnhult and Eva Landén are dependent in relation to the executive management.

2) Rutger Arnhult also owns through companies shares corresponding to 38.9 per cent of the votes in Corem Property Group. Source: Corem's year-end report for 2014.

3) Direct or indirect shareholding in the company as at year-end 2014.

trading in September of the year prior to the Annual General Meeting. No remuneration was to be paid to the members of the Nominations Committee. Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail at styrelsenominering@klovern.se or by telephone on +46 155-44 33 00. The Nominations Committee has had two meetings during 2014. The Nominations Committee has focused on matters relating to evaluation of the Board, the number of directors and the competence of the Board.

## 2014 ANNUAL GENERAL MEETING

Klövern's Annual General Meeting 2014 was held on 23 April at Kistamässan, Stockholm. The meeting was attended by 72 people, including shareholders, the Board, representatives, assistants, analysts and guests. Together, these represented 64 per cent (66) of the votes in the company. In addition to the mandatory matters stipulated in the articles of association, decisions were made on:

- > dividend of SEK 1.50 per ordinary share and SEK 10 per preference share.
- > re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, Pia Gideon and Eva Landén.
- > re-election of Fredrik Svensson as Chairman of the Board,
- > the election of a new auditor, Fredrik Hävrén, E&Y.
- > unchanged board fee, excluding the CEO, and that the board fee therefore amounts to SEK 700,000, of which SEK 280,000 is paid to the Chairman of the Board and SEK 140,000 to each board member. Auditors' fees to be paid in accordance with approved invoices,
- > 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.

Minutes of all Annual General Meetings are available (in Swedish) on Klövern's website, [www.klovern.se](http://www.klovern.se). The 2015 Annual General Meeting will be held at Kistamässan, Stockholm at 4 pm on 23 April 2015.

## EXTRAORDINARY GENERAL MEETING

At an Extraordinary General Meeting on 22 October 2014 among other things it was resolved to introduce a new class of shares, Class B ordinary shares, and to authorize the board to decide on issues of further preference shares. More information is available on Klövern's website, [www.klovern.se](http://www.klovern.se).

## 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 in the interests of the company and all of its shareholders. Its undertakings are governed 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.

## 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, Fredrik Svensson (chairman), Rutger Arnhult (CEO), Ann-Cathrin Bengtson, Eva Landén and Pia Gideon.

**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 Nomination Committee must be presented in the Notice of the Annual General Meeting.

Three of Klöver's five directors, Ann-Cathrin Bengtson, Pia Gideon and Fredrik Svensson are independent both in relation to the company and to the executive management. As at 31 December 2014, two of these, Ann-Cathrin Bengtson and Pia Gideon are also independent in relation to the major shareholders.

**Rules of procedure****THE CHAIRMAN OF THE BOARD**

The Chairman of the Board is elected at the Annual General Meeting, following a proposal by the Nominations Committee, and is responsible for leading and organizing the work of the Board efficiently, as well as acting as a discussion partner and support for the CEO.

The Chairman must also:

- > be responsible for the communication between the shareholders and the Board
- > ensure that the Board complies with its obligations in accordance with current legislation, other regulatory frameworks, guiding documents and the rules of procedure
- > ensure that directors receive the requisite training and information to be able to analyze the company's financial position, strategy, planning and development
- > carry out an annual evaluation of the Board's work
- > appoint a Nominations Committee as mandated by the Annual General Meeting and participate in this committee.

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 frequency of meetings, the division of duties and reporting between the Board, the Chairman of the Board and the CEO. A report on the financial position, investments and sales, market-related matters, and organization are agenda items at every ordinary meeting. Other matters such as strategy and future-related matters, risk management, important policies, audit, internal man-

agement and control, the budget and the annual accounts are dealt with at specific meetings, according to a set calendar.

**Committees****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.

Klöver's Board considers that the whole Board, except the CEO, should participate in important discussions and decisions relating to audit and remuneration to the executive management. The whole of the Board, except the CEO, constitutes the Remuneration and Audit Committees. Members who are dependent in relation to the executive management do not participate in decisions concerning remuneration issues relating to the CEO. The Remuneration Committee prepares proposals for the Board on guidelines for remuneration and other terms of employment for the CEO and other senior executives in accordance with principles decided upon by the Annual General Meeting.

The Remuneration Committee has had two minuted meetings during 2014. These meetings have dealt with matters such as remuneration and bonuses for the Executive Management.

**The work of the Board during 2014**

The work of the Board is evaluated annually by a systematic and structured process. The intention is to develop the way in which the Board works and its efficiency. The result of the evaluation is presented to the Nominations Committee. The outcome for 2014 showed that the Board had performed well.

During 2014, there have been six (5) ordinary meetings, one (1) meeting following its election, four (5) meetings with decisions by circulation and 12 (5) extraordinary meetings, making a total of 23 meetings (16). Each ordinary meeting has complied with the calendar laid down in the rules of procedure. This calendar stipulates that a report is to be made at each ordinary meeting on the result and financial position and major investments and transactions. In addition, the agenda includes matters relating to audit, internal control, remuneration, policies, evaluations and budget-related matters. Once a year, the Board has a meeting that focuses on the

business plan, strategy and future-related issues. The meetings with decisions by circulation have concerned decisions to submit interim reports and the annual report.

Fredrik Svensson has been Chairman of Klöver's Board since the 2011 Annual General Meeting.

#### AUDITORS

Ernst & Young AB was elected as the company's auditor at the 2014 Annual General Meeting for the period until the 2015 Annual General Meeting. Authorized public accountant Fredric Hävrén was elected to be the new auditor-in-charge at Klöver AB. According to the Articles of Association, the auditors are elected annually.

Their mandate includes examination of the company's accounts and annual financial statements, as well as the management of the company by the executive management and the Board. Unless specifically decided otherwise, the auditors are to examine the company's corporate governance report, review remuneration to the executive management and review the company's nine-month report. These examinations are performed in accordance with good auditing standards in Sweden and compiled in audit reports and reports, which are considered annually by the Board. The reports to the Board state, for instance, whether Klöver is organized in such a way as to enable the accounts, financial management and other financial circumstances to be checked in a satisfactory way.

#### FREDRIC HÄVRÉN

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

**Other assignments:** ICA Fastigheter AB, Mengus Stockholm 2005 AB, HSB Bostad AB

**Shareholding in Klöver:** no shares

#### THE GROUP

The Group structure of Klöver AB consists of the parent company Klöver AB and 23 directly owned subsidiaries (22). All operations are in Sweden in 18 business units. The cities are grouped in four regions, Stockholm, East, Central/North, and South, in order, amongst other things, to share leading-edge expertise in project work and letting.

#### BOARD FEES

During 2014 the Board received remuneration totalling SEK 700,000 (700,000) to be divided between its members apart from the CEO. The board comprised five members during 2014. The chairman's remuneration amounted to SEK

280,000 (280,000) and the other members SEK 140,000 (140,000) for each member for a full year.

#### THE CEO AND EXECUTIVE MANAGEMENT

The CEO is appointed by and reports to the Board. The CEO's most important task is to take care of the day-to-day management of the company. In addition to the CEO, the Executive Management team consists of two people.

#### The work of the Executive Management during 2014

The Executive Management has had 6 minuted meetings (5) during 2014. In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with.

#### Changes in the Executive Management

During the autumn of 2014 the executive management team was reorganized. Peeter Kinnunen assumed the role of Head of Transactions in the executive management team and Susanne Essehörn joined Klöver as Head of Real Estate. The four regional heads who formerly were part of the executive management team continue to head their regions, the same applies to the head of human resources.

#### REMUNERATION AND INCENTIVE PROGRAMMES

The Board proposes, and the Annual General Meeting decides upon, the principles for remuneration and other terms of employment for the CEO and other members of the executive management team. 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 fees for the Board and its committees are proposed by the Nominations Committee to the 2015 Annual General Meeting and remain the same as in previous years. For more information see note 3.

#### REMUNERATION TO THE EXECUTIVE MANAGEMENT

The process for determining the conditions for remuneration for the Executive Management are 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

The Board of Directors consists of five members with Fredrik Svensson as Chairman.



**FREDRIK SVENSSON**

*Chairman since the 2011 Annual General Meeting 2011.*

*Director 2005–2011.*

Born 1961.

CEO of AB Arvid Svensson.

**Other board assignments:** Chairman of Case Investment AB, Chairman of Primelog Holding AB and Director Fastighets AB Balder (publ).

**Education:** Graduate in business administration.

**Shareholding in Klövern:**

13,299,733 Class A ordinary shares, 132,997,330 Class B ordinary shares and 685,122 preference shares through company, directly and indirectly.

Dependent in relation to a major shareholder.



**RUTGER ARNHULT**

*Director since 2009.*

Born 1967.

CEO of Klövern AB.

**Board assignments:** Chairman of M2 Asset Management AB, Vice-chairman of Tribona AB (publ.), director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

**Education:** Graduate in business administration.

**Shareholding in Klövern:**

9,376,732 Class A ordinary shares, 85,173,646 Class B ordinary shares and 582,607 preference shares, via company, directly and indirectly.

Dependent in relation to the company, the executive management and a major shareholder.



**ANN-CATHRIN BENGTSON**

*Director since the 2011 Annual General Meeting.*

Born 1962.

Chairman of Aros Congress Center Holding AB.

**Other board assignments:** Director of Länsförsäkringar Bergslagen Director of Best Western Hotels, Director of Flyinge AB, and alternate director of Visita.

**Education:** Graduate in business administration.

**Shareholding in Klövern:** No shareholding.

Independent director.

**PIA GIDEON**

*Director since the 2013 Annual General Meeting.*

Born 1955.

**Other board assignments:** Svevia AB, Scandbook AB, Qlucore AB and E-vård AB.

**Education:** Graduate in business administration.

**Shareholding in Klöver:** No shareholding.  
Independent director.

**EVA LANDÉN**

*Director since the 2011 Annual General Meeting.*

Born 1965.

CEO of Corem Property Group AB (publ).

**Other board assignments:** Specialfastigheter AB.

**Education:** Graduate in business administration

**Shareholding in Klöver:** No shareholding.  
Dependent in relation to the company, the executive management and a major shareholder.

## EXECUTIVE MANAGEMENT

The executive management consists of the CEO Rutger Arnhult and two executives with different areas of responsibility.



**RUTGER ARNHULT**

*CEO*

Born 1967.  
Employed since 2012.

**Education:** Graduate in business administration.

**Board assignments:** Chairman of M2 Asset Management AB, Vice-chairman of Tribona AB (publ.), director of Corem Property Group AB (publ), Vytal Diagnostics AB, Locellus AB, and Arnia Holding AB.

**Shareholding in Klöver:**

9,376,732 Class A ordinary shares,  
85,173,646 Class B ordinary shares and  
582,607 preference shares, via company,  
directly and indirectly.



**PEETER KINNUNEN**

*Head of Transactions*

Born 1973.  
Employed since 2012.

**Education:** M.Sc in Engineering

**Previous employment:** COO Vanir Asset Management 2010–2012, Head of Transactions & Research Kungsleden AB 2007–2010.

**Board assignments:** None.

**Shareholding in Klöver:**

2,145 preference shares via company and directly.



**SUSANNE ESSEHÖRN**

*Head of Real Estate*

Born 1964.  
Employed since 2014.

**Education:** Graduate in business administration.

**Previous employment:** Head of Real Estate AB Sagax and CEO Söderport Holdings AB 2010–2014, Senior Asset Manager at GE Capital Real Estate 2006–2010.

**Board assignments:** None.

**Shareholding in Klöver:**

650 preference shares.



**CEO**

Klövern's CEO is not entitled to variable remuneration. In addition to salary and a pension, the CEO's benefits in 2014 included health insurance, a company health promotion scheme, subsistence benefit and a company car, as well as a share in Klövern'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. In the event of termination at the Company's initiative, full salary and all benefits as described above 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 employment continues. The period of notice is twelve months if notice is given by the company and six months if notice is given by the CEO. No severance pay is paid.

**Remuneration to other senior executives**

Variable salary to Klövern's permanent senior executives may amount to at most the equivalent of three monthly basic salaries. Variable salary is based on outcome in relation to goals for operating surplus, net profit and net letting.

The pension premium may amount to at most 35 per cent of the basic salary. The retirement age is 65. The period of notice is 12 months if notice is given by the company and six months if notice is given by the employee. No severance pay is paid. Benefits in addition to salary and pension include health insurance, a company health promotion scheme, subsistence benefit, a share in Klövern's profit-sharing foundation and a company car.

**Other personnel**

The principle of market level competitive salaries also applies to other personnel. All personnel are covered by defined contribution pension schemes which are paid for by the company. Benefits in addition to salary and pension are health insurance, a company health promotion scheme, subsistence benefit and a share in Klövern's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The company had 190 staff (189) at year-end 2014.

**Auditors**

The fee to auditors is set by the Annual General Meeting according to a proposal from the Nominations Committee. The 2014 Annual General Meeting decided that the fee should be paid in accordance with approved invoices. The fees for audit assignments totalled SEK 2,200 million (2.2) in 2014. Remuneration for other assignments totalled SEK 0.4 million.

**Profit-sharing foundation**

Klövern has a profit-sharing foundation which covers all employees that have been employed for a specific period according to the rules in the foundation's by-laws. The amount transferred to the foundation may be at most one price base amount per employee and is based on a combination of Klövern's profit, yield requirement and dividend to shareholders. At year-end 2014, the Foundation owned 481,000 Class A ordinary shares, 4,810,000 Class B ordinary shares and 15,012 preference shares in Klövern corresponding to 0.6 per cent of the total share capital and 0.6 per cent of the number of votes. SEK 9.455 million has been allocated to the foundation for the 2014 financial year including payroll tax.

Further information on remuneration is available in Note 3, on pages 96–97.

## REMUNERATION

Amount in SEK thousand	2014	2013
<i>Chairman of the Board</i>		
Fredrik Svensson	280	280
<i>Other directors</i>		
Ann-Cathrin Bengtsson	140	140
Eva Landén	140	140
Anna-Greta Lundh	–	35
Pia Gideon	140	105
<i>CEO</i>		
Basic salary	4,128	4,000
Variable salary	–	–
Benefits	192	164
<i>Deputy CEO (Jan.–Oct.)</i>		
Basic salary	1,280	3,128
Variable salary	–	146
Benefits	80	183
<i>Other senior executives</i>		
Basic salary	5,395	5,969
Variable salary	55	445
Benefits	484	511
<i>Other employees</i>		
Basic salary	87,168	85,553
Variable salary	885	100
Benefits	5,520	5,057
<b>TOTAL</b>	<b>105,887</b>	<b>105,956</b>
<i>Contractual pension costs (including Fora)</i>		
CEO	1,437	1,106
Deputy CEO (Jan.–Oct.)	445	1040
Other senior executives	1,396	2,145
Other employees	10,373	9,717
<b>TOTAL</b>	<b>13,651</b>	<b>14,008</b>
<i>Statutory social costs including payroll tax</i>		
Chairman of the Board	88	88
Other board members	133	132
CEO	1,711	1,576
Deputy CEO (Jan.–Oct.)	582	1,349
Other senior executives	2,106	2,706
Other employees	30,268	30,095
<b>TOTAL</b>	<b>34,888</b>	<b>35,946</b>

## INTERNAL GOVERNANCE AND CONTROL

Klöver encounters risks every day that can have an impact on its operations and ability to achieve the set goals. Good internal governance and control is required to limit these risks.

**The Board's responsibility for financial reporting**

According to the Companies Act and the Swedish Code of Corporate Governance, the Board bears ultimate responsibility for the company having good internal control and for ensuring that the financial reporting complies with the applicable requirements. The processes for handling internal control, financial management and management within the company are based on the framework for COSO, the Committee of Sponsoring Organizations of the Treadway Commission, to sort and structure the organization's risks. Besides the impact of legislation, regulatory frameworks and recommendations, processes are governed to a large extent by internal policies and guiding documents. Internal control affects all functions in the company and includes risk assessment and routines as well as following up goals.

**The control environment**

The control environment and control measures ensure the effectiveness of the company and serve as the basis for internal control. The control environment provides understanding for the company's values at the same time as it secures compliance with policies and goal fulfilment. 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. Overarching policies are continuously updated and confirmed by the Board once a year. During the year, the Board has adopted the following policies:

- > Financial policy
- > Information and IR policy
- > Equality plan
- > Procurement of goods and services from closely linked companies
- > Sustainability plan
- > IT policy
- > Crisis management 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. These documents provide support and guidance and include both decision-making processes for every individual member of staff and include both decision-making paths and allocation of responsibility, methods of approach and powers.

#### **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. The Finance Department and the Real Estate Department work alongside one another and conduct continuous follow-ups and analyses at group, subsidiary and property level of result, balance and verification levels to ensure compliance with the guidelines. A limited number of people are authorized to sign for the company and attestation rules have been drawn up.

The Group's operations, financial administration and management are audited twice a year by the company's auditors who report their observations and any comments directly to the Board. Klövern's IT environment maintains a high level of security, accessibility and effectiveness.

The policies for accounting, reporting and audit comments are reviewed in connection with the ordinary audit of the annual accounts.

#### **Information and communications**

External information is managed in accordance with the information and IR policy adapted to the regulatory framework of Nasdaq Stockholm and the Swedish Code of Corporate Governance and communicated through press releases and the website.

The executive management's internal information is communicated mainly through the executive management group's minuted meetings. Communication in the company

takes place, for instance, through regular conferences and meetings with those responsible for the respective business units and other managers. Relevant internal and external information is provided continuously to the staff concerned. Internal information is largely communicated through the company's intranet. The main purpose of the intranet is to provide staff with a structured holistic picture of the operations and to provide an easily accessible platform from which current information and documentation can be obtained.

#### **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 the budget and forecast according to a tried and tested model. 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 has a decentralized and transparent organization where financial activities, economic and rental administration, as well as external and the major part of internal information are largely dealt with by the service and head office. Follow-up of the result and balance is undertaken each quarter by both the individual functions and by the business units, the executive management and the Board. Clear documentation through policies and instructions accompanied by recurrent follow-ups and regular discussions with auditors ensure the correctness of the processes. Management and reporting are examined formally by the Company's auditors twice a year and the outcome is reported to the Board. Based on the above, it is not considered that there is any need for internal audit. Detailed information on Klövern's risk assessment, exposure and management is contained in the section Risk and sensitivity on pages 64–67.



# ARTICLES OF ASSOCIATION

For Klöver AB (publ), 556482-5833

## 1 NAME

The Company's name is Klöver AB. The Company is a public company (publ).

## 2 REGISTERED OFFICE

The registered office of the Company shall be located in Nyköping. General meetings of the shareholders may be held in Nyköping or Stockholm.

## 3 OBJECTS

The objects of the Company are, directly or indirectly through subsidiaries, to acquire, own, manage, develop and sell real estate, and to conduct business compatible therewith.

## 4 SHARE CAPITAL

The share capital shall be not less than SEK one billion, six hundred million (SEK 1,600,000,000) and not more than SEK six billion, four hundred million (SEK 6,400,000,000).

## 5 SHARES

### 5.1 Number of shares and classes of shares

There shall be no fewer than eight hundred million (800,000,000) shares and no more than three billion, two hundred million (3,200,000,000) shares.

Shares may be issued in three classes: ordinary shares of Class A and B, as well as preference shares. Ordinary shares and preference shares may be issued in an amount not exceeding 100 per cent of the share capital. Ordinary shares of Class A each carry one vote, and ordinary shares of Class B and preference shares each carry one-tenth of a vote.

### 5.2 Dividends

The preference shares carry a right of priority over the ordinary shares to an annual dividend of SEK twenty (20) per share, payable quarterly in the amount of SEK 5.00 per share. Record dates for the payments shall be the last weekday in the months of June, September and December after the annual general meeting, and in the month of March in the year following the annual general meeting.

In the event no dividend is issued to the holders of preference shares, or where only a dividend of less than SEK twenty (20) per preference share is issued during one or more years, the preference shares shall carry a right also to receive, from disburseable funds in subsequent years, Withheld Amounts as defined below (including Recalculation Amounts on Withholding Amounts, as defined below), before any dividend is issued on the ordinary shares. In the event no dividend is issued, or where only a dividend of less than SEK twenty (20) per preference share is issued during one or more years, the subsequent year's annual general meeting shall be required to adopt a resolution regarding allocation of the quarterly disbursement of Withheld Amounts. The preference shares shall otherwise carry no entitlement to dividends.

Each individual quarter, the difference between SEK 5.00 and the dividend paid per preference share shall be added to "Withheld Amounts" (assuming that, at an annual general meeting, a resolution was adopted to issue a dividend of less than SEK twenty (20)). In the event dividends on preference shares are issued in accordance with a resolution adopted at a general meeting other than an annual general

meeting, the amount paid per preference share shall be deducted from Withheld Amounts. The deduction shall take place as of the day on which payment takes place to holders of preference shares and shall thereupon be deemed to constitute settlement of the part of any Withheld Amount which arose first. Withheld Amounts shall be recalculated upwards by a factor corresponding to an annual rate of interest of eight (8) per cent (the "Recalculation Amount"), in which context recalculation shall take place commencing the quarterly date on which payment of the dividend occurred (or should have occurred, in the event no dividend at all is paid out), based on the difference between SEK 5.00 and the dividend paid per preference share on the same quarterly date. In the event such calculation takes place on a date other than a complete year calculated from the day on which any addition to or deduction from Withheld Amounts has taken place, recalculation of amounts added or deducted shall take place in an amount corresponding to the recalculation factor multiplied by the portion of the year that has elapsed. Accrued Recalculation Amounts shall be added to Withheld Amounts and shall thereafter be included in the calculation of the Recalculation Amount.

### 5.3 New issues

In conjunction with any increase in the share capital through a cash issue or debt/equity swap, the shareholders shall hold pre-emption rights to subscribe for the new shares in such a manner that one old share carries a pre-emption right to one new share of the same class; that shares which are not subscribed for by shareholders primarily entitled to subscribe shall be offered to all shareholders; and that, in the event the entire number of shares subscribed for pursuant to the last-mentioned offering cannot be issued, the shares shall be allotted among the subscribers pro rata to the number of shares held prior thereto and, in the event this cannot take place, through the drawing of lots.

In conjunction with any increase in the share capital through a cash issue or debt/equity swap involving only one class of shares, the shareholders shall only enjoy pre-emption rights to the new shares pro rata to the number of shares of the same class held prior thereto. The provisions above shall not entail any restriction on the possibility to adopt resolutions regarding a cash issue or debt/equity swap disapplying the shareholders' pre-emption rights.

In the event the Company decides to issue subscription warrants or convertible debentures through a cash issue or debt/equity swap, the shareholders shall enjoy pre-emption rights to subscribe for warrants or convertible debentures as if the issue applied to the shares which may be subscribed for pursuant to the warrant or in exchange for the convertible debentures.

Any increase in the share capital through a bonus issue may only take place through the issuance of ordinary shares, whereupon – in the event both ordinary shares of Class A and Class B have previously been issued – the relationship between ordinary shares of Class A and Class B issued through the bonus issue, and already issued ordinary shares of Class A and Class B, shall remain unchanged. In this context, only holders of ordinary shares shall be entitled to the new shares. Where both ordinary shares of Class A and Class B have been issued, the bonus shares shall be allotted among the holders of the ordinary shares pro rata to the number of ordinary shares of the same class held prior thereto. However, bonus issues may also take place through the issuance of preference shares to the holders of ordinary shares, whereupon the bonus shares shall be allotted among the holders of ordinary shares pro rata to the total number of ordinary shares held prior thereto. The provisions above shall

not entail any restriction on the possibility to issue a new class of shares, following requisite alteration to the articles of association.

#### 5.4 Redemption

Commencing 2015, following adoption of a resolution at a general meeting the share capital may be reduced (however, not below the minimum share capital) through the redemption of preference shares in accordance with the following principles.

The general meeting shall decide the number of preference shares to be redeemed each time. The specific preference shares to be redeemed shall be determined through the drawing of lots. However, where the resolution is supported by all holders of preference shares, the general meeting may decide which preference shares shall be redeemed.

Any holder of a preference share determined for redemption shall be obliged, three months after being notified of the redemption resolution, to accept payment for the share in an amount calculated as the total of SEK 350 plus any Withheld Amount in accordance with section 5.2 (including any Recalculation Amount on such Withheld Amount up to and including the day on which the redemption amount falls due for payment). All interest calculation shall cease on the day on which the redemption amount falls due for payment.

#### 5.5 Dissolution of the Company

In the event of dissolution of the Company, the holders of preference shares shall be entitled to receive from the Company's net assets SEK 300 per share as well as any Withheld Amount in accordance with section 5.2 (including any Recalculation Amount on such Withheld Amount), prior to any distribution to the holders of the common shares. The preference shares shall otherwise carry no entitlement to any share in the distribution of assets.

#### 5.6 Conversion clause

Upon request by the holders of ordinary shares of Class A, such shares shall be converted into ordinary shares of Class B. A request for conversion must be made in writing to the board of directors, stating the number of ordinary shares of Class A to be converted into ordinary shares of Class B and – in the event the request does not cover the entire holding – the ordinary shares of Class A to which the conversion relates. Such a request must be presented to the board of directors and have reached the board of directors during the month of January or July. The board of directors shall give notice of the conversion to the Swedish Companies Registration Office as soon as possible for registration in the companies register. The conversion is executed when registration has taken place and been noted in the record day register.

### 6 THE BOARD OF DIRECTORS

The board of directors shall comprise no fewer than four members and no more than eight members.

#### 7 AUDITORS

The Company shall have one or two auditors and an equivalent number of alternative auditors, or one or two registered accounting firms.

#### 8 FINANCIAL YEAR

The Company's financial year shall be the calendar year.

#### 9 NOTICE

Notice to attend general meetings shall be given through an announcement in the Official Gazette (Post- och Inrikes Tidningar) and on the Company's website. Information that notice has been given shall be provided in an announcement in Svenska Dagbladet.

#### 10 SHAREHOLDERS' ENTITLEMENT TO PARTICIPATE AT GENERAL MEETINGS

Shareholders who wish to participate in the proceedings at a general meeting must be entered in a printout or other presentation from the entire share register regarding circumstances pertaining five weekdays prior to the general meeting, and must have notified the Company of their participation not later than 12 noon on the date stated in the notice to attend the general meeting. Such a day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not occur earlier than the fifth weekday prior to the general meeting.

#### 11 PRESENCE OF OUTSIDE PARTIES AT GENERAL MEETINGS

A person not entered in the share register shall be entitled to be present at a general meeting, subject to the conditions determined by the board of directors.

#### 12 ANNUAL GENERAL MEETING

The following business shall be addressed at annual general meetings:

1. election of a chairman of the meeting;
2. preparation and approval of a voting register;
3. election of one or two persons to attest the minutes;
4. determination of whether the meeting has been duly convened;
5. approval of the agenda;
6. presentation of the annual report and the auditor's report and, where appropriate, consolidated financial statements and the auditor's report for the group;
7. resolutions regarding:
  - a) adoption of the income statement and balance sheet and, where appropriate, the consolidated income statement and consolidated balance sheet;
  - b) allocation of the Company's profits or losses in accordance with the adopted balance sheet,
  - c) discharge from liability for the directors and CEO;
8. determination of the number of directors, as well as auditors and deputy auditors or registered accounting firms;
9. determination of fees for the board of directors and auditors;
10. election of directors and a chairman of the board of directors;
11. election of auditors and deputy auditors or registered accounting firms;
12. resolution regarding guidelines for remuneration to executive management;
13. resolution regarding the nominations committee;
14. other business incumbent on the general meeting in accordance with the Swedish Companies Act or the articles of association.

#### 13 RECORD DAY PROVISION

The Company's shares shall be registered in a record day register pursuant to the Financial Instruments Accounts Act (1998:1479). These articles of association were adopted at an extraordinary general meeting held on 22 October 2014.







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*Arenan 8, Globen City.*

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**FINANCIAL REPORTS**

SPECIFICATION OF PROPERTIES AND REVIEW

## Consolidated Statement of Income

Amount in SEK million	Note	2014	2013
Income	2, 4, 24	2,521	2,220
Property costs	3, 4, 6	-878	-828
<b>Operating surplus</b>		<b>1,643</b>	<b>1,392</b>
Central administration	3, 5, 6	-84	-78
Financial income	7	4	8
Financial expenses	7	-774	-686
<b>Profit from property management</b>		<b>789</b>	<b>636</b>
Share in earnings of associated companies	12	-126	5
Changes in value, properties	10	1,207	-28
Changes in value, financial instruments	21	-565	337
Change in value, financial assets		-	71
Impairment of goodwill	9	-10	-34
<b>Profit before tax</b>		<b>1,295</b>	<b>987</b>
Current tax	8	-2	-1
Deferred tax	8	-129	-178
<b>NET PROFIT FOR THE YEAR</b>		<b>1,164</b>	<b>808</b>

## Consolidated Report of Comprehensive Income

### Items that can be reversed in the income statement

Net profit for the year		1,164	808
Other comprehensive income		4	-2
<b>NET COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,168</b>	<b>806</b>
<b>Attributable to:</b>			
Parent company shareholders	19	1,168	806
Minority interest		0	0
		<b>1,168</b>	<b>806</b>
Earnings per ordinary share <sup>2</sup> , SEK	19	1.02	0.68
Earnings per preference share <sup>2</sup> , SEK	19	14.06	20.00
Dividend per ordinary share <sup>2</sup> , SEK		0.30 <sup>1</sup>	0.27
Dividend per preference share <sup>2</sup> , SEK		20.00 <sup>1</sup>	20.00

There are no outstanding warrants or convertibles.

1) Proposed dividend

2) Figures for previous years have been adjusted for the bonus issue and reverse split which took place during 2014.

Income, which amounted to SEK 2,521 million (2,220), has been positively affected by a larger property portfolio and a positive net moving-in.

Property costs increased to SEK 878 million (828) during the year, which was largely attributable to a larger property portfolio. Property costs for a comparable portfolio decreased by three per cent mainly due to the mild winter with little snow.

Central administration costs amounted to SEK 84 million (78), the increase being primarily attributable to increased consultancy costs. The increase in financial expenses is attributable to higher interest-bearing liabilities. Profit from property management increased and was mainly affected by net acquisitions.

The change in value of the properties amounted to SEK 1,207 million (-28). The foremost reasons are rising market rents, investment in existing properties and reduced required yields.

Falling long-term market rates have led to reduced values of derivatives. Change in value of derivatives amounted to SEK -565 million (337), of which SEK 0 million (47) was realised changes in value.

Changes in value of financial assets totalled SEK 0 million (71). Net profit for the year increased to SEK 1,164 million (808) due to a larger property portfolio and positive changes in the value of properties.

## Consolidated Balance Sheet

Amount in SEK million	Note	31.12.2014	31. 12.2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	9	245	255
Investment properties	10	30,208	24,059
Machinery and equipment	11	12	12
Participation rights in associated companies	12	448	488
Financial assets valued at fair value via the income statement	13	35	30
Other long-term receivables		6	2
<b>Total non-current assets</b>		<b>30,954</b>	<b>24,846</b>
<b>Current assets</b>			
Accounts receivable	14	130	102
Other receivables	15	168	119
Prepaid expenses and accrued income	16	120	79
Liquid funds	17	286	84
<b>Total current assets</b>		<b>704</b>	<b>384</b>
<b>TOTAL ASSETS</b>		<b>31,658</b>	<b>25,230</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>	18		
Share capital		1,865	925
Other capital contributed		4,786	3,588
Retained profits including net profit for the year		3,337	2,685
<b>Shareholders' equity attributable to the parent company's shareholders</b>		<b>9,988</b>	<b>7,198</b>
<b>Long-term liabilities</b>			
Deferred tax liability	8	978	861
Interest-bearing liabilities	20	12,078	10,745
Other liabilities		5	5
Derivatives	21	709	144
<b>Total long-term liabilities</b>		<b>13,770</b>	<b>11,755</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	6,792	5,418
Accounts payable		196	193
Income tax liability		29	15
Other liabilities	22	172	112
Accrued expenses and prepaid income	23	711	539
<b>Total current liabilities</b>		<b>7,900</b>	<b>6,277</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>31,658</b>	<b>25,230</b>

See Note 25 for information about the Group's pledged assets and contingencies.

As at 31 December 2014, Klövern's portfolio consisted of 408 properties (402) and the fair value of the properties was SEK 30,208 million (24,059).

Participation rights in associated companies total SEK 448 million (488) and consist of an ownership stake of 29.8 per cent of Tribona. From 7 June 2013, Tribona is classified in the accounts as an associated company of Klövern.

Accounts receivable totalled SEK 130 million (102). Established losses amounted to SEK 1 million (4), consisting mainly of completed bankruptcies.

Prepaid expenses and accrued income of SEK 120 million (79) consist mainly of prepaid rental discounts and accrued income. The Group's assets totalled SEK 31,658 million (25,230), the change being mainly attributable to increased property value. Equity increased to SEK 9,988 million (7,198) due to a strong result for the year and the new issue of preference shares. The interest-bearing liabilities increased to SEK 18,170 million (16,163), due to a larger property portfolio.



## Change in Group Shareholder's Equity

Shareholders' equity attributable to the Parent Company's shareholders.

Amount in SEK million	Share capital	Other capital contributed	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2012	925	3,588	2,183	6,696
Net profit for the year	–	–	808	808
Other comprehensive income	–	–	–2	–2
<b>Total changes in assets, excluding transactions with the company's owners</b>	<b>–</b>	<b>–</b>	<b>806</b>	<b>806</b>
Sale of own shares	–	–	131	131
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–186	–186
<b>Total transactions with the company's owners</b>	<b>–</b>	<b>–</b>	<b>–304</b>	<b>–304</b>
Shareholders' equity, 31.12.2013	925	3,588	2,685	7,198
Net profit for the year	–	–	1,164	1,164
Other comprehensive income	–	–	4	4
<b>Total changes in assets, excluding transactions with the company's owners</b>	<b>–</b>	<b>–</b>	<b>1,168</b>	<b>1,168</b>
New issue	22	2,116	–	2,138
Bonus issue	1,665	–1,665	–	–
Reduction of share capital	–747	747	–	–
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–267	–267
<b>Total transactions with the company's owners</b>	<b>940</b>	<b>1,198</b>	<b>–516</b>	<b>1,622</b>
Shareholders' equity, 31.12.2014	1,865	4,786	3,337	9,988

## Consolidated Statement of Cash Flow

Amount in SEK million	Note	2014	2013
<b>Current operations</b>			
Operating surplus		1,643	1,392
Central administration		–84	–78
Reversal of depreciation		4	3
Interest received		4	2
Interest paid		–645	–611
Income tax paid		–2	–1
<b>Cash flow from current operations before changes in working capital</b>		<b>920</b>	<b>707</b>
Change in operating receivables		–901	–773
Change in operating liabilities		824	723
<b>Total change in working capital</b>		<b>–77</b>	<b>–50</b>
<b>Cash flow from current operations</b>		<b>843</b>	<b>657</b>
<b>Investment operations</b>			
Disposal of properties	10	531	346
Acquisition of and investment in properties	10	–5,473	–1,850
Acquisition of machinery and equipment	11	–4	–1
Investments in financial assets		–95	–142
Realized changes in value of financial assets		–	22
<b>Cash flow from investment operations</b>		<b>–5,041</b>	<b>–1,625</b>
<b>Financing operations</b>			
Loans raised		10,170	7,185
Amortization		–7,463	–6,251
Realized changes in value, derivatives		–	47
Sale of own shares		–	131
New issue of preference shares		2,138	–
Dividend		–445	–435
<b>Cash flow from financing operations</b>		<b>4,400</b>	<b>677</b>
<b>Total cash flow</b>		<b>202</b>	<b>–291</b>
<b>Liquid funds at beginning of year</b>		<b>84</b>	<b>375</b>
<b>Liquid funds at year-end</b>	17	<b>286</b>	<b>84</b>

## Parent Company Statement of Income

Amount in SEK million	Note	2014	2013
Net sales	2	187	185
Cost of services sold	26	-143	-143
<b>Gross profit</b>		<b>44</b>	<b>42</b>
Central administration	3, 5, 6, 9	-84	-78
<b>Operating profit</b>		<b>-40</b>	<b>-36</b>
Financial income	7	678	866
Financial expense	7	-399	-232
<b>Profit before tax</b>		<b>239</b>	<b>598</b>
Current tax	8	-	-
Deferred tax	8	25	-7
<b>NET PROFIT FOR THE YEAR</b>		<b>264</b>	<b>591</b>

## Parent Company's Report on Comprehensive Income

Items that can be reversed in the income statement

Net profit for the year	264	591
Other comprehensive income	-	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>264</b>	<b>591</b>



## Parent Company Balance Sheet

Amount in SEK million	Note	31.12.2014	31.12.2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Machinery and equipment	11	4	3
Participation rights in group companies	27	1,875	1,850
Participation rights in associated companies	12	522	435
Receivables from group companies	26	12,512	5,752
Deferred tax asset	8	364	339
<b>Total non-current assets</b>		<b>15,277</b>	<b>8,379</b>
<b>Current assets</b>			
Accounts receivable	14	0	0
Receivables from group companies	26	1,150	5,586
Other receivables	15	6	4
Prepaid expenses and accrued income	16	35	29
Cash and bank	17	277	97
<b>Total current assets</b>		<b>1,468</b>	<b>5,716</b>
<b>TOTAL ASSETS</b>		<b>16,745</b>	<b>14,095</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital		1,865	925
Statutory reserve		721	1,720
<b>Non restricted equity</b>			
Retained earnings		4,409	2,137
Net profit for the year		264	591
<b>Total shareholders' equity</b>	18	<b>7,259</b>	<b>5,373</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	20	5,815	5,066
Liabilities to group companies	26	603	2,936
<b>Total long-term liabilities</b>		<b>6,418</b>	<b>8,002</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	2,546	0
Accounts payable		9	8
Liabilities to group companies	26	253	535
Other liabilities	22	179	108
Accrued expenses and prepaid income	23	81	69
<b>Total current liabilities</b>		<b>3,068</b>	<b>720</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>16,745</b>	<b>14,095</b>

See Note 25 for information about the parent company's pledged assets and contingencies.

## Change in Parent Company's Shareholders' Equity

Shareholders' equity attributable to the Parent Company shareholders. Amount in SEK million	Share capital	Statutory reserve	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2012	925	1,720	2,441	5,086
Net profit for the year	–	–	591	591
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	591	591
Sale of own shares	–	–	131	131
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–186	–186
<b>Total transactions with company's owners</b>	–	–	–304	–304
Shareholders' equity, 31.12.2013	925	1,720	2,728	5,373
Net profit for the year	–	–	264	264
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	264	264
New issue	22	–	2,116	2,138
Bonus issue	1,665	–1,665	–	–
Reduction of share capital	–747	666	81	–
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–267	–267
<b>Total transactions with the company's owners</b>	940	–999	1,681	1,622
Shareholders' equity 31.12.2014	1,865	721	4,673	7,259

## Parent Company Statement of Cash Flow

Amount in SEK million	Note	2014	2013
<b>Current operations</b>			
Operating profit		–40	–35
Reversal of depreciation		1	1
Interest received		1	0
Interest paid		–330	–178
Income tax paid		–	–
<b>Cash flow from operations before changes in working capital</b>		–368	–212
Change in operating receivables		4,706	–1,372
Change in operating liabilities		62	268
<b>Total change in working capital</b>		4,768	–1,104
<b>Cash flow from current operations</b>		4,400	–1,316
<b>Investment operations</b>			
Acquisition of machinery and equipment	11	–2	0
Investment in financial assets	28	–6,873	–2,404
<b>Cash flow from investment operations</b>		–6,875	–2,404
<b>Financing operations</b>			
Loans raised		3,295	1,225
Change in long-term liabilities to group companies		–2,333	2,732
Sale of own shares		–	131
New issue of preference shares		2,138	–
Dividend		–445	–435
<b>Cash flow from financing operations</b>		2,655	3,653
Cash flow for the period		180	–67
Liquid funds at beginning of year		97	164
<b>Liquid funds at year-end</b>	17	277	97

# 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 Nyköping. The Parent Company's shares are listed on Nasdaq Stockholm. The address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden.

The consolidated accounts for 2014 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 13 March 2015. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be presented for adoption by the Annual General Meeting on 23 April 2015.

## 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 Accounts Act and, in some cases, current tax legislation.

## PREREQUISITES FOR PREPARING THE FINANCIAL REPORTS OF THE PARENT COMPANY AND GROUP

The Parent Company's functional currency is Swedish kronor which is also the reporting currency for the Parent Company and the Group. All amounts, unless otherwise stated, are rounded to the nearest million. 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 in accordance with IAS 40.

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

## NEW AND CHANGED STANDARDS AND INTERPRETATIONS

### New standards and interpretations that have come into effect in 2014

The following new and changed IFRS standards and interpretations have come into force and affect the company for the 2014 financial year.

IFRS 12 Disclosure of interests in other entities shall be applied for companies with interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 establishes objectives for disclosures and specifies the disclosures that a company must make as a minimum to comply with these objectives. Companies shall make disclosures which assist users of its financial reports to assess the nature of the risks pertaining to holdings in other entities as well as the impact that these holdings have on the company's financial reports.

IFRS 12 has entailed new disclosure requirements for interests in associated companies, which are presented in note 12.

IFRS 10 has replaced IAS 27 Consolidated and Separate Financial Statements and SIC 12. When should a special purpose entity be included in the financial statements? The standard changes the definition of control and provides guidance on how a holding in a subsidiary is to be identified. The requirements on consolidation, consolidation techniques and reporting of holdings without control and change of control are the same as before. The new standard does not have any effect on Klövern's reporting.

Other new changed standards and interpretations have not had any significant impact on Klövern's financial reports in 2014.

### New standards and interpretations that come into effect in 2015

IFRIC 21 Levies deals with reporting of charges and taxes (apart from income taxes), which the state or similar bodies has levied on the company.

The interpretation clarifies the time at which a liability for such charges and taxes shall be recognized. The event that triggers the obligation to pay such a charge or tax is also the event that entails that a liability shall be recognized. This interpretation was approved by the EU as at 17 June 2014 and applied for financial years starting on 17 June 2014 or later within the EU.

IFRIC 21 will be applied in the group from 1 January 2015. For the group, IFRIC 21 entails that property tax will be recognized as a liability in its entirety when the obligation to pay arises. As the obligation arises annually on 1 January, Klövern will recognize the liability for the whole year as at 1 January 2015. Furthermore, a prepaid expense for property tax will be recognized which will be accrued on a linear basis over the financial year.

### New and changed standards and interpretations that have not yet come into effect

IFRS 15 deals with recognition of revenue from contracts and from sale of certain non-financial assets. It does not include rental income but does cover various types of services provided or obtained by Klövern for its tenants. The standard will supersede IAS 11 Construction Contracts and IAS 18 Revenue and appurtenant interpretations. It shall be applied from 2017 but has not yet been approved by the EU. Klövern has not yet evaluated the new standard but has made a preliminary assessment that it will have a limited effect on Klövern's accounting.

IFRS 9 Financial Instruments was issued on 24 July 2014 and is to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard has been issued in phases where the version issued in July 2014 replaces all the previous versions. The standard includes new requirements for classification and measurement of financial instruments, offsetting, impairment and general rules for hedge accounting. The standard is mandatory for periods starting from 1 January 2018 and later but has not yet been adopted by the EU.

The company management's assessment is that the application of IFRS 9 can affect the amounts reported in the financial statements as regards the group's financial assets and liabilities. The management has not yet made a detailed analysis of the effects of application of IFRS 9 and can therefore not yet quantify the effects.

## THE PARENT COMPANY'S ACCOUNTING POLICIES

### Changed accounting policies

The changes to RR2 Reporting for legal entities which came into effect and apply for the 2014 financial year have not affected the parent company's financial reports.

### Changes in RR2 which have not yet come into effect

The changes in RR2 Reporting for legal entities which came into effect from 1 January 2015 are not considered to affect the parent company's financial reports.

## CLASSIFICATION

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 twelve months from 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 Klövern 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.



**NOTE 1 CONTINUED  
PRINCIPLES OF CONSOLIDATION****Subsidiaries**

Subsidiaries are companies where the Parent Company Klövern 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 acquisition value of the participation rights is established, and the fair value of the acquired identifiable assets, debts and contingencies assumed.

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

**Associated companies**

Klövern has an associated company. A company is reported as an associated company as Klövern 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. Participation rights in associated companies are reported in the balance sheet under the heading Participation rights in associated companies, at the acquisition value adjusted for changes in the group's share of the associated company's net assets less any reductions in the fair value of individual shares. In transactions between group companies and associated companies, the part of unrealised profits and losses corresponding to the group's share of the associated company is eliminated except as regards unrealised losses due to the impairment of a transferred asset. Klövern does not own any shares in companies classified as jointly-owned companies.

**Classification of acquisitions and goodwill**

On acquisition of business activities, an analysis is made of how the acquisition is to be reported based on the following criteria: The existence of employees and the complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into consideration. If these criteria are present to a great extent, the acquisition is classified as a business combination and if they are present to a small extent as an asset acquisition. In the case of business combinations full deferred tax is recorded on the temporary differences between the fair value of properties and their tax residual value. All acquisitions made during the 2014 financial year have been classified as asset acquisitions.

When acquisition of subsidiaries entails acquisition of assets which do not constitute a business operation, the acquisition cost is allocated to the individual assets and liabilities based on their relative fair values at the time of acquisition.

Properties and financial instruments are valued at their relative fair values. Other items have not been revalued. Goodwill mainly arises by the calculation of deferred tax according to accounting rules and the value given to deferred tax between parties in transactions. For accounting purposes deferred tax is calculated on the difference between fair and tax values. In transactions the deferred tax is normally valued based on the probability that it will fall due for payment as well as considering the time it might take for this payment to be made. An evaluation of goodwill impairment needs attributable to sales and impairment of the fair value of properties is made annually.

**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.

**INCOME****Rental income**

Rental income from investment properties is reported in the statement of income based on the conditions 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**

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 sales**

Income from property sales 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 sale 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 seller 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. Worked-up 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.

**REPORTING OF SEGMENTS**

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 four regions. These are in turn divided into eighteen geographic business units. Each segment has a manager who is responsible for the day-to-day operations and who makes regular reports to the executive management. The executive management follows up the operating profit and the value of the properties and investments on the assets side. Financing takes place centrally and is not divided up by segment.

**OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE****Property costs**

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

**Central administration**

Consists of costs for group functions and ownership of the Group's subsidiaries.

**Financial income and expense**

Financial income and expense consists of interest income on bank funds and receivables, interest expense on loans. Interest expense includes 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. Loan costs directly attributable to purchase, design or production of large new construction, extensions or refurbishment are capitalized during the production period. Realized and unrealized profits and losses on financial investments and derivative investments used in the financial operations are recognized as changes in value under a separate heading in the statement of income.

Financial income and expense are recognised as accrued acquisition value.

**NOTE 1 CONTINUED  
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 recorded directly to 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 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 and which are asset acquisitions and which at the time of the transaction neither affect the reported nor the taxable result. Neither are temporary differences taken into account that relate to participation rights 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 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.

The current tax and the deferred tax have been calculated according to the current tax rate of 22 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 as well as derivatives and financial instruments. The company does not apply hedge accounting.

Financial instruments are reported initially at acquisition value corresponding to the instrument's fair value at the time of acquisition with the addition of transaction costs for all financial instruments except those which belong to the category financial asset which are reported at their fair value through the statement of income excluding transaction costs. Reporting hereafter takes place depending how they have been classified below.

The category financial assets consists of two sub-categories: financial assets valued at fair value via the statement of income and loans and accounts receivable. The category financial liabilities consists of one sub-category: financial liabilities valued at accrued acquisition value. A financial asset or financial liability is recorded in the balance sheet when the company becomes a party in accordance with the instrument's contractual terms. Accounts receivable are taken up in the balance sheet when the invoice has been sent. Liabilities are recorded when the opposite party has performed and there is a contractual obligation to pay even if an invoice has not yet been received. Accounts payable are taken up when the invoice has been received.

A financial asset and financial liability is set off and reported at a net amount in the balance sheet only when there is a legal right to set off the amounts and it is intended to adjust the items by a net amount or realize the asset at the same time and settle the debt.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, mature or the company loses control of them.

The same applies for part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is performed or otherwise extinguished. The same applies for a part of a financial liability.

On each reporting occasion, the company evaluates whether there are objective indications that a financial asset or a group of financial assets is in need of impairment.

Derivative instruments are valued in the consolidated accounts at their fair value with changes in value reported in the statement of income. The following derivative instruments occur: interest rate swaps and interest caps. The company does not apply hedge accounting.

**STATEMENT OF CASH FLOW**

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

**LIQUID FUNDS AND BLOCKED ACCOUNTS**

Liquid funds consisting of cash and immediately available deposits at banks and corresponding institutions. Amounts in blocked accounts are funds that serve as collateral for payment of loans or for financing of investment in properties and are reported as other receivables.

**LONG-TERM RECEIVABLES AND OTHER RECEIVABLES**

Long-term receivables and other receivables are receivables that are held without the intention of trading with the right to the receivable. If the expected period of possession is longer than a year, they are long-term receivables, if shorter they are current receivables.

**LOAN CLAIMS AND ACCOUNTS RECEIVABLE**

Loan claims and accounts receivable are reported at the amount expected to be received after deduction for doubtful debts, which are assessed on a case-by-case basis. Impairment of the account receivable takes place when there is a risk of the whole or parts of the claim not being received. The expected duration of the account receivable is short, so that the value is reported at the nominal amount without discounting. Impairment of accounts receivable is reported in the operating expenses.

**LIABILITIES**

Liabilities refer to loans and operating liabilities. Loans are reported at acquisition value. Operating liabilities are reported when the counterparty has supplied the service or good, even if the invoice has not been received. Accounts payable have a short expected duration and are valued without being discounted at the nominal amount.

**PROPERTY, PLANT AND EQUIPMENT****Assets owned**

Property, plant and equipment 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 contracts**

Leasing is classified 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. There are also a smaller number of lease contracts where Klövern is the lessee and these lease contracts are also classified as operational lease contracts, which means that the leasing fee is expensed over the term of the lease starting from taking into use.

**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, the 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 the consolidated balance sheet at their fair value, see Note 10. Every quarter, Klövern values 100 per cent of the property portfolio, normally 20–30 per cent externally and the rest internally. This means that every property in the portfolio is valued externally 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.

**NOTE 1 CONTINUED**

Both realized and unrealized changes in value are reported in the statement of income. Rental income and income from property sales are reported in accordance with the principles 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. The interest expense is capitalized during the period of production in major projects.

**Reporting of borrowing costs**

The Group does not capitalize interest in the assets' acquisition value except in major projects, where interest is capitalized. In other cases, borrowing costs are reported in the period they arise.

**REPURCHASE OF OWN SHARES**

Acquisition of shares is reported as a deductible item from equity. Payments for divestments of these equity instruments 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.

**REMUNERATION TO EMPLOYEES**

Pensions may be classified as defined contribution or defined benefit schemes. Klöver's pensions are to be as defined contribution. For pensions are treated as defined contribution since there are not enough details to report them as defined benefit schemes. Undertakings concerning contributions to defined contribution pension schemes are reported as a cost in the income statement when they arise.

**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.

**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 IFRS 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 Accounts 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.

**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**

The participation rights 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 participation rights in a subsidiary is continuously assessed. If the book value of the participation rights exceeds the consolidation value, an impairment is made that is charged to earnings.

**Property, plant and equipment**

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 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**

	2014	2013
<b>Group</b>		
Rental income	2,503	2,185
Insurance indemnification	13	19
Rental guarantees	1	7
Redemption of lease contracts	4	9
<b>Total income</b>	<b>2,521</b>	<b>2,220</b>
<b>Parent company</b>		
Invoiced administration to subsidiaries	187	185

**NOTE 3 EMPLOYEES AND THE BOARD  
Employees and the Board**

Average number of employees	2014	Proportion of women, %	2013	Proportion of women, %
Parent Company	191	40	192	41
Subsidiaries	0	0	0	0
<b>Group total</b>	<b>191</b>	<b>40</b>	<b>192</b>	<b>41</b>

All are employees in Sweden.

**Gender distribution in executive management**

Average	2014 Proportion of women, %	2013 Proportion of women, %
<b>Parent Company</b>		
Board	60	60
Other senior executives	33	24
<b>Group total</b>		
Board	60	60
Other senior executives	33	24

**NOTE 3 CONTINUED**

The number of senior executives (including the CEO) in the Parent Company was nine (9), of which two (2) were women. Rutger Arnhult is CEO. The Deputy CEO was Per-Gunnar Sabel, regional manager Stockholm (January to October). Other senior executives were Mattias Rickardsson, CFO, (January to September), Elisabeth Norling, Personnel Manager (January to October), Hans Lindh, regional manager Central/North (January to October), Mikael Forkner, regional manager East (January to October) and Göran Joneskär, regional manager South (January-October), Susanne Essehorn, property manager (November to December) and Peeter Kinnunen, transaction manager (November to December).

At the end of 2014, 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 Fredrik Svensson. Members are Rutger Arnhult (CEO, Klövern), Ann-Cathrin Bengtson, Eva Landén and Pia Gideon.

**Remuneration**

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting. Remuneration and benefits to the deputy CEO and 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 the decisions of the Annual General Meeting. No director's fee is paid to a board member, who is employed by the Company during this period.

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 par-

ticipation in Klövern'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 the Deputy CEO and 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. The pension premium for the Deputy CEO and other senior executives may amount to at most 35 per cent of the basic salary during the period of employment with the company. The retirement age of the Deputy CEO and 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.

The Deputy CEO and other senior executives are entitled to a company car, subsistence benefit, health insurance and participation in Klövern's profit-sharing foundation.

There is no remuneration in the form of share-related remuneration programmes or other financial instruments.

**Employees and the Board**

	Group		Parent Company	
<b>Salaries, remuneration and benefits, SEK 000s</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Chairman of the Board	280	280	280	280
Other members of the board, 3.0 persons (3.0)	420	420	420	420
CEO				
Basic salary	4,128	4,000	4,128	4,000
Variable salary	–	–	–	–
Benefits	192	164	192	164
Deputy CEOs, 0.8 persons (1.9)				
Basic salary	1,280	3,128	1,280	3,128
Variable salary	–	146	–	146
Benefits	80	183	80	183
Other senior executives, 4.5 persons (4.8)				
Basic salary	5,395	5,969	5,395	5,969
Variable salary	55	445	55	445
Benefits	484	511	484	511
Other employees				
Basic salary	87,168	85,553	87,168	85,553
Variable salary	885	100	885	100
Benefits	5,520	5,057	5,520	5,057
<b>Total</b>	<b>105,887</b>	<b>105,956</b>	<b>105,887</b>	<b>105,956</b>
<b>Contractual pension costs, including Fora</b>				
CEO	1,437	1,106	1,437	1,106
Deputy CEOs, 0.8 persons (1.9)	445	1,040	445	1,040
Other senior executives, 4.5 persons (4.8)	1,396	2,145	1,396	2,145
Other employees	10,373	9,717	10,373	9,717
<b>Total</b>	<b>13,651</b>	<b>14,008</b>	<b>13,651</b>	<b>14,008</b>



**NOTE 3 CONTINUED****Employees and the Board**

	Group		Parent Company	
Statutory social security contributions, including wages tax				
Chairman of the Board	88	88	88	88
Other members of the board, 3.0 persons (3.5)	133	132	133	132
CEO	1 711	1,576	1,711	1,576
Deputy CEOs, 0.8 persons (1.9)	582	1,349	582	1,349
Other senior executives, 4.5 persons (4.8)	2 106	2,706	2,106	2,706
Other employees	30,268	30,095	30,268	30,095
<b>Total</b>	<b>34,888</b>	<b>35,946</b>	<b>34,888</b>	<b>35,946</b>

**Profit-sharing foundation**

Klövern has a profit-sharing foundation that covers all employees according to rules in the by-laws. Transfers to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klöverns profit, yield requirement and dividend to shareholders. For the financial year 2014 SEK 9.455 million including wage tax was allocated to the foundation.

**Defined contribution schemes**

The Group's employees are covered by defined contribution pension schemes, which are wholly paid for by the company. For pensions are treated as defined contribution since there are not enough details to report them as defined benefit schemes. Payment takes place currently according to the rules.

**NOTE 4 EARNINGS PER PROPERTY SEGMENT AND REGION**

The earnings table shows the operating activities, including properties acquired and investments made during the year. The key ratios, however, refer to the situation at the respective year-end and the figures in the two tables are accordingly not wholly comparable.

Ericsson is Klöverns largest tenant and accounted for 11 per cent (12) of Klöverns contract value at year-end 2014. The area leased by Ericsson amounted to 170,000 sq.m. (146,000) and the average remaining contract term was 3.5 years (3.9).

**Earnings per property segment and region**

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investment, SEKm	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Stockholm	985	752	-318	-261	667	491	68	65	401	220
East	636	607	-219	-231	417	376	66	62	214	317
Central/North	571	554	-216	-220	355	334	62	60	212	148
South	329	307	-125	-116	204	191	62	62	194	145
Management	2,414	2,081	-796	-743	1,618	1,338	67	64	624	709
Development	107	139	-82	-85	25	54	24	39	397	121
<b>Total</b>	<b>2,521</b>	<b>2,220</b>	<b>-878</b>	<b>-828</b>	<b>1,643</b>	<b>1,392</b>	<b>65</b>	<b>63</b>	<b>1,021</b>	<b>830</b>

**Key ratios per property segment and region**

	Fair value, SEKm		Yield requirement <sup>1</sup> , %		Area, 000 sq.m		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Stockholm	14,376	9,521	6,4	6,8	777	649	1,244	898	90	90
East	6,360	5,623	7,2	7,4	758	722	711	657	91	90
Central/North	5,626	5,238	7,3	7,5	734	727	655	648	89	90
South	3,846	3,677	7,3	7,5	523	526	373	367	90	89
Management	27,315	21,777	6,9	7,2	2,474	2,276	2,797	2,360	92	92
Development	2,893	2,282	7,0	7,5	318	348	186	210	57	66
<b>Total</b>	<b>30,208</b>	<b>24,059</b>	<b>6,9</b>	<b>7,2</b>	<b>2,792</b>	<b>2,624</b>	<b>2,983</b>	<b>2,570</b>	<b>90</b>	<b>90</b>

1) Yield requirement is calculated excluding building rights.

**NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS**

SEK 000s	Group		Parent company	
	2014	2013	2014	2013
<b>Ernst &amp; Young AB</b>				
Audit assignments	-2,425	-2,380	-2,425	-2,380
Tax advice	-	-348	-	-348
Other assignments	-434	-606	-434	-606
	-2,859	-3,334	-2,859	-3,334

**NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE**

Group	2014	2013
<b>Property-related costs</b>		
Operating costs	-460	-458
Repairs and maintenance	-149	-128
Property tax and site leasehold charges	-162	-129
Personnel costs	-102	-106
Other property costs	-5	-7
<b>Total</b>	<b>-878</b>	<b>-828</b>
<b>Central administration</b>		
Personnel costs	-39	-38
Provision, profit-sharing foundation	-9	-10
IT, advertising and cost of premises	-13	-12
Auditors' fees	-2	-3
Other costs	-21	-15
<b>Total</b>	<b>-84</b>	<b>-78</b>

**NOTE 8 TAXES****Consolidated Statement of Income**

	2014		2013	
	Basis current tax	Basis, deferred tax	Basis current tax	Basis, deferred tax
Tax calculation for Group				
Profit before tax	1,295	-	987	-
Deductible for tax purposes				
depreciation	-531	531	-439	439
investment	-177	177	-219	219
Change in value of properties not subject to tax	-1,199	1,199	50	-50
Change in value of derivatives not subject to tax	565	-565	-289	289
Change in value of securities not subject to tax	-	-	-49	49
Impairment of goodwill not subject to tax	10	-	34	-
Tax effect of company and property sales	-94	-	-22	-
Non-deductible expenses	33	-	5	-
Other adjustments for tax purposes	5	-	-9	-
<b>Total operating profit</b>	<b>-93</b>	<b>1,342</b>	<b>49</b>	<b>946</b>
Use of loss carry-forwards	-47	47	-46	46
New loss carry-forwards	147	-388	-	-
Adjustment for effect of properties sold	-	-104	-	-127
Adjustment for acquired temporary differences	-	-311	-	-56
<b>Total taxable profit</b>	<b>7</b>	<b>586</b>	<b>3</b>	<b>809</b>
<b>Current tax/deferred tax</b>	<b>-2</b>	<b>-129</b>	<b>-1</b>	<b>-178</b>

**NOTE 7 NET FINANCIAL ITEMS**

	2014	2013
<b>Group</b>		
Income from other securities	-	6
Interest income, other	4	2
<b>Total</b>	<b>4</b>	<b>8</b>
<b>Parent Company</b>		
Income from other securities	-	37
Dividend from associated companies	6	-
Interest income, group companies	30	0
Interest income, other	1	0
Dividend/group contribution, group companies	641	829
<b>Total</b>	<b>678</b>	<b>866</b>
<b>Group</b>		
Interest expense, other	-733	-658
Other financial expenses	-41	-28
<b>Total</b>	<b>-774</b>	<b>-686</b>
<b>Parent Company</b>		
Interest expense, group companies	-1	0
Interest expense, other	-372	-182
Impairment, participation rights in subsidiaries	-	-34
Other financial expenses	-26	-16
<b>Total</b>	<b>-399</b>	<b>-232</b>

**NOTE 8 CONTINUED**  
**Consolidated Balance Sheet**

	2014		2013	
	Basis	Tax	Basis	Tax
<b>DEFERRED TAX ASSET</b>				
At beginning of year	1,893	417	1,940	427
Change during the year	341	75	-47	-10
Deferred tax asset at year-end <sup>1</sup>	2,234	492	1,893	417
<b>DEFERRED TAX LIABILITY<sup>2</sup></b>				
<b>Temporary difference properties</b>				
At beginning of year	9,739	2,143	8,817	1,940
Change during the year	3,090	680	922	203
At year-end	12,829	2,822	9,739	2,143
<b>Acquired temporary differences properties<sup>3</sup></b>				
At beginning of year	-3,840	-845	-3,352	-737
Change during year due to acquisitions and sales	-1,646	-362	-488	-107
At year-end	-5,486	-1,207	-3,840	-844
<b>Temporary differences derivatives and financial assets</b>				
At beginning of year	-96	-21	-432	-95
Changes during the year	-565	-124	336	74
At year-end	-661	-145	-96	-21
<b>Total deferred tax liability</b>				
At beginning of year	5,803	1,277	5,033	1,108
Change during the year	879	193	770	169
Total deferred tax liability at year-end	6,682	1,470	5,803	1,277

Parent Company	2014	2013
<b>Profit before tax</b>	<b>239</b>	<b>598</b>
Current tax	-	-
Deferred tax	25	-7
<b>Net profit</b>	<b>264</b>	<b>591</b>
<b>Deferred tax asset</b>		
At beginning of year	339	346
Change during the year	25	-7
At year-end	364	339

1) Refers to established deficit of SEK 2,236 million (1,893).

2) Deferred tax liability is calculated between fair values and residual values for tax purposes.

3) Does not include basis for deferred tax since the acquisition values are classified as asset acquisitions.

**NOTE 9 GOODWILL**

On 2 March 2012, Klöver 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 has been 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 sales and impairment of the fair value of the properties.

	2014	2013
Business combination	255	289
Impairment attributable to properties sold	0	0
Impairment attributable to change in value of properties	-10	-34
<b>Closing balance</b>	<b>245</b>	<b>255</b>

**NOTE 10 INVESTMENT PROPERTIES VALUATION OF PROPERTY HOLDINGS**

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 100 per cent of the property portfolio. Normally 20–30 per cent of the property portfolio is valued externally each quarter, 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.

These valuations have been carried out with a yield-based method applying the cash flow model, i.e. based on forecasts of future cash flows. The direct yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location 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 DTZ Sweden and Savills.

**Summary**

Value date	31 December 2014
Fair value	SEK 30,208 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 5.25 and 12.00 per cent
Cost of capital/discount rate	Between 6.00 and 12.24 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (The Riksbank's inflation target)

**Property holdings and valuation at fair value as at 31 December 2014**

	Fair value, SEKm	No. of properties	Rental value, SEKm <sup>1</sup>	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm	14,376	90	1,244	90	777	6.00–12.24	5.40–10.00	6.4
East	6,360	129	711	91	758	7.00–12.24	5.25–10.00	7.2
Central/North	5,626	99	655	89	734	7.00–11.20	5.25–9.00	7.3
South	3,846	90	373	90	523	7.90–10.90	5.80–8.75	7.3
– Investment	27,315	347	2,797	92	2,474	7.00–12.24	5.25–10.00	6.9
– Development	2,893	61	186	57	318	7.65–12.24	5.75–10.00	7.0
<b>Total</b>	<b>30,208</b>	<b>408</b>	<b>2,983</b>	<b>90</b>	<b>2,792</b>	<b>6.00–12.24</b>	<b>5.25–10.00</b>	<b>6.9</b>

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

**Calculation of the fair value of the property**

- > The cash flow of the property is discounted to present-day 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 current-day value with the cost of capital.
- > The value of any building rights and undeveloped land is added to the present-day value.
- > The normal calculation period is five or ten years.
- > Inflation has been assessed at two per cent (The Riksbank's inflation target).

**VALUATION METHOD**

Klövern uses yield valuation 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 site leaseholds; see the section Buildings and site leaseholds 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.

**VALUATION MODEL**

+ Rent payments  
– Operating payments  
= Operating surplus  
– Deduction for investments  
= Property's cash flow

**Sensitivity analysis**

A property analysis 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 properties can only reliably be established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/- 5 per cent in a normal market. A changed property value of +/- 5 per cent affects Klövern's property value by +/- SEK 1,510 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, SEKm
Yield requirement	0.5 percentage point	–1,991/2,304
Rental income	SEK 50/sq.m.	+/-2,064
Operating cost	SEK 25/sq.m.	–/+1,032
Vacancy rate	1.0 percentage point	–/+434

**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 and vacations 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.



**NOTE 10 CONTINUED****Operating payments**

Operating payments consist of payments for the property's normal operations, including property tax, repairs and maintenance, site leasehold charges and property administration. 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. In the event of large vacancies at the property, the required investment often increases.

**Yield requirement and cost of capital**

The direct 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 nature of the lease contract. 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.

**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 the remaining contract term plus at least one year has been adopted.

**Building rights and plots**

At the properties where there are unused building rights and plots, these are valued on the basis of the location price method or a current value based on the estimated market value on development of the building rights and plots. All values of building rights and sites have been assessed by the external valuers.

**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 VALUATIONS**

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 30,208 million (24,059) on 31 December 2014. Changes in value for the full year 2014 amounted to SEK 1,207 million (–28).

The unrealized changes in value were SEK 1,199 million (–50) and the realized changes in value SEK 8 million (22). Klöver's property portfolio has been valued at an average yield requirement of 6.9 per cent (7.2) on 31 December 2014.

Group	Properties
<b>Opening fair value, 1 January 2013</b>	<b>22,624</b>
Acquisition value of properties acquired during the year	1,020
Investment in properties	830
Sales income, sold properties	–387
Change in value	–28
<b>Closing fair value, 31 December 2013</b>	<b>24,059</b>
Acquisition value of properties acquired during the year	4,452
Investment in properties	1,021
Sales income, sold properties	–531
Change in value	1,207
<b>Closing fair value, 31 December 2014</b>	<b>30,208</b>

**Investment properties – effect on profit for the year**

Group	2014	2013
Income	2,521	2,220
Direct costs for investment properties that generated rental income during the period	–878	–828
Direct costs for investment properties that did not generate rental income during the period	–	–

**Tax assessment values**

Group	2014	2013
Tax assessment values, buildings	10,835	9,199
Tax assessment values, land	3,760	3,275
<b>Total tax assessment value</b>	<b>14,595</b>	<b>12,474</b>

**TAX RESIDUAL VALUE**

The tax residual value of the properties totalled SEK 17,378 million (14,320) on 31 December 2014.

**NOTE 11 MACHINERY AND EQUIPMENT**

	2014		2013	
	Group	Parent Company	Group	Parent Company
<b>Accumulated acquisition cost</b>				
Opening balance	41	10	40	9
Purchases	4	2	2	0
Acquisition of subsidiaries	0	–	0	–
Sales and disposals	–5	0	–2	0
<b>Total</b>	<b>40</b>	<b>12</b>	<b>40</b>	<b>9</b>
<b>Accumulated scheduled depreciation</b>				
Opening balance	–29	–7	–26	–5
Acquisition of subsidiaries	0	–	0	–
Sales and disposals	5	0	1	0
Scheduled depreciation on acquisition values for the year	–4	–1	–3	–1
<b>Total</b>	<b>–28</b>	<b>–8</b>	<b>–28</b>	<b>–6</b>
<b>Carrying amount at year-end</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>3</b>

**NOTE 12 PARTICIPATION RIGHTS IN ASSOCIATED COMPANIES**

	2014	2013
Shares owned by Klöver	14,517,998	11,614,399
Share of equity, % <sup>1</sup>	29.8	29.8
Share of voting rights, %	29.8	29.8

1) Based on the number of outstanding shares.

	Group	Parent company
Opening balance, 1 January 2014	488	435
Acquisition/additional shares in profit	87	87
Share in profit	–126	–
Other	–1	–
<b>Closing balance, 31 December 2014</b>	<b>448</b>	<b>522</b>

Klöver acquired 11,614,399 shares in Tribona in 2013 and 2,903,599 shares in the new issue made in 2014. The holding has been reported as a share in an associated company from 7 June 2013 under financial income and eliminated in the consolidated financial statements.

**Financial information for Tribona AB (publ), summary (100%)**

Tribona prepares its financial statements in compliance with International Financial Reporting Standards (IFRS).

*Klöver's share of Tribona's earnings*

	2014	2013
Income	425	468
Profit from property management	128	174
Changes in value, properties	–325	–85
Changes in value, derivatives	–252	66
<b>Net profit for the period</b>	<b>–420</b>	<b>94</b>
<i>Klöver's share of earnings, 29.8% (including tax)</i>	<i>–126</i>	<i>5</i>

*Klöver's share of net assets:*

	2014	2013
Investment properties	4,831	5,574
Other assets	330	323
Liabilities	–3,357	–3,956
<b>Net assets</b>	<b>1,804</b>	<b>1,941</b>
<i>Klöver's share of net assets, 29.8%</i>	<i>538</i>	<i>579</i>
<b>Carrying amount in Tribona</b>	<b>1,804</b>	<b>1,941</b>
<i>of which Klöver's share, 29.8%</i>	<i>538</i>	<i>578</i>

The fair value of Klöver's holding amounted to SEK 560 million, based on the share price as at 31 December 2014. There are no contingencies in Klöver for Tribona.

**NOTE 13 FINANCIAL ASSETS AT FAIR VALUE VIA THE INCOME STATEMENT**

	2014	2013
<b>Group</b>		
Other securities	30	22
Other items	5	8
<b>Total</b>	<b>35</b>	<b>30</b>

The calculation has been made in accordance with the so-called Level 3, i.e. non-observable input data.

**NOTE 14 ACCOUNTS RECEIVABLE**

Klövern values its accounts receivable every quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provision is made for doubtful claims and the claim is recorded as a rent loss in the event of bankruptcies or other established losses. Our managers always carry out a credit rating of the tenant in connection with new letting.

Accounts receivable in the Group is reported after taking into consideration rent losses arising during the year which totalled SEK 2.4 million (4.2) including a deduction of SEK 0.4 million (2.3) for reversed rent losses, which corresponds to 0.1 per cent (0.2) of sales. Established rent losses amounted to SEK 3.3 million (3.9) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

**Accounts receivable by age**

Days	2014	2013
0–29	24	25
30–89	3	2
90–	112	85
Doubtful claims	–9	–10
<b>Total</b>	<b>130</b>	<b>102</b>

Doubtful claims	2014	2013
Doubtful claims at beginning of year	10	10
Provisions for anticipated rent losses	2	6
Claims collected	0	–2
Established losses	–3	–4
<b>Doubtful claims at year-end</b>	<b>9</b>	<b>10</b>

**NOTE 15 OTHER RECEIVABLES**

	2014	2013
<b>Group</b>		
Settlement taxes and fees	105	62
Receivable from previous property owner	41	41
Dividend	1	1
Other current receivables	21	15
<b>Total</b>	<b>168</b>	<b>119</b>
<b>Parent Company</b>		
Settlement taxes and fees	1	0
Dividend	1	1
Other current receivables	4	3
<b>Total</b>	<b>6</b>	<b>4</b>

**NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME**

	2014	2013
<b>Group</b>		
Accrued property costs	9	4
Prepaid rent discounts	43	22
Prepaid site leasehold charges	8	8
Prepaid financial expenses	48	34
Accrued income	10	8
Other prepaid expenses	2	3
<b>Total</b>	<b>120</b>	<b>79</b>

<b>Parent Company</b>		
Prepaid financial expenses	30	26
Prepaid insurance	0	1
Property acquisition in process	1	1
Accrued income	1	–
Other prepaid expenses	3	1
<b>Total</b>	<b>35</b>	<b>29</b>

**NOTE 17 LIQUID FUNDS**

	2014	2013
<b>Group</b>		
Cash and bank	286	84
<b>Total</b>	<b>286</b>	<b>84</b>
<b>Parent Company</b>		
Cash and bank	277	97
<b>Total</b>	<b>277</b>	<b>97</b>

**NOTE 18 SHAREHOLDERS' EQUITY**

Klövern manages capital consisting of the Group's shareholders' equity with the aim of providing Klövern's shareholders with a return of at least the risk-free rate plus nine percentage points, which is the goal set in Klövern's business plan. Return on equity amounted to 14.5 per cent (11.6) in 2014. During the past ten years, the average return on equity has been 11.9 per cent.

Klövern's aim is to maintain a well-balanced asset and capital structure adapted to the company's real estate operations. The goal is for the equity ratio to be at least 30 per cent. The outcome in 2014 was 31.5 per cent (28.5). The equity ratio goal is a simplified consequence of a more in-depth analysis where equity has been apportioned in relation to the different risk profiles that investment properties have in the balance sheet.

The share capital consists of three classes of share, ordinary shares of Class A, ordinary shares of Class B and preference shares, all with a quote value of SEK 2 per share. Ordinary shares of Class B and preference shares confer one-tenth of a vote in contrast with an ordinary share of Class A, which confers one vote per share.

**Dividend**

The Board of Directors of Klövern AB proposes to the Annual General Meeting a dividend for the financial year 2014 of SEK 0.30 per ordinary share (0.27) and SEK 20.00 per preference share (20.00), totalling SEK 604 million (481).

**Change in share capital**

	Date	Number of ordinary shares	Number of preference shares	Total no. of registered shares	Nom SEK/share	Share capital, SEK
At the start of the year	01.01.2010	160,802,863		166,544,326	5	832,721,630
At year-end	31.12.2010	160,802,863		166,544,326	5	832,721,630
At year-end	31.12.2011	160,802,863		166,544,326	5	832,721,630
Cash new issue	13.01.2012	34		166,544,360	5	832,721,800
Bonus issue	13.01.2012		4,163,609	170,707,969	5	853,539,845
New issue	06.03.2012		7,544,531	178,252,500	5	891,262,500
New issue	10.04.2012		66,638	178,319,138	5	891,595,690
New issue	19.04.2012		585	178,319,723	5	891,598,615
New issue	29.06.2012		463,000	178,782,723	5	893,913,615
New issue	09.07.2012		448,000	179,230,723	5	896,153,615
New issue	14.09.2012		912,500	180,143,223	5	900,716,115
New issue	17.09.2012		132,475	180,275,698	5	901,378,490
New issue	08.10.2012		3,583,350	183,859,048	5	919,295,240
New issue	08.10.2012		1,105,000	184,964,048	5	924,820,240
New issue	17.10.2012		116,650	185,080,698	5	925,403,490
Sale of repurchased shares 2012		741,463				
At year-end	31.12.2012	161,544,360	18,536,338	185,080,698	5	925,403,490
Sale of repurchased shares 2013		5,000,000				
At year-end	31.12.2013	166,544,360	18,536,338	185,080,698	5	925,403,490
New issue	24.03.2014		300,000	166,844,360	5	926,903,490
New issue	11.04.2014		987,468	186,368,166	5	931,840,830
New issue	28.05.2014		564,194	186,932,360	5	934,661,800
Reduction of share capital	11.11.2014				1	186,932,360
New issue	25/27.11.2014		12,500,000	199,432,360	1	199,432,360
Bonus issue of B shares	05.12.2014	1,665,443,600		1,864,875,960	1	1,864,875,960
Reverse split	22.12.2014	-915,993,980	-16,444,000	932,437,980	2	1,864,875,960
Outstanding shares at year-end	31.12.2014	915,993,980	16,444,000	932,437,980	2	1,864,875,960



**NOTE 19 EARNINGS PER SHARE**

The calculation of earnings per preference share for 2014 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 1,164 million (808). Earnings per preference share have been distributed on the basis of the year's dividend to the preference shares of SEK 231 million allocated to SEK 16.4 million outstanding preference shares. The remaining part of the year's earnings, SEK 933 million, has been distributed to 916.0 million outstanding ordinary shares.

**Net profit attributable to the Parent Company's shareholders**

	2014	2013
Net profit attributable to the Parent Company's shareholders	1,164	808
Earnings per ordinary share, SEK	1.02	0.68
Earnings per preference share, SEK	14.06	20.00

**NOTE 20 INTEREST-BEARING LIABILITIES**

Group	2014	2013
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities	12,078	10,745
<b>Total</b>	<b>12,078</b>	<b>10,745</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	6,792	5,408
Utilized overdraft facility	0	10
<b>Total</b>	<b>6,792</b>	<b>5,418</b>
Unused overdraft facility	400	390

Parent Company	2014	2013
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities	5,815	5,066
<b>Total</b>	<b>5,815</b>	<b>5,066</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	2,546	0
Utilized overdraft facility	0	0
<b>Total</b>	<b>2,546</b>	<b>0</b>
Unused overdraft facility	400	400

Current interest-bearing liabilities include recurrent maturities of facilities at credit institutions with which Klöver has a long-term relationship. Of SEK 6,792 million current interest-bearing liabilities on 31 December 2014, Klöver has already re-financed SEK 4,405 million at the beginning of 2015.

**NOTE 21 FINANCIAL RISKS AND FINANCIAL POLICY**

Through its activity, the Group is exposed to different kinds of financial risks. Financial risks means fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klöver is mainly exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's financial policy for managing financial risks has been formulated and decided upon by the Board. The financial 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 52–55, Bonds on page 56–57 and in Risk and sensitivity on pages 64–67.

**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 financial 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 financial policy, the average remaining maturity, the period of tied-up capital, on the loan stock is to be at least 1.5 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 shall be kept within an average size that corresponds to the due date of the tied-up capital during a quarter. As at 31 December 2014, the average remaining maturity on the loan stock was 2.1 years (2.0).

At the same time, liquid assets were available totalling SEK 286 million (84) and granted, but not utilized loan frames of SEK 1,336 million (761), SEK 400 million (390) of which were unutilized credit facilities. Furthermore, there were unutilized loan frames of SEK 707 million (545), which may be used for new acquisitions or investments after providing collateral for mortgages up to 60–75 per cent of the properties' market value.

**Structure of capital maturity**

Maturity year	Credit agreement, SEKm	Utilized, SEKm
2015	8,222	6,659
2016	1,749	1,679
2017	7,942	7,532
2018	2,830	2,830
2019–	170	170
<b>Total</b>	<b>20,913</b>	<b>18,870</b>

**Interest rate risks**

The interest rate risk can partly consist of a change in fair value due to changes in interest rates or share prices, 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 18,870 million (16,163), 56 per cent (47) had variable interest and the average fixed-interest period was 2.1 years (2.7) at year-end.

**Interest maturity structure**

Maturity year	Average interest rate, %	Interest due, SEKm	Proportion, %
Variable	2.7	10,623	56
2015	5.1	601	3
2016	3.5	1,380	7
2017	4.4	1,275	7
2018	5.1	1,191	6
2019	5.0	900	5
2020	4.5	500	3
2021	4.8	500	3
2022	5.6	800	4
2023–	4.7	1,100	6
<b>Total</b>	<b>3.5</b>	<b>18,870</b>	<b>100</b>

According to the financial policy, the cash flow risk is to be limited as follows:

At least 40 per cent of the total loan volume should have fixed interest or be covered by interest caps. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining term for caps and swaps,

according to the financial policy, should be at least 2.5 years; at the year-end it was 4.3 years (4.6). The strike level for the interest caps may when taken be equivalent to at most the five-year bond rate plus 2.0 percentage points.

At year-end, Klövern had a volume of SEK 0 million (855) interest caps and SEK 8,247 (8,595) million fixed interest loans (mainly through swaps), totalling SEK 8,247 million (44 per cent), compared with SEK 7,548 million (or 40 per cent) which was a minimum requirement according to the policy.

During 2014, changes in value of interest caps amounted to SEK 0 million (1). The fair value amounted to SEK 0 million (0) at year-end.

At year-end, Klövern had 24 interest rate swap agreements maturing between 2015 and 2023. The fair value of the swaps amounted to SEK -709 million (-144) and changes in value totalled SEK -565 million (336) during the year, of which SEK 0 million were realized.

Interest caps and swaps both increase Klövern's price risk. The interest rate swaps have been valued by Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SEB and Swedbank by future cash flows being discounted to net present value.

### Derivatives

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<b>Nominal interest rate swaps</b>				
Swedbank	600	0.1	2.8	-2
Danske Bank	400	1.1	3.0	-13
Swedbank	200	2.0	1.5	-5
Handelsbanken	700	2.0	0.6	-5
Danske Bank	545	2.1	3.1	-33
Nordea	30	2.8	4.0	-3
Handelsbanken	200	3.0	0.5	-1
SEB	500	3.0	1.6	-18
Swedbank	300	3.6	2.7	-25
Swedbank	200	3.6	2.7	-16
Pfandbriefbank	291	3.8	2.1	-17
Swedbank	400	4.0	3.7	-52
Swedbank	100	4.0	1.8	-5
Swedbank	400	4.1	3.5	-49
Swedbank	400	5.0	2.2	-31
Swedbank	100	5.0	1.9	-6
Swedbank	400	6.0	2.4	-39
Swedbank	300	6.7	2.5	-32
Swedbank	200	7.0	2.5	-23
Swedbank	200	7.1	3.3	-53
Swedbank	600	7.1	3.3	-159
Swedbank	500	8.0	2.2	-45
Swedbank	100	8.3	2.2	-10
Swedbank	500	9.0	2.7	-67
<b>Total swaps</b>	<b>8,166</b>	<b>4.3</b>	<b>2.4</b>	<b>-709</b>

Counterparty	Amount, SEKm	Remaining time to maturity, years	Strike level <sup>1)</sup> , %	Market value, SEKm
<b>Interest cap</b>				
<b>Total interest caps</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,166</b>	<b>4.3</b>		<b>-709</b>

1) The strike level is the pre-set interest rate level at which an interest income is received to compensate for the increased interest expense.

### Credit risks

Credit risks mean the risk of counterparty or issuer not being able to comply with its undertakings to Klövern. Klövern is exposed to credit risk to the extent that the surplus liquidity is to be invested and through its holdings of derivative instruments in the form of interest caps and interest rate swaps. With a view to limiting the credit risks on investment, the financial policy includes a special counterparty rule in which maximum credit exposure for different counterparties is stated as follows.

Counterparty	Maximum amount
Swedish state and government agencies with 100% state guarantee	Unlimited
Swedish banks with wholly-owned subsidiaries	SEK 500m per group
Other Swedish mortgage institutions	SEK 100m per company
Foreign banks with rating at least Standard & Poor A- or Moody's A3	SEK 100m per group

As regards derivative instruments, there are no volume limits, although derivatives may only be acquired with a view to adjusting the interest rate risk. Permitted derivative instruments are: interest rate swaps, interest caps and floors, FRA and interest rate and currency forwards. To the extent that options are used, these should minimize risk. The period to maturity for caps and floors may be at most ten years.

There is also a certain element of credit risk in the current letting operations, i.e. a risk of a tenant not being able to pay the rent. However, this is strongly limited given the use of advance rents.

### Covenants and risk-taking

Klövern's financial risk-taking and position can be seen, inter alia, from the key ratios, the equity ratio, the interest coverage ratio and leverage. There are set limit values, known as covenants, in the credit agreements with the banks and credit institutions, specifically for these three key ratios. Klövern's own goals accord well with the banks' requirements. As from 2014, Klövern's goal is for the equity ratio to be at least 30 per cent. The banks usually set 25 per cent as a lower limit. Klövern's goal is for the interest coverage ratio to be at least 1.5, which accords well with the banks' requirements. Klövern has not set its own goal for leverage although the banks usually have a limit of 65-75 per cent.

Klövern meets all goals and requirements for 2014 by a good margin. The equity ratio was 31.5 per cent, the interest coverage ratio 2.0, leverage 60 per cent and the leverage of properties 51 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 rate. A change in short market interest rates of +1 percentage point at year-end would have meant that Klövern's average borrowing rate would have changed by +0.6 percentage points, which would have been equivalent to a change in interest expense of SEK +107 million. The interest coverage ratio would have changed from the current 2.0 to 1.8.

The calculations of the sensitivity analysis are based on the Group's earnings capacity and balance sheet as at 31 December 2014. The sensitivity analysis shows the effect on the Group's annual profit after full impact of each of the parameters below. Interest-bearing liabilities and lease contracts have a term of a number of years, which means that level changes do not have an impact in one particular year but only over a longer period.

**NOTE 21 CONTINUED****Fair value of financial instruments**

	2014				2013			
	Financial income	Financial expenses	Changes in value	Net financial income	Financial income	Financial expenses	Changes in value	Net financial income
<b>Financial assets and liabilities valued at fair value via the statement of income</b>								
Securities	–	–	–	–	–	–	71	71
Interest rate swaps relating to cash flow hedges	–	–	–565	–565	–	–	336	336
Interest caps	–	–	0	0	–	–	1	1
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–565</b>	<b>–565</b>	<b>–</b>	<b>–</b>	<b>408</b>	<b>408</b>
<b>Loan receivables and accounts receivable</b>								
Accounts receivable	–	–	–	–	–	–	–	–
Accrued income and other receivables	2	–	–	2	7	–	–	7
Liquid funds	2	–	–	2	1	–	–	1
<b>Total</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>8</b>
<b>Total financial income</b>	<b>4</b>	<b>–</b>	<b>–565</b>	<b>–561</b>	<b>8</b>	<b>–</b>	<b>408</b>	<b>416</b>
<b>Financial liabilities valued at accrued acquisition value</b>								
Liabilities to credit institutions	–	–774	–	–774	–	–686	–	–686
Accounts payable	–	0	–	0	–	0	–	0
Accrued expenses and other liabilities	–	0	–	0	–	0	–	0
<b>Total financial expenses</b>	<b>–</b>	<b>–774</b>	<b>–</b>	<b>–774</b>	<b>–</b>	<b>–686</b>	<b>–</b>	<b>–686</b>

**Fair value of financial assets and liabilities**

	2014			2013		
	Financial assets/ liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value	Financial assets/ liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value
Long-term receivable	35	6	–	30	2	–
Accounts receivable	–	130	–	–	102	–
Accrued income and prepaid expenses	–	120	–	–	78	–
Other receivables	–	61	–	–	54	–
Liquid funds	–	286	–	–	84	–
<b>Total</b>	<b>35</b>	<b>603</b>	<b>–</b>	<b>30</b>	<b>320</b>	<b>–</b>
Long-term interest-bearing liabilities	–	–	12,078	–	–	10,745
Derivatives	709	–	–	144	–	–
Current interest-bearing liabilities	–	–	6,792	–	–	5,418
Accounts payable	–	–	196	–	–	193
Other liabilities	–	–	172	–	–	106
Accrued expenses and prepaid income	–	–	632	–	–	443
<b>Total</b>	<b>709</b>	<b>–</b>	<b>19,870</b>	<b>144</b>	<b>–</b>	<b>16,905</b>

The carrying amounts in the balance sheet do not differ from fair value. The market value of derivatives is calculated by the company's banks based on current interest terms and the market rate. This calculation has been made at what is referred to as Level 2, i.e. taking into consideration the observed market values. No reclassifications have been made during the period.

Klövern uses interest rate hedging instruments as protection against fluctuations in the interest rate on the company's loans. The recorded earnings are affected by income and cost items that are justified by the various interest rate hedging instruments. The total interest, which has been calculated in compliance with generally accepted accounting principles is included in the declared earnings.

**NOTE 22 OTHER LIABILITIES**

	2014	2013
<b>Other current liabilities</b>		
<b>Group</b>		
Personnel's withholding tax and social security contributions	6	6
Dividend shares	164	93
Debt to previous property owner	–	7
Debt to purchaser	–	3
Other items	2	3
<b>Total</b>	<b>172</b>	<b>112</b>
<b>Parent Company</b>		
Personnel's withholding tax and social security contributions	6	6
Dividend shares	164	93
Value-added tax	9	8
Other items	0	1
<b>Total</b>	<b>179</b>	<b>108</b>

**NOTE 23 ACCRUED EXPENSES AND PREPAID INCOME**

	2014	2013
<b>Group</b>		
Prepaid rents, first quarter 2015/2014	528	353
Accrued property costs, properties	75	75
Accrued interest costs	64	78
Accrued personnel costs	26	30
Accrued issue expenses, preference shares	13	–
Other items	5	3
<b>Total</b>	<b>711</b>	<b>539</b>
<b>Parent Company</b>		
Accrued interest costs	37	36
Accrued personnel costs	17	20
Accrued costs, profit-sharing foundation	9	10
Accrued issue expenses, preference shares	13	–
Other items	5	3
<b>Total</b>	<b>81</b>	<b>69</b>

The accrued costs for properties include a provision totalling SEK 30 million for non-receipt of rental income due to a rental dispute with Ericsson concerning the date of moving in to a new build at the property Isafjord 1 in Kista, Stockholm. Ericsson has deposited the rent with the County Administrative Board for the period the fourth quarter of 2012 to the end of the first quarter of 2014 totalling approximately SEK 90 million.

**NOTE 24 OPERATIONAL LEASING**

The maturity structure of the lease contracts show how large a part of the contract value matures per year. The contract value refers to the annual value of the leasing contracts.

The most common term of new lease contracts is three to five years with a period of notice of nine months. Klövern's average lease term is 3.3 years (3.5).

Maturity year	Contract value, SEKm	Proportion of contract value, %	Area, 000 sq.m
2015	677	25	564
2016	579	22	535
2017	459	17	430
2018	282	11	230
2019	119	4	78
2020	113	4	94
2021	61	2	42
2022	183	7	134
2023–	207	8	177
<b>Total</b>	<b>2,679</b>	<b>100</b>	<b>2,286</b>

The Group's leased assets including site leaseholds consist of operational lease contracts and amount to SEK 35.8 million (35.2). There is a restoration undertaking in a few of the Group's site leasehold agreements. The extent of these undertakings is regarded as inconsiderable.

**NOTE 25 ASSETS PLEDGED AND CONTINGENCIES**

	Group		Parent Company	
	2014	2013	2014	2013
<b>Assets pledged</b>				
Property mortgages	21,644 <sup>1</sup>	16,449	–	–
<b>Total assets pledged</b>	<b>21,644</b>	<b>16,449</b>		
<b>Contingencies</b>				
Guarantees in favour of subsidiaries	–	–	10,575	11,149
Other contingencies	3	4	–	–
<b>Total contingencies</b>	<b>3</b>	<b>4</b>	<b>10,575</b>	<b>11,149</b>

1) Refers to assets pledged for bank loans in Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SBAB, SEB, Sparbanken Öresund, Swedbank and Sörmlands Sparbank, and also for covered bonds.

In the course of the Group's operations, the group companies are involved in minor disputes. None of these disputes is considered to be important for the Group, except that described in Note 23. In 2014, Klövern had one major tax case. The Tax Agency had previously decided to increase Klövern's tax assessment by approximately SEK 77 million for the 2008 income year, which may entail a tax expense of around SEK 21 million. During 2014, the Supreme Administrative Court granted leave to appeal on this matter. Klövern has won the case in the lower instances.



**NOTE 26 CLOSE ASSOCIATES**

	Year	Services sold	Services purchased	Receivable	Liability
<b>Group</b>					
Other close associates	2014	3	202	0	1
Other close associates	2013	5	1	–	1
<b>Parent Company</b>					
Subsidiary	2014	187	7	13,662	856
Subsidiary	2013	185	6	11,338	3,471
Other close associates	2014	–	1	–	–
Other close associates	2013	–	1	–	–

The Parent Company has a close associate relationship with its subsidiaries, see Note 27. Transactions with close associates are priced on market terms. Rutger Arnhult is owner of M2-Gruppen and also owner of Wästbygg through a company in the M2-Gruppen. Klöver AB has entered into contracts with Wästbygg for approximately SEK 250 million for building projects. During the year, Wästbygg invoiced Klöver AB a total of SEK 198 million, which also included a number of smaller projects. The lease contract where Arvid Svensson AB is a tenant has a total annual contract value of SEK 0 million (2). The annual contract value of the lease with Quality Hotel Västerås has an annual contract value of SEK 2 million (2). The annual contract value of the lease with Håkansgården Hotell & Konferens AB is SEK 1 million (1). The annual contract value of the lease with Svevia AB is SEK 0 million (1). Klöver AB has signed a lease with M2-Gruppen with an annual contract value of SEK 1.0 million (1.0). Services have been purchased for SEK 4.0 million by Svevia AB mainly relating to snow clearance. Fredrik Svensson is CEO of Arvid Svensson AB, Pia Gideon is a board member of Svevia AB and Anna-Cathrin Bengtson is chairman of the board of Håkansgården Hotell & Konferens AB. They are also chairman of the board and board members of Klöver AB respectively. Rutger Arnhult is Klöver AB's CEO and a board member.

Payments to the CEO, Deputy CEOs, senior executives and the Board of Directors are shown in Note 3.

**NOTE 27 PARTICIPATION RIGHTS IN GROUP COMPANIES**

SEK 000s	31.12.2014	31.12.2013
<b>Accumulated acquisition values</b>		
Opening balance	1,703,147	1,699,673
Acquisitions	25,630	3,574
Sales	–250	–100
<b>Reported closing balance</b>	<b>1,728,527</b>	<b>1,703,147</b>
<b>Accumulated shareholders' contributions</b>		
Opening balance	146,551	136,551
Shareholders' contributions for the year	–	10,000
<b>Closing balance</b>	<b>146,551</b>	<b>146,551</b>
<b>Total</b>	<b>1,875,078</b>	<b>1,849,698</b>

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 % <sup>1)</sup>	Book value
Klöver Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klöver Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klöver Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klöver Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klöver Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klöver Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klöver Bobby AB, 556594-9780, Nyköping	1,000	100	8,138
Klöver Komp Bobby AB, 556678-9938, Nyköping	1,000	100	100
Klöver Charbel AB, 556594-9814, Nyköping	1,000	100	100
Klöver Dante AB, 556594-9830, Nyköping	1,000	100	100
Klöver Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klöver Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klöver Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klöver Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klöver Karl AB, 556708-7985, Nyköping	1,000	100	5,139
Klöver Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klöver Gerhard AB, 556634-5723, Nyköping	1,000	100	100
Klöver Helmut AB, 556634-5731, Nyköping	1,000	100	100
Klöver Ingmar AB, 556634-6598, Nyköping	1,000	100	100
Dagon AB, 556431-0067, Nyköping	23,580,999	100	1,519,055
Klöver Linus AB, 556896-7409, Nyköping	50,000	100	50
Klöver Verner AB, 556896-7474, Nyköping	50,000	100	10,050
Klöver Nord AB, 556072-3024, Nyköping	250,000	100	25,630
Other subsidiaries, dormant			350
<b>Total</b>			<b>1,875,078</b>

1) Refers to the ownership portion of the equity, which also complies with the proportion of votes for the total number of shares.

**NOTE 28 STATEMENT OF CASH FLOW**

	Parent Company	
	2014	2013
Investment in financial assets		
Participation rights in group companies	-25	-13
Participation rights in other companies	-87	-142
Receivables from group companies	-6,761	-2,249
<b>Total</b>	<b>-6,873</b>	<b>-2,404</b>

**NOTE 29 EVENTS AFTER THE PERIOD COVERED BY THE REPORT**

After the end of the year, Klöver AB has signed a 20-year lease with Elite Hotels, Uppsala. The lease contract encompasses approximately 10,000 sq.m. and consists of new construction of a hotel with around 200 rooms. During January and February, a total of 1,400,774 ordinary shares of Class A were converted into ordinary shares of Class B. Thereafter, the total number of shares in Klöver AB was 932,437,980, of which 81,871,406 were ordinary shares of Class A, 834,122,574 ordinary shares of Class B and 16,444,000 preference shares. In February an uncovered bond of SEK 1,000 million has been issued with a four-year maturity.

**NOTE 30 IMPORTANT ESTIMATES AND ASSESSMENTS**

Preparing the final accounts 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 sphere 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 10.

**Deferred tax**

An assessment of the probability of it being able to use the tax-loss carryforwards is made when valuing the tax-loss carryforwards. Established deficits which can be very probably used to set off future profits serve as the basis for calculation of the deferred tax assets.

**Classification of acquisitions**

An assessment is made, in connection with acquisitions of companies, of whether the acquisition is to be regarded as 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 income statement**

The Group applies the arrangement which is usual for a large number of companies in the real estate industry. This means that the income statement shows the result for operating profit, profit from property management and net profit. Profit from property management includes net financial income. Changes in value are reported after net financial income.

**Reporting of preference shares**

The company's assessment is that there is no contractual obligation to pay dividend between Klöver AB and the holders of preference shares at the time of issue of the preference shares. Klöver AB cannot with certainty conclude that it will be possible in the future to pay dividend to the holders of preference shares. Dividend payment ultimately depends on a decision by a shareholders' meeting. In the light of this, the preference shares have been classified as equity.

**NOTE 31 INFORMATION ABOUT THE PARENT COMPANY**

Klöver AB (publ), reg. no. 556482-5833, is a Swedish-registered limited company with its registered office in Nyköping. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head office is Bredgränd 4, 111 30 Stockholm and the address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden. The consolidated accounts for 2014 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

## APPROPRIATION OF PROFITS

### DIVIDEND

The dividend shall exceed 50 per cent of the profit from property management in the long term. 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 2015 Annual General Meeting is that a dividend of SEK 0.30 per ordinary share be paid. A dividend of SEK 20 per preference share and year is proposed, distributed equally over four quarters.

Together, this proposal for dividend in 2015 constitutes 77 per cent of the profit from property management for 2014. 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 in the parent company available for distribution by the Annual General Meeting be allocated as follows:

Amount brought forward	4,408,915,928 SEK
Net profit for the year	263,952,831 SEK
<b>Total</b>	<b>4,672,868,759 SEK</b>
Dividend to ordinary shareholders	274,798,194 SEK
Dividend to preference shareholders	328,880,000 SEK
To be carried forward	4,069,190,565 SEK
<b>Total</b>	<b>4,672,868,759 SEK</b>

As at 31 December 2014, the number of registered ordinary shares in Klöver AB totalled 915,993,980 and the total number of preference shares 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 2014 financial year, the Board of Directors proposes to the Annual General Meeting on 23 April 2015 that a dividend be paid of SEK 20 per preference share, distributed equally over four quarters and SEK 0.30 per ordinary share. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 27 April 2015 as the record day for the ordinary share with 30 April 2015 as payment day.

It is proposed that the record days for the preference share be 30 June, 30 September, 30 December 2015 and 31 March 2016, the associated payment days being 3 July, 3 October 2015 and 7 January and 5 April 2016.

The following earnings are available to the Annual General Meeting for disposition:

Amount brought forward	4,408,915,928 SEK
Net profit for the year	263,952,831 SEK
<b>Total</b>	<b>4,672,868,759 SEK</b>

The Board proposes that the earnings be allocated as follows:

#### Dividend to shareholders

SEK 0.30 per ordinary share, total	274,798,194 SEK
SEK 20 per preference share, total	328,880,000 SEK
To be carried forward	4,069,190,565 SEK
<b>Total</b>	<b>4,672,868,759 SEK</b>

The above calculation is based on the total number of registered ordinary shares, 915,993,380 and the total number of registered preference shares, 16,444,000.

The Board further proposes that the Annual General Meeting decide that all new preference shares – a total of 1,644,000 preference shares – which can 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 5.00 per preference share on the following record day as above.

In the event of a maximum use of the authorization for the Board to decide on a new issue, a dividend for future preference shares of at most SEK 32,888,000 will be paid. At least SEK 4,036,302,565 of the amount available for distribution will remain after dividends totalling at most SEK 636,566,194.

Since the extraordinary general meeting in October 2014 the Board has an authorization to issue ordinary shares and preference shares. If the Board decides to use the mandate before the 2015 Annual General Meeting the Board makes a corresponding assessment as above regarding any possible additional dividend.

#### **Klövern's financial position**

Klövern's financial goals for 2014 were:

- > Return on equity is to be at least equal to the risk-free interest rate plus at least nine percentage points in the long-term.
- > The equity ratio should be at least 30 per cent.
- > The interest coverage ratio is to be at least 1.5.
- > The dividend should be at least 50 per cent of the profit from property management in the long term.
- > The period of tied-up capital shall be at least 1.5 years.

The financial goals were achieved in 2014. According to the annual report, Klöver's equity ratio is 31.5 per cent in the Group and 43.3 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 30.2 per cent in the Group and 41.2 per cent in the Parent Company. The proposed dividend constitutes 6.0 per cent of shareholders' equity in the Group and 8.3 per cent of the equity in the Parent Company.

#### **Motivation by the Board of Directors**

Taking into account the statements made earlier, 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 view of the Board is that the proposed dividend will not affect the ability of Klöver AB 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 accounting principles, 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 survey 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.

Nyköping, 13 March 2015  
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

Fredrik Svensson  
*Chairman*

Rutger Arnhult  
*CEO*

Ann-Cathrin Bengtson  
*Board member*

Pia Gideon  
*Board member*

Eva Landén  
*Board member*

Our audit report was submitted on 18 March 2015  
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

We have audited the annual accounts and the consolidated accounts of Klöver AB (publ) for the 2014 financial year, with the exception of the Corporate Governance Report on pages 70–83. The annual report and consolidated accounts of the company are contained in the printed version of this document on pages 6–113.

## Responsibilities of the Board of Directors and the CEO for the annual accounts and the consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## The auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of its financial performance, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 70–83. 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.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Directors and the CEO of Klöver AB (publ) for the 2014 financial year. We have also performed a statutory review of the corporate governance report.

## 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, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the corporate governance report on pages 70–83 being drawn up in accordance with the Annual Accounts Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriation of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has in, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition, we have read the corporate governance report and, on the basis of this reading, and our knowledge about the company and the group, we consider that we have sufficient grounds for our statements. This means that our statutory review of the corporate governance report has another direction and a considerably lesser extent compared with the direction and extent that an audit, in accordance with the International Standards on Auditing and good auditing standards in Sweden, has.

## Opinions

We recommend to the Annual General Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A corporate governance report has been prepared and its statutory information is compatible with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 18 March 2015  
Ernst & Young AB

Fredric Hävrén  
Authorized Public Accountant

# SPECIFICATION OF PROPERTIES



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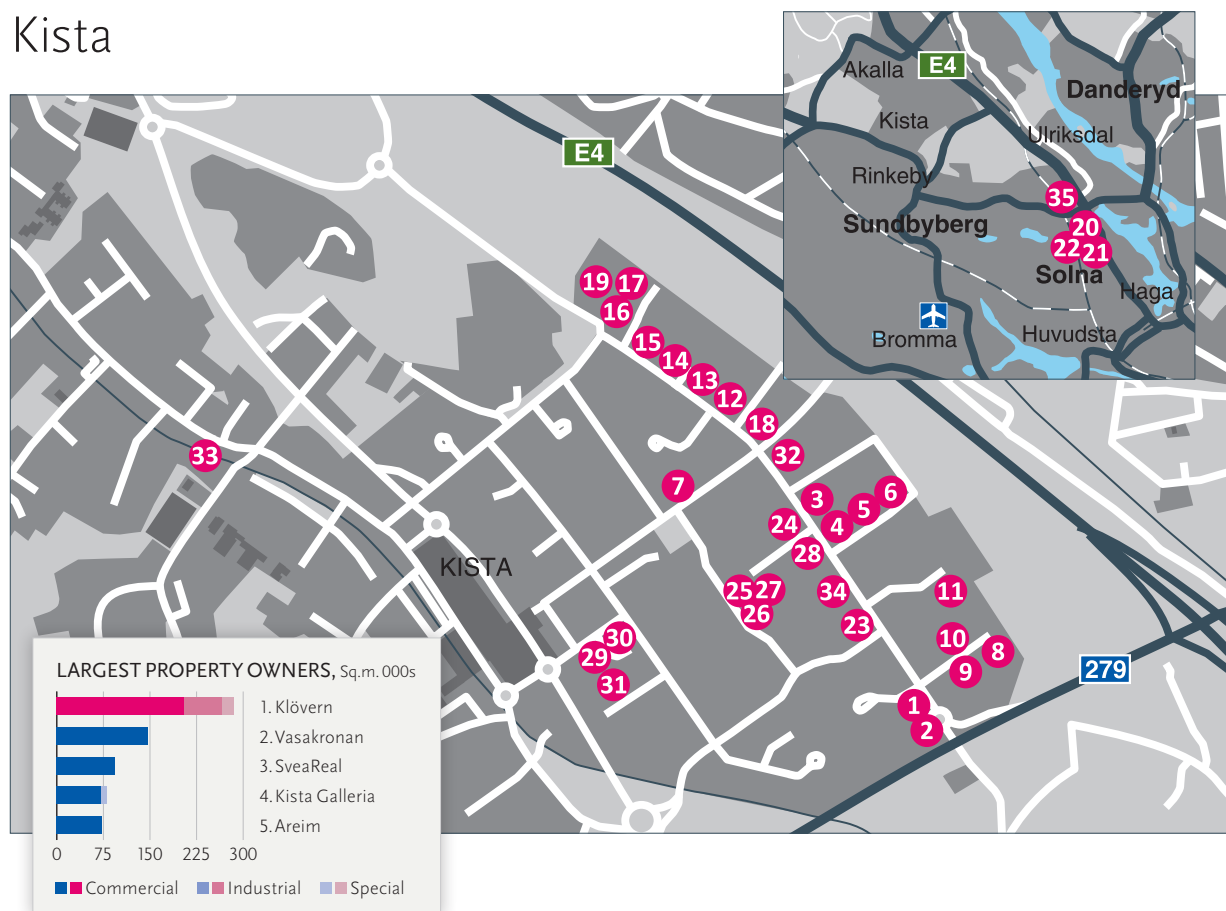
FINANCIAL REPORTS

*View over the Globen area. Coffee break on the terrace for tenants at Arenan 8.*

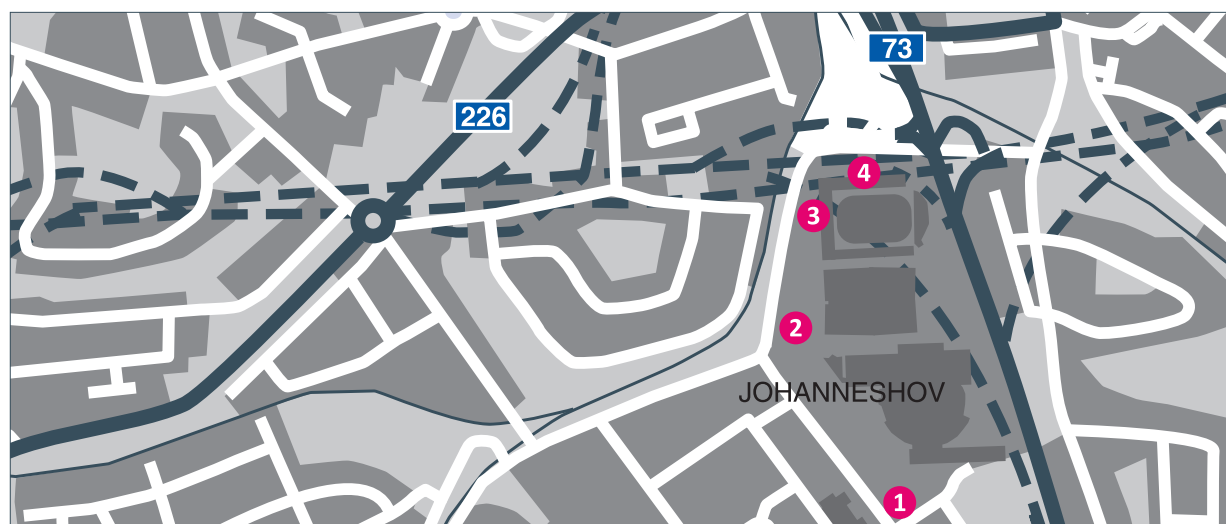
**SPECIFICATION OF PROPERTIES AND REVIEW**

# STOCKHOLM REGION

## Kista



## Globen



## KISTA

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*			
1	Alptanäs 2	Torshamnsg. 7, 7A, 9, Haukadalsg. 1, Stockholm	S	1981/1981	Office	3,030			0	3,030	2.3	19.3
2	Alptanäs 3	Torshamnsg. 1, 3, 5, Stockholm	S	Site	Other*				0	0	0.5	1.2
3	Borg 1	Torshamnsg. 16, Stockholm	S	1977/1977	Office	1,411			0	1,411	1.7	0.0
4	Borg 2	Strömmög. 3, Stockholm	S	1981/1981	Industry/warehouse		4,655		0	4,655	5.2	27.4
5	Borg 3	Strömmög. 5, Stockholm	S	1978/1978	Industry/warehouse		1,837			1,837	2.2	11.9
6	Borg 6	Strömmög. 7, Vågög. 8, Stockholm	S	1980/1980	Industry/warehouse	1,208	5,104	105	0	6,417	6.1	41.6
7	Borgarfjord 4	Kistagången 10, Torshamnsg. 31–33, Stockholm	S	1983/1983	Office	15,470			6	15,476	12.3	135.0
8	Geysir 1	Österög. 4, Stockholm	S	1979/1979	Industry/warehouse		5,110		0	5,110	5.4	34.8
9	Geysir 2	Österög. 2, Stockholm	S	1980/1980	Industry/warehouse	2,350	5,097	165	0	7,612	7.9	39.4
10	Gullfoss 3	Österög. 1, 3, Stockholm	S	1979/1983	Office	5,547	1,972		0	7,519	11.5	49.6
11	Gullfoss 5	Viderög. 6, Stockholm	S	1979/1983	Office	3,508			0	3,508	5.2	18.5
12	Helgafjäll 1	Torshamnsg. 22, 24 A–D, 26 A–B, Stockholm	S	1979/1979	Office	10,673	1,572		0	12,245	23.8	79.3
13–14	Helgafjäll 2	Torshamnsg. 28 A–B, 30 A–E, 32 A–D, 34 A–B, Stockholm	S	1981/1981	Office	25,836	1,058	0	53	26,947	32.0	164.0
15	Helgafjäll 3	Torshamnsg. 36, 38, 40, Stockholm	S	1980/1990	Industry/warehouse	3,965	10,502		0	14,467	25.2	91.6
16–17	Helgafjäll 4	Torshamnsg. 42, 44, 46, Stockholm	S	1998/1998	Office	16,778	225		0	17,003	35.1	218.0
18	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Stockholm	S	1978/1988	Office	13,987	262	1,567	269	16,085	25.6	160.0
19	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Stockholm		2001/2002	Office	24,414	30		6	24,450	51.1	329.0
20–22	Hilton 3	Gustav III:s Boulevard 40–46, Solna		2003/2003	Office	17,410	669	261	6	18,346	51.9	418.6
23	Isafjord 1	Skaftåg. 2A–B, Stockholm		Site	Other*					0	0.0	0.0
24	Isafjord 4	Torshamnsg. 21, 23, Stockholm		1976/2008	Office	64,896			9,237	74,133	142.4	918.0
25	Isafjord 5	Grönlandsgången 6, Stockholm		1976/2008	Office					0	0.0	0.0
26	Isafjord 6	Grönlandsgången 6, Stockholm		1976/2008	Office					0	0.0	0.0
27	Isafjord 7	Grönlandsgången 6, Stockholm		Site	Other*					0	0.0	0.0
28	Isafjord 8	Torshamnsg. 21A, Stockholm		Site	Other*					0	0.0	0.0
29	Knarrarnäs 3	Färög. 5, 7, Stockholm	S	1985/1985	Office	6,921	234		0	7,155	15.2	81.5
30	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Stockholm	S	1985/1985	Office	6,573	1,024	488	0	8,085	5.8	64.9
31	Knarrarnäs 9	Knarrarnäsg. 15, Stockholm	S	1984/1986	Office	4,748	119		3	4,870	10.5	63.0
32	Lidarände 1	Torshamnsg. 18, Stockholm		1979/2008	Industry/warehouse	2,855	16,406	685	0	19,946	32.9	165.2
33	Röros 1	Norgeg. 1, Stockholm	S	1985/1985	Office	3,312	7		0	3,319	5.2	17.9
34	Skäftå 1	Torshamnsg. 19, Stockholm		Site	Other*					0	0.0	0.0
35	Startboxen 3	Vallg. 5–9, Solna		1985/1985	Office	11,311	762	7,172	0	19,245	37.2	214.0
TOTAL KISTA						246,203	56,645	10,443	9,580	322,871	554.2	3,363.7

## GLOBEN

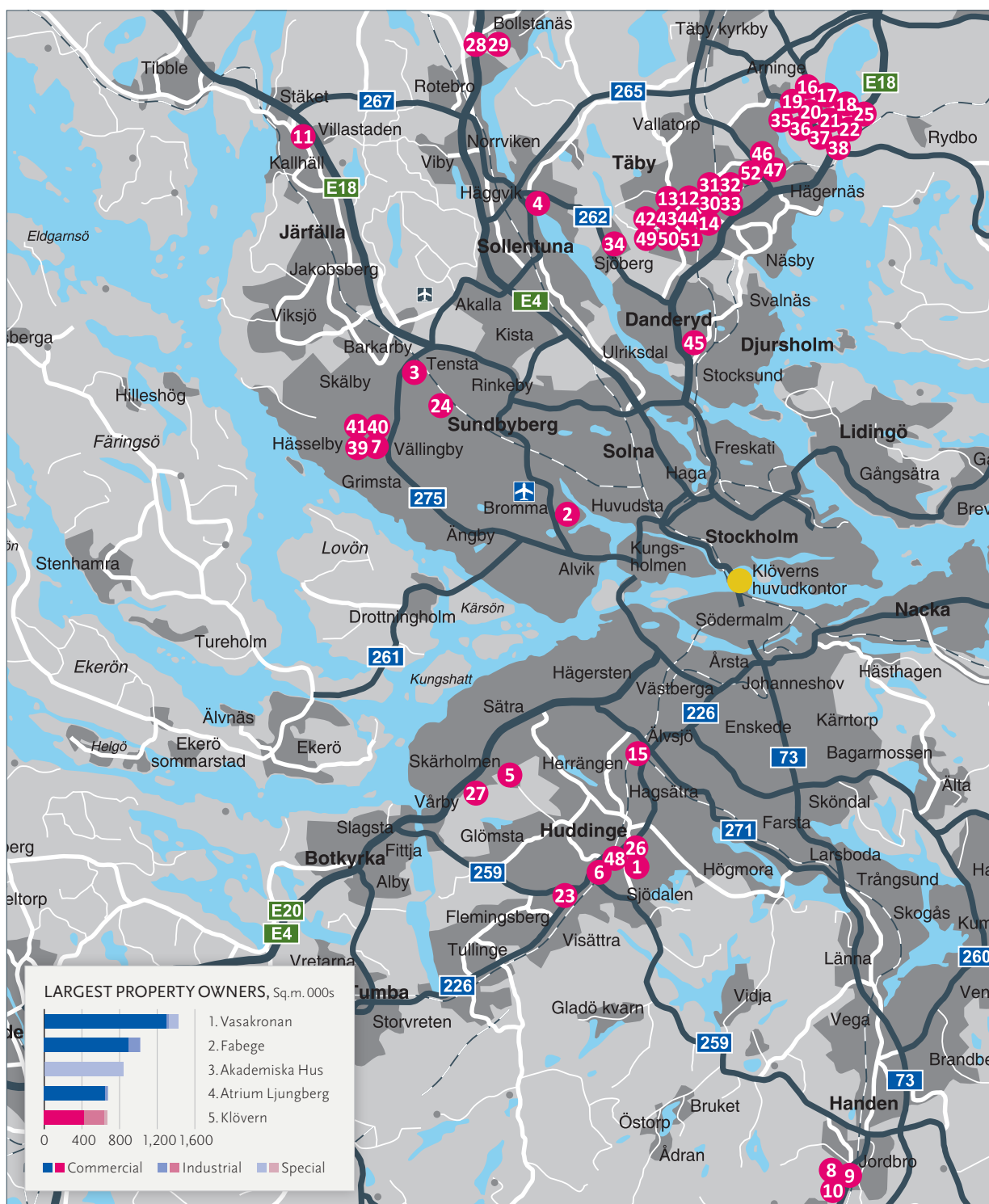
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*			
1	Arenan 2	Arenaslingan 1–3, Arenav. 49, 55–63, Stockholm		1989/1989	Office	32,265	3,708	17,381	18	53,372	147.5	998.0
2	Arenan 3	Arenav. 39–47, Stockholm		1989/1989	Office	13,805	1,002		1,799	16,606	42.4	283.0
3	Arenan 6	Arenav. 17, 21–35, Stockholm		1991/1993	Office	23,288	2,617	3,603	959	30,467	78.8	303.0
4	Arenan 8	Arenav. 7–13, Stockholm		2001/2001	Office	14,333			0	14,333	36.8	257.0
TOTAL GLOBEN						83,691	7,327	20,984	2,776	114,778	305.5	1,841.0

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

■ Acquisition during 2014.



## Greater Stockholm



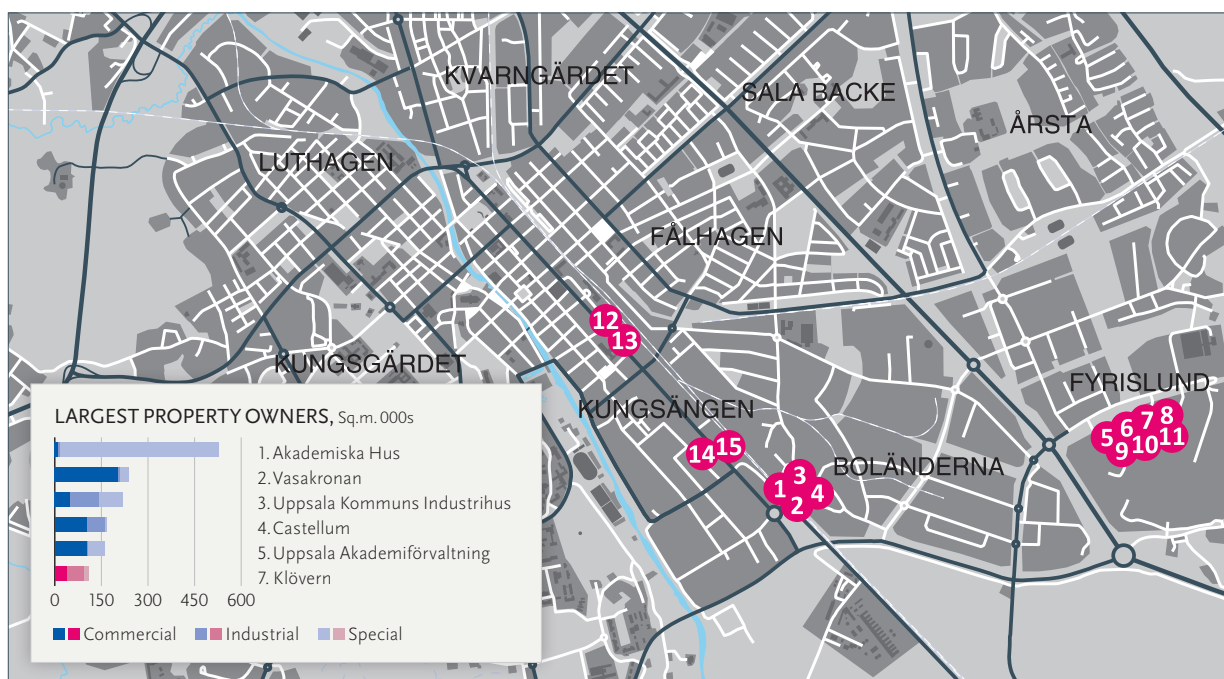
Ranking refers to the County of Stockholm including Kista.

## GREATER STOCKHOLM

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	Industry/ warehouse	Retail	Other*			
1	Brynjan 5	Solfagrav. 33, 35, Huddinge		1965/1965	Industry/warehouse	758	1,795		0	2,553	2.4	78
2	Båglampan 35	Ranhammarsv.21, Stockholm		1967/1967	Industry/warehouse		7,318	537	0	7,855	7.3	98
3	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778			3,673	4.2	100
4	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna		1988/1988	Office	2,600			0	2,600	1.6	0
5	Ellipsen 5	Ellipsv., Huddinge		1997/1997	Office	2,800				2,800	2.6	100
6	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600			0	1,600	3.2	100
7	Johannelund 7	Krossg. 10, 12, 14, 16, 18, Sorterarg. 23, Stockholm	S	1969/1969	Office	14,029	8,341	505	780	23,655	20.2	46
8	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Industry/warehouse					0	0.0	0
9	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Industry/warehouse		26,617		1,008	27,625	18.1	100
10	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Industry/warehouse					0	0.0	0
11	Kallhäll 9:36	Galgbacken 3, Järfälla		1993/1993	Industry/warehouse		5,150			5,150	4.1	0
12	Kannringen 1	Enhagsslingan 2, 4, Täby		1988/1988	Office	4,101			0	4,101	5.3	95
13	Kannringen 2	Enhagsslingan 6, 8, Täby		1991/1991	Office	1,972	34			2,006	2.6	99
14	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,498	332		1,374	14,204	18.3	99
15	Konsumenten 3	Konsumentv, Varuv. 7, Stockholm	S	1966/1966	Industry/warehouse		10,500			10,500	9.7	100
16	Linjalen 60	Måttbandsv. 12, Täby		1991/1991	Office	2,873	950		0	3,823	3.9	92
17	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Industry/warehouse		778			778	0.8	100
18	Linjalen 65	Måttbandsv. 8, 10, Täby		1989/1989	Retail		600	750		1,350	1.1	100
19	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Industry/warehouse	788	3,026	108	0	3,922	3.4	95
20	Linjalen 7	Måttbandsv. 4, Täby		1989/1989	Industry/warehouse		800			800	0.7	100
21	Linjalen 8	Måttbandsv. 6, Täby		1989/1989	Industry/warehouse		600			600	0.5	100
22	Lodet 2	Turnstocksv. 9, 11, Täby		1990/1990	Office	5,082	3,321	70	6	8,479	8.4	90
23	Luna 1	Lunas. 1, 3, 5, 7, Huddinge		1987/1990	Office	4,144	1,894		613	6,651	6.9	89
24	Mandelblomman 1	Kronofogdev. 54, Stockholm		1983/1983	Industry/warehouse	762	3,493	969	1,681	6,905	6.7	99
25	Mätstången 2	Linjalv. 6 A–B, Kundv. 5, Täby		1991/1991	Office	3,809				3,809	4.0	95
26	Opalen 40	Gymnasiev. 22, Huddinge		1985/1985	Office	770				770	1.0	100
27	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Industry/warehouse		1,529		1,407	2,936	2.7	82
28	Revisorn 3	Bergkällav. 31C, Sollentuna		1988/1988	Office	1,108	30		0	1,138	1.0	85
29	Ringpärmen 6	Bergkällav. 36, Sollentuna		1990/1990	Industry/warehouse	3,692	4,010		0	7,702	6.8	79
30	Roslags–Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0
31	Roslags–Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0
32	Roslags–Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Retail		530	2,181		2,711	3.1	100
33	Roslags–Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0
34	Sjöhjälten 2	Domherrev. 9, 11, Sollentuna		1991/1991	Office	3,217	192		0	3,409	3.6	79
35	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Industry/warehouse	197	630			827	0.8	100
36	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Industry/warehouse		1,634	258	0	1,892	1.8	100
37	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	1,010	554		0	1,564	1.6	100
38	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Industry/warehouse		960			960	0.4	0
39	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,747	1,606		0	11,353	9.1	72
40	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Other*	693	306	1,776	2,110	4,885	5.4	80
41	Stenmjölet 2	Siktg. 3A–3B, Stockholm	S	1960/1960	Retail	800	1,498	2,526	0	4,824	4.6	59
42	Svänghjulet 1	Enhagsslingan 23, 25, Täby		1990/1990	Other*	776	447	445	2,544	4,212	4.5	96
43	Svänghjulet 2	Enhagsslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12		1,323	2,995	3.8	100
44	Svänghjulet 3	Enhagsslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579		0	4,908	5.3	94
45	Timmerhuggaren 2	Vendev. 90, Danderyd		1969/1969	Office	6,757	2,065	1,225	540	10,587	15.1	93
46–47	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Office	1,585	1,426		585	3,596	3.3	79
48	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232		0	4,480	7.5	99
49	Ventilen 1	Enhagsslingan 1A–B, Täby		1987/1987	Office	2,104	675	219	0	2,998	3.1	89
50	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,321	373		0	2,694	2.9	83
51	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,335	228	337		1,900	1.5	69
52	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	756	12		399	1,167	1.1	74
TOTAL GREATER STOCKHOLM						106,816	96,855	11,906	14,370	229,947	226.0	85

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

# Uppsala



## UPPSALA

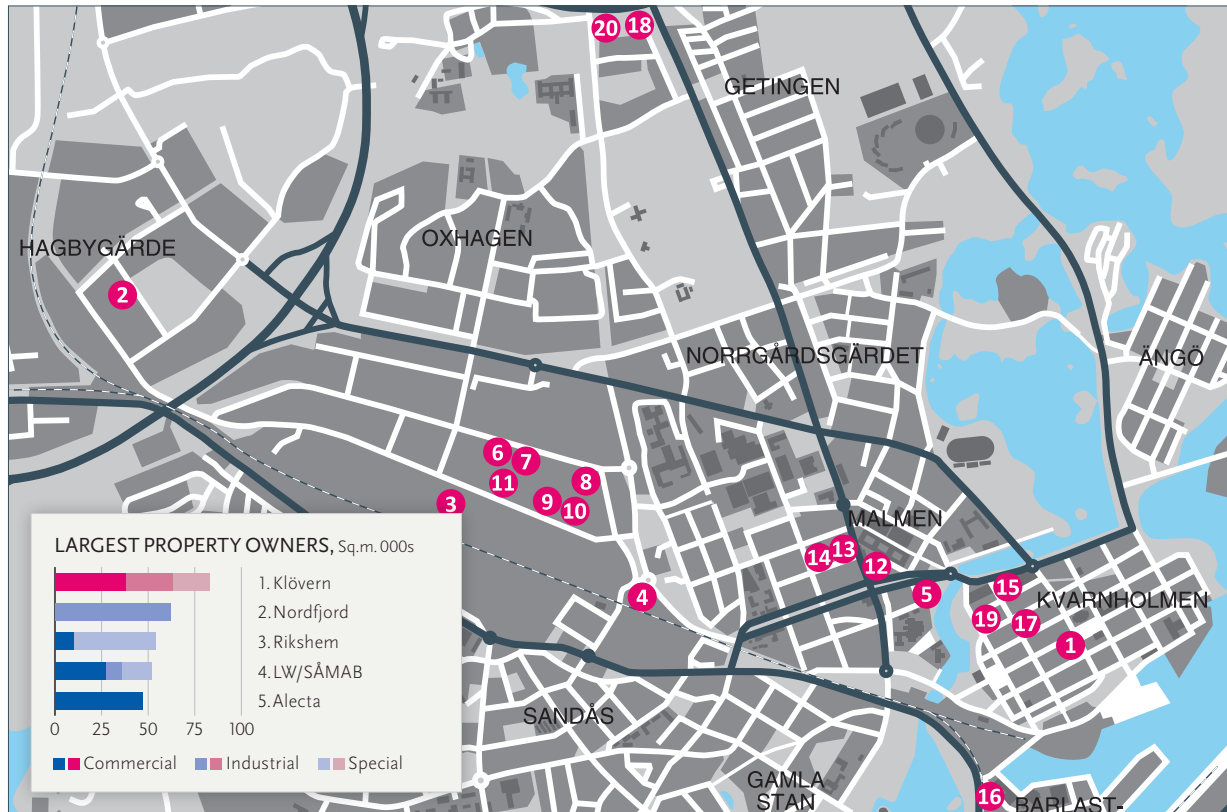
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/warehouse	Retail	Other*			
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	18,639	377	86	0	19,102	25.7	143.0
5-11	Fyrislund 6:6	Rapsg. 7, Uppsala		1921/2003	Other*	18,009	18,721	1,716	32,006	111.2	83	452.6
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office	5,624	1,597	591	952	8,764	6.7	67.4
13	Kungsängen 10:2	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office					0	0.0	6.3
14	Kungsängen 24:3	Kungsängsg. 70-74, Uppsala		1998/1998	Retail	696		5,665	0	6,361	8.7	53.6
15	Kungsängen 29:1	Vimpelg. 2, Uppsala		1985/1985	Office	2,319	342	1,816	0	4,477	5.9	30.0
TOTAL UPPSALA						45,287	21,037	9,874	32,958	109,156	158.2	752.9

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/warehouse	Retail	Other*	Area, sq.m.			
TOTAL STOCKHOLM REGION	481,996	181,864	53,207	59,684	776,751	1,243.9	90	7,136.3
TOTAL KLÖVERN	1,256,109	954,642	252,330	328,554	2,791,635	2,983.0	90	14,594.5

## EAST REGION

## Kalmar



## KALMAR

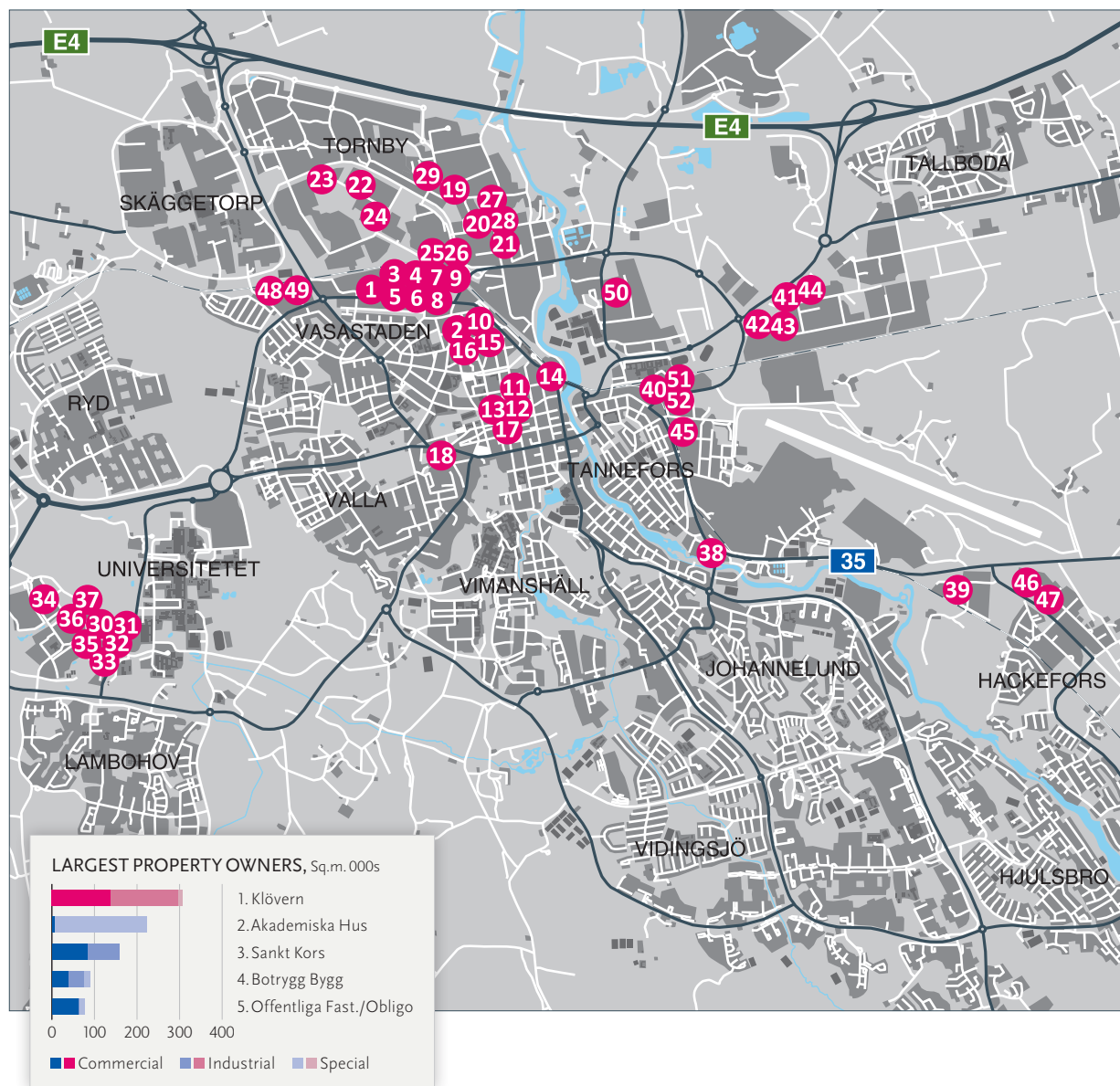
KALMAR			Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/warehouse	Retail	Other*				Area, sq.m.
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Retail	771	101	817	182	1,871	2.9	100	20.4
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Industry/warehouse	1,035	9,841			10,876	6.9	98	21.7
3	Elefanten 3	Torsåsg. 9, Kalmar		1970/1971	Office	3,912	2,000	2,500	0	8,412	6.7	100	22.7
4	Fredriksdal 1	Lorensbergsleden 1, 3, Kalmar		1975/1975	Other*	750	1,108		1,640	3,498	2.7	93	0.0
5	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Office	1,503	404		1,122	3,029	3.2	59	19.6
6-10	Gumsen 31	Verkstadsq. 3, Kalmar		1950/1960	Industry/warehouse	6,256	11,580	1,153	6,108	25,097	14.8	90	39.7
11	Gumsen 41	Torsåsg. 16, Kalmar		1975/1975	Office	2,042				2,042	1.2	100	5.1
12	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Other*	2,173	1,092	615	2,907	6,788	7.1	90	13.9
13	Korpen 18	Fabriksq. 31, Kalmar		1976/1976	Office	2,072	70		1,402	3,544	3.2	60	26.1
14	Korpen 20	Fabriksq. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,483	101		3,798	6,382	7.6	93	0.0
15	Lärlingen 5	Kaggensg 40, 42, 44, Strörmg. 7, Kalmar		1960/1960	Office	2,131	310	375	1,751	4,568	5.0	99	30.2
16	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Office	1,253			1,006	2,259	3.5	100	10.8
17	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Retail	568	21	748	0	1,337	2.0	98	14.5
18	Rybsen 1	Dagöv. 1B, Kalmar		2000/2000	Office	1,112				1,112	1.3	100	7.8
19	Tenngjutaren 1	Strörmg. 2, Larmg. 40, Kalmar		1974/1979	Office	1,286	68		297	1,651	1.9	99	12.7
20	Timotejen 1	Öselv. 1, Kalmar		1991/1991	Office	902		650		1,552	1.4	100	4.6
TOTAL KALMAR						30,249	26,696	6,858	20,213	84,016	71.5	92	249.8

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2014.



## Linköping



## LINKÖPING

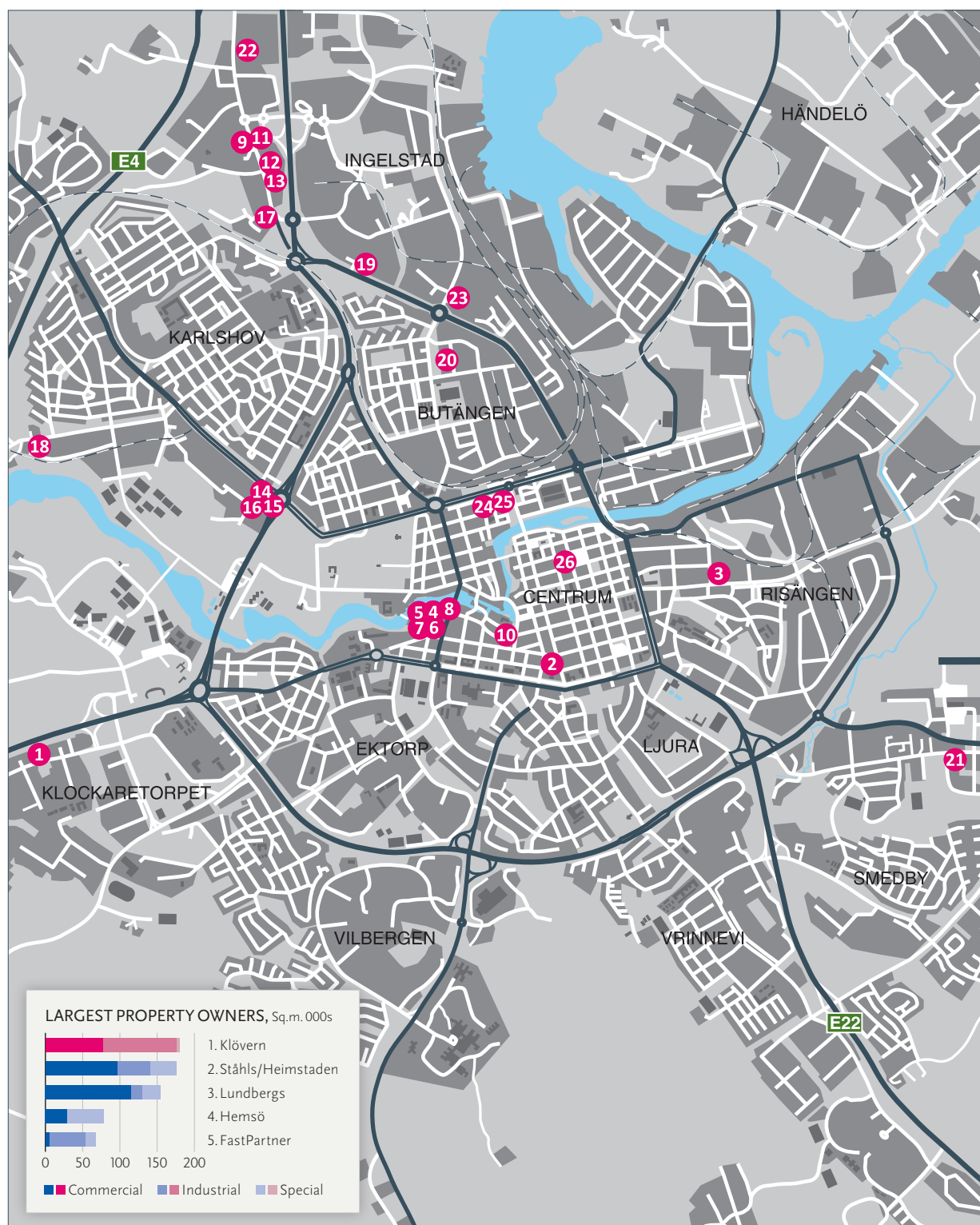
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*				
1	Ackordet 10	Industrig. 15, Linköping		1954/1954	Retail	779	324	3,269		4,372	4.1	85	20.7
2	Amor 1	Platensg. 26, Linköping		1929/1990	Office	3,292				3,292	6.5	100	29.8
3	Antennen 15	Mellang. 9, Linköping		1986/1986	Office	7,453	2,919	972	464	11,808	8.1	76	33.6
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office					0	0.0	0	0.0
5	Antennen 23	Industrig. 11A–C, Linköping		1986/1986	Office					0	0.0	0	19.0
6	Antennen 24	Industrig. 11A–C, Linköping		1947/1972	Office					0	0.0	0	4.2
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	Industry/warehouse	928	1,875		0	2,803	1.1	95	8.8
8	Antennen 6	Industrig. 9, Linköping		1954/1988	Industry/warehouse					0	0.0	0	0.0
9	Antennen 9	Alkag. 4–6, Linköping		1948/1988	Office	3,798	2,494		0	6,292	3.6	45	22.8
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A–D, Linköping		1929/1959	Office	3,640	361	112	271	4,384	4.3	45	26.5
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,330	584		0	7,914	11.4	95	45.4
12	Brevduvan 20	Åg. 31, S:t Larsg. 24, Linköping		1990/1990	Office	3,325	196	509	38	4,068	6.1	97	40.2
13	Brevduvan 21	Klosterg. 19, Åg. 33–37, Linköping		1991/1991	Office	8,938	68	348	234	9,588	12.6	100	85.9
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1–3, Linköping		1958/1992	Office	5,853	55	1,528	3,047	10,483	14.5	98	90.2
15	Bävern 13	Hertig Karlsg. 2A–C, 4A–B, Linköping		1981/1981	Office	5,496	395		0	5,891	7.9	99	38.6
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				996	996	0.8	98	0.0
17	Dahlia 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Retail	1,778	319	2,249	298	4,644	8.0	98	47.6
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,298			0	6,298	9.3	99	41.2
19	Galgen 3	Gillbergsg. 23, 25, Linköping		1975/1975	Office	1,553	846	1,409	96	3,904	2.9	90	16.9
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	Industry/warehouse	5,149	9,348	440	422	15,359	7.4	76	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A–D, Roxeng. 18, Linköping		1946/1960	Office	3,674	590		0	4,264	3.4	98	18.4
22	Glasberget 1	Attorpsg. 7–23, Linköping		1989/1992	Office	7,138	895		1,575	9,608	8.2	88	44.5
23	Glasbiten 1	Attorpsg. 2, Linköping		1977/1977	Industry/warehouse		4,160			4,160	4.2	100	16.4
24	Glasbiten 7	Roxtorpsg. 9, Linköping		1973/1989	Industry/warehouse	2,021	9,591			11,612	12.6	90	42.2
25–26	Glasblåsaren 7	Tornbyv. 1, Linköping		1929/1929	Retail	3,449	804	5,191	794	10,238	12.1	86	75.2
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	Industry/warehouse	1,024	1,897		360	3,281	1.6	64	10.0
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,772		310		2,082	2.1	99	10.9
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,449	75			1,524	1.9	89	6.3
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,860	166			4,026	4.0	84	24.4
31–33	Idéläran 1	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping		1986/1999	Office	15,744	820	0	22	16,586	23.2	98	105.1
34	Idéskaparen 2	Datalinjen 4, Linköping		1999/2002	Office	23,650				23,650	23.7	100	128.2
35	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5.0	100	0.0
36–37	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping		1990/2001	Office	20,795	689	670	345	22,499	26.9	88	158.9
38	Kvarnen 4	Nya Tanneforsv. 96, 96A–B, Linköping		1935/1955	Retail	2,036	907	2,205	0	5,148	3.5	78	17.0
39	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	Industry/warehouse	140	14,750		0	14,890	4.9	53	32.4
40	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	Industry/warehouse		635			635	0.2	100	2.8
41	Magneten 2	Finnög. 12, Linköping	S	1980/1980	Industry/warehouse	102	6,127			6,229	3.4	89	20.5
42	Masugnen 1	Torvingeg. 1, Linköping		1975/1975	Retail		391	663		1,054	0.7	100	3.6
43	Masugnen 2	Torvingeg. 3, Linköping		1972/1977	Industry/warehouse		3,461			3,461	2.2	100	8.4
44	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	Industry/warehouse					0	0.0	0	0.0
45	Mekanikern 22	G Tanneforsv. 17A, Vimarkg. 1, 3, 5, 7, 9, Linköping		1947/1998	Industry/warehouse	4,724	12,762		3,457	20,943	13.4	96	44.4
46	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	Industry/warehouse		11,099		110	11,209	5.3	74	30.1
47	Navhället 3	Låsblecksg. 5, Linköping		1991/1991	Industry/warehouse	2,778	3,684		0	6,462	3.8	88	19.8
48–49	Oboisten 2	Barhällsg. 1, 10, Linköping		1952/1952	Industry/warehouse	73	8,993	568	0	9,634	3.4	82	21.1
50	Paletten 1	Gumpekullav. 8, Ottarg. 3, Linköping		1980/1980	Office	5,339	341		8	5,688	5.2	92	24.6
51	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	Industry/warehouse		1,071			1,071	0.5	100	4.6
52	Tannefors 1:90	Hagalundsv. 3B, Linköping		Site	Other*					0	0.0	0	0.0
TOTAL LINKÖPING						165,378	103,692	20,443	17,263	306,776	284.0	91	1,482.3

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.

Acquisition during 2014.

A property can consist of a number of jointly administered properties or several large buildings.

## Norrköping



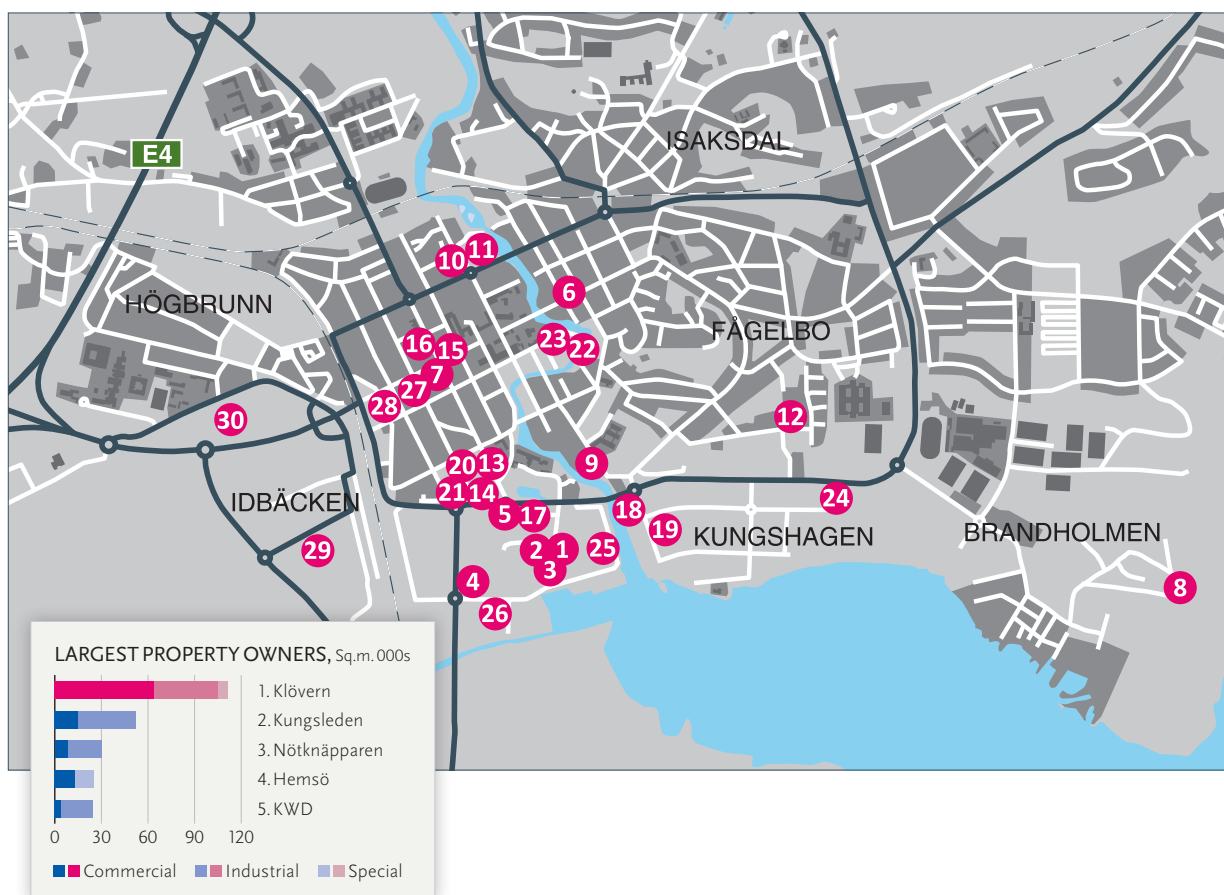
## NORRKÖPING

						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	Industry/warehouse	Retail	Other*				Area, sq.m.
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58		0	1,204	1.2	100	4.0
2	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	3,114	164	1,364	266	4,908	7.8	95	51.1
3	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	3,102	1,655		130	4,887	4.3	97	12.5
4-7	Kopparhammaren 2	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	28,196	1,282	1,096	8,234	38,808	47.8	88	163.6
8	Kopparhammaren 7	Kungsg. 56, N Grytsg. 2,4,6, Norrköping		1929/1929	Office	3,377	113		990	4,480	8.9	96	0.0
9	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	4,090	2,897		0	6,987	5.6	100	42.3
10	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.7	100	75.4
11	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Industry/warehouse	755	2,623	610	0	3,988	3.0	97	15.9
12	Malmen 6	Kopparg. 10, Norrköping		1963/1963	Industry/warehouse		6,900			6,900	2.1	0	19.7
13	Malmen 8	Kopparg. 10, Norrköping	Site		Other*				0	0	0.9	100	1.5
14-16	Omformaren 7	Hagag. 10, Norrköping		1951/1968	Industry/warehouse	0	4,920	4,178	3,065	12,163	7.9	99	21.3
17	Platinan 1	Platinag. 1, Norrköping		1988/1988	Retail			4,375		4,375	2.9	100	14.4
18	Regulatorn 3	Kabelv. 15, Norrköping		1996/1996	Industry/warehouse	1,325	2,287	580	513	4,705	3.0	38	14.9
19	Reläet 9	Ståthögav. 48, Norrköping		1960/1993	Industry/warehouse	5,407	22,201	1,621	2,961	32,190	19.8	68	82.7
20	Ritsaren 10	Industrig. 7-9, Masking. 23, Norrköping		1964/1986	Retail	586	209	4,851		5,646	4.8	98	18.4
21	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	4,379	2,284		0	6,663	6.4	99	28.1
22	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Industry/warehouse		6,866		0	6,866	3.1	100	31.8
23	Statorn 10	Malmg. 4, Norrköping		1938/1978	Industry/warehouse	1,747	1,758	1,085	61	4,651	3.7	85	14.9
24	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,586	243	2,878	810	12,517	13.6	86	69.8
25	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office					0	0.0	0	0.0
26	Svärdet 8	Hospitalsg. 17 mfl, Norrköping		1967/1976	Office	7,638	15	365	0	8,018	12.6	100	56.6
-	Nejlikan 13	Fredsg. 30, 32, Katrineholm		1951/1951	Other*	19	56		2,491	2,566	2.8	100	0.0
TOTAL NORRKÖPING						81,616	56,531	23,003	21,137	182,287	177.8	89	738.9

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.



## Nyköping

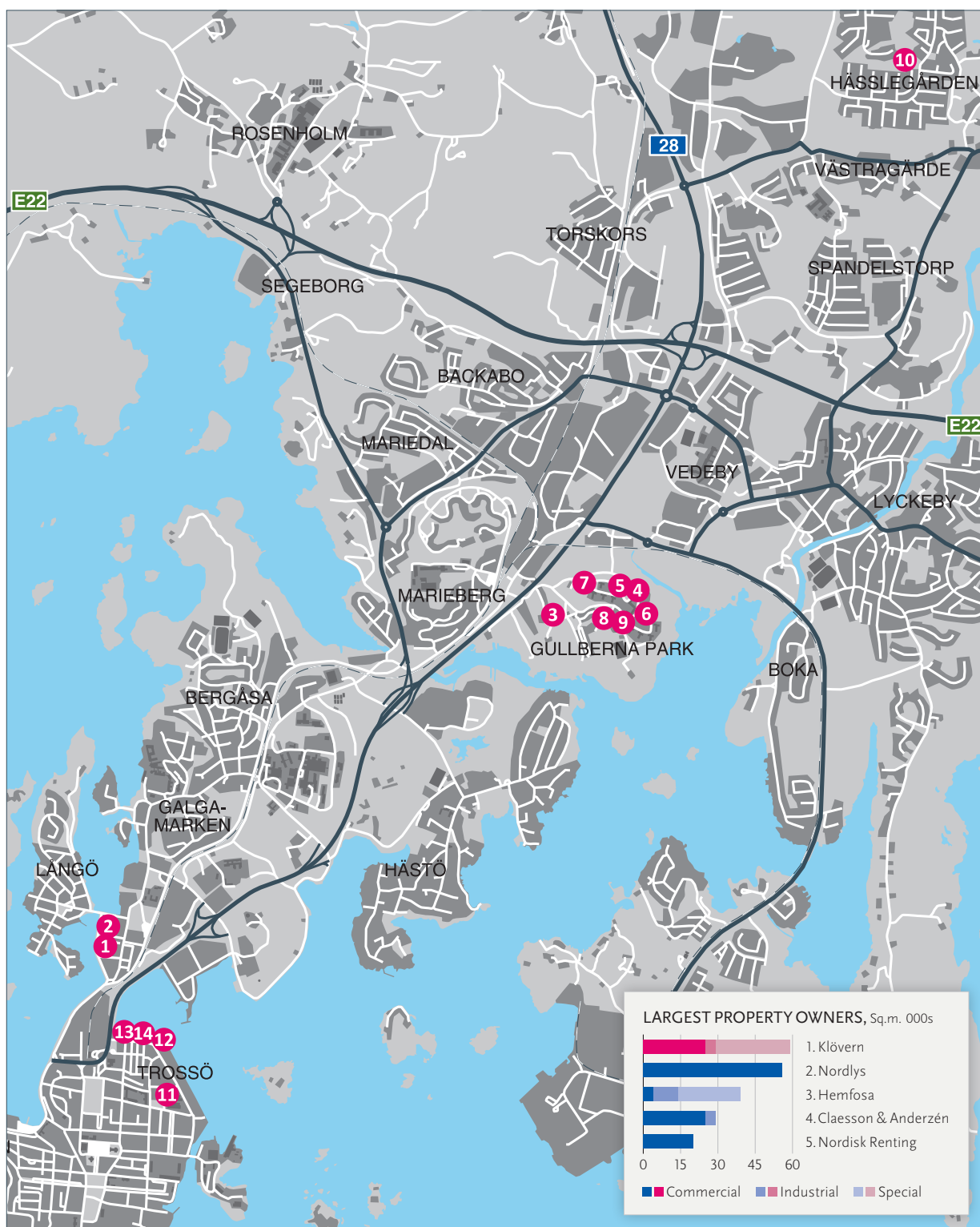


## NYKÖPING

					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	Industry/warehouse	Retail	Other*				Area, sq.m.
1-3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,554	12,814	0	5,014	31,382	23.6	76	90.0
4	Ana 12	Spelhagsvägen 1, Nyköping		1984/1984	Industry/warehouse		2,720	520	0	3,240	2.5	86	9.1
5	Ana 13	Nyckelv. 14, Nyköping		Site	Other*				0	0	0.0	0	0.7
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Retail	400		802	681	1,883	2.2	100	14.0
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping		1929/1987	Retail	175	19	1,531	856	2,581	3.7	100	27.9
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Industry/warehouse	251	7,453		97	7,801	3.8	85	23.2
9	Brädgården 3	Folkkungav. 1, Nyköping		Site	Other*				0	0	0.2	90	0.0
10-11	Fors 11	Repslagareg. 43, Nyköping		1929/1987	Office	8,596	2,114	506	0	11,216	12.9	87	52.9
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.7	100	0.0
13	Glödlampan 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Retail	228		570	0	798	1.0	99	2.7
14	Glödlampan 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535			0	535	0.8	100	2.0
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Retail	475		691	0	1,166	1.7	100	12.7
16	Hotellet 18	Brunnsg. 35, Nyköping		1940/1940	Retail			487	335	822	0.7	100	4.1
17	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	1.0	100	5.5
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg 4, 6, Nyköping		1929/1989	Office	1,036		325	37	1,398	1.4	60	8.5
19	Lansen 13	Gasverkstv. 2, Ö Längdg. 5, 7, Nyköping		1977/1991	Office	4,007	0	2,270		6,277	6.7	94	35.2
20-21	Mjölklaskan 8	Bagareg. 3 A-C, Fruängsg. 4, Kungsg. 16, Nyköping		1929/1940	Other*	3,120	59	157	4,119	7,455	9.5	83	0.0
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,926	10	270	0	2,206	3.1	98	13.7
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,602	205		0	1,807	1.9	93	13.8
24	Skölden 2	Gasverkstv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.8	100	9.3
25	Spelhamnen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Industry/warehouse		5,747			5,747	1.6	48	7.8
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Retail			1,280		1,280	1.3	100	10.9
27-28	Standard 17	V Storg. 2-6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping		1969/1993	Office	3,057	44	2,972	550	6,623	10.4	100	73.1
29	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Retail	338	2,160	2,420		4,918	3.5	100	13.4
30	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.4	100	0.0
-	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Industry/warehouse	647	1,826	761	1,423	4,657	3.8	71	13.7
-	Fabrikatet 4	Materialv. 3, Nyköping		Site	Industry/warehouse					0	0.0	0	0.5
-	Fabrikatet 5	Materialv. 3, Nyköping		Site	Industry/warehouse					0	0.0	0	0.3
TOTAL NYKÖPING						42,554	35,261	15,562	18,772	112,149	106.2	88	445.0

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

## Karlskrona



# KARLSKRONA

			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Fregatten 16	Långg. 7, Karlskrona		1980/1980	Other*				5,935	5,935	6.2	100	0.0
2	Garvaren 26	Långg. 11, Karlskrona		1974/1974	Industry/ warehouse		3,625			3,625	1.9	100	7.7
3	Gullbernahult 1	Koloniv. m.fl, Gullberna Park, Karlskrona		Site	Other*				0	0	0.0	100	0.0
4	Gullbernahult 12	Adonisv. Gullberna Park, Karlskrona		Site	Other*					0	0.0	0	1.5
5	Gullbernahult 13	Adonisv. Gullberna Park, Karlskrona		Site	Other*					0	0.0	0	1.5
6	Gullbernahult 21	Storören, Måsskär, Gullberna Park, Karlskrona		1961/1961	Other*	650	176		5,322	6,148	5.8	100	6.4
7	Gullbernahult 26	Ljungskär, Tvegölja, Gullberna Park, Karlskrona		1956/1956	Other*	1,597	1,785	650	8,736	12,769	11.5	100	19.3
8	Gullbernahult 31	Koloniv. 58, 60, 62, Karlskrona		1993/1993	Other*		107		4 198	4,305	4.5	99	27.8
9	Gullbernahult 82	Flaggskär, Söderskär, Gullberna Park, Karlskrona		1958/1958	Office	2,995	1,595	657	2,087	7,334	4.6	74	18.7
10	Pimpinellan 1	Väderg. 9, Karlskrona		2009/2009	Other*				960	960	2.4	100	0.0
11	Psiländer 60	Ölandsg. 1, Karlskrona		1939/1995	Office	14,470			0	14,470	13.5	100	94.5
12	Skeppsbron 1	Skeppsbrokajen 4a, 4b, 6, Karlskrona		2012/2012	Office	2,727		280		3,007	8.3	100	44.7
13	Skeppsbron 2	Skeppsbrokajen 10, Karlskrona		2013/2013	Office	200			200	400	0.6	100	8.1
14	Skeppsbron 3	Skeppsbrokajen 8, Karlskrona		Site	Other*					0	0.0	0	0.0
–	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.3	100	42.8
–	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Industry/ warehouse		5,300			5,300	3.4	100	19.5
TOTAL KARLSKRONA						30,839	12,588	1,587	27,438	72,452	71.0	98	292.5

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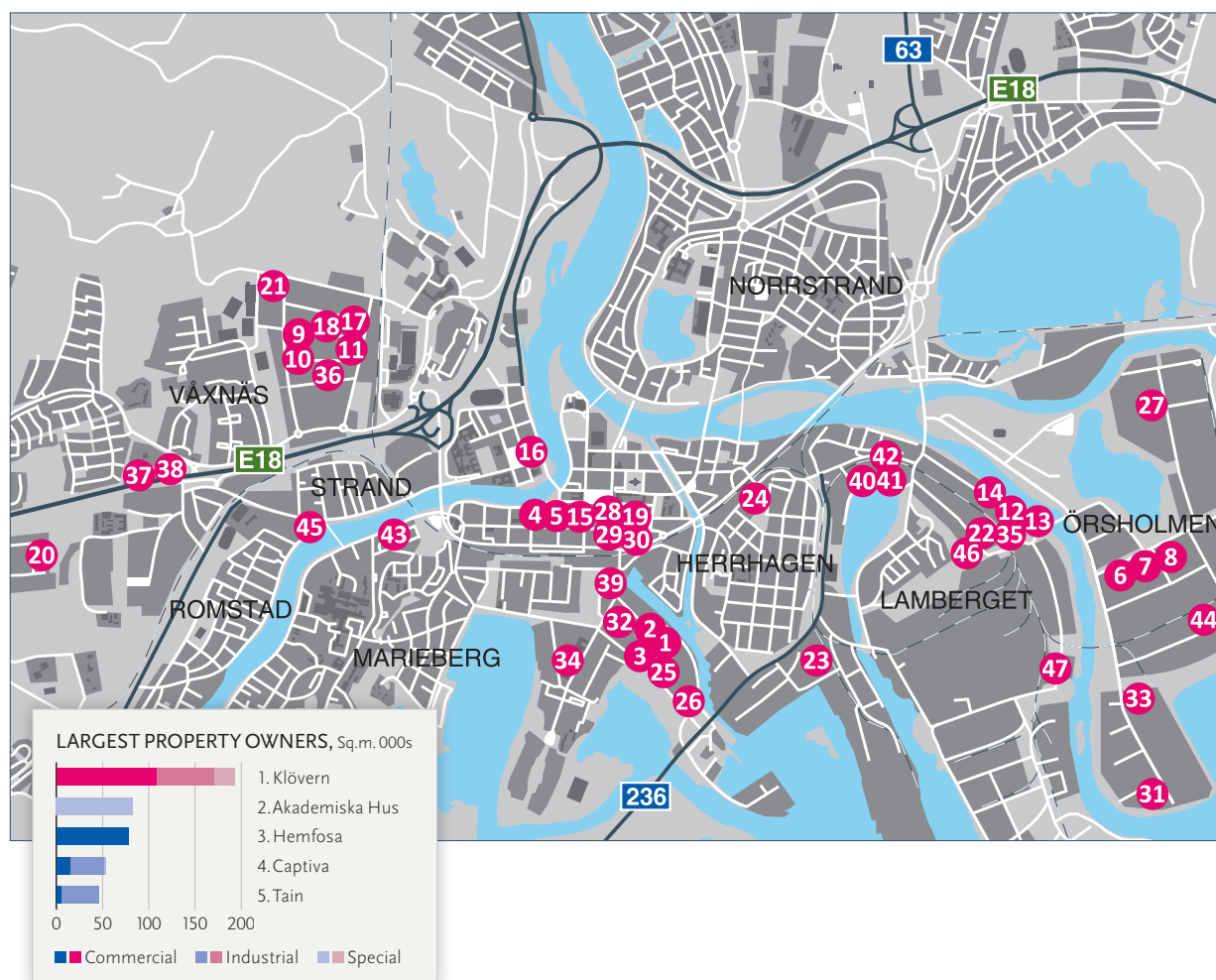
■ Acquisition during 2014.

	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/warehouse	Retail	Other*	Area, sq.m.			
TOTAL EAST REGION	350,636	234,768	67,453	104,823	757,680	710.5	91	3,208.5
TOTAL KLÖVERN	1,256,109	954,642	252,330	328,554	2,791,635	2,983.0	90	14,594.5



# CENTRAL/NORTH REGION

## Karlstad

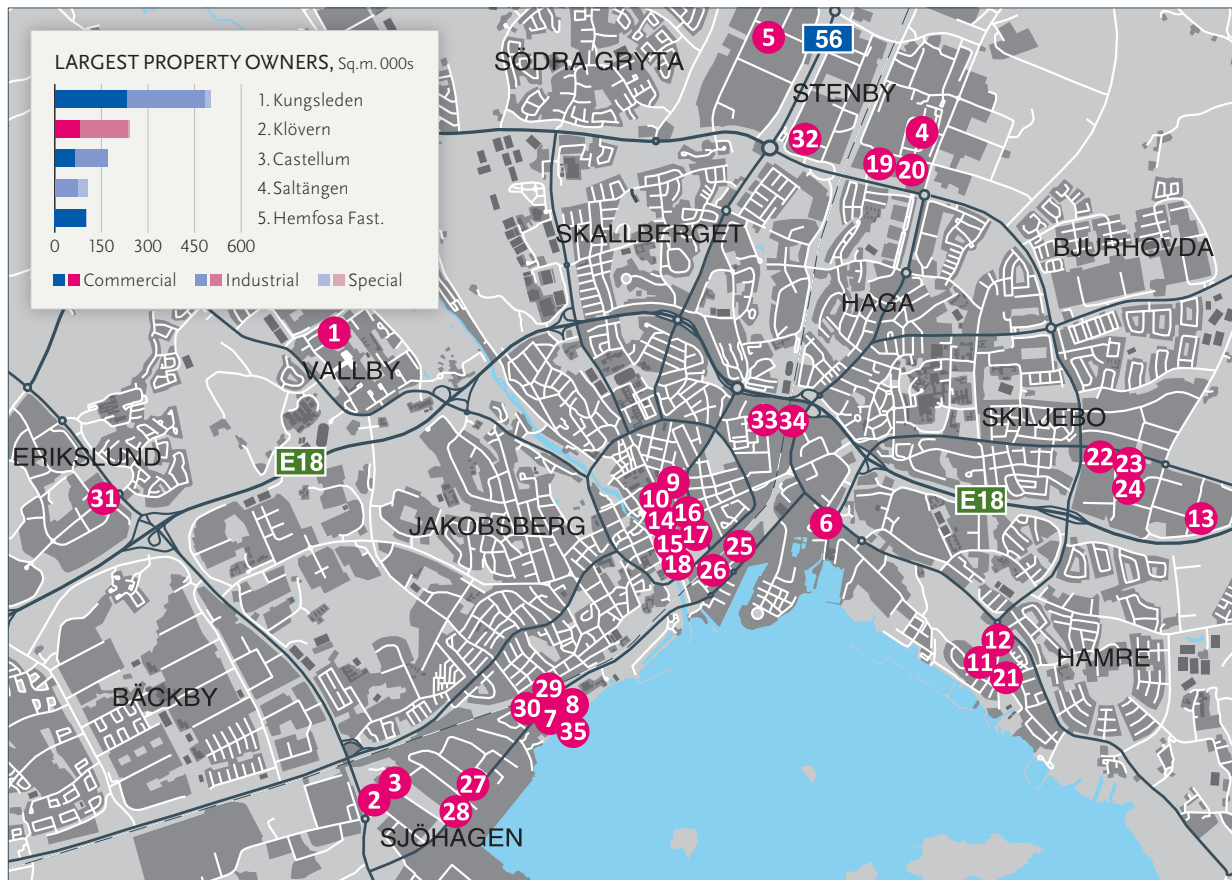


## KARLSTAD

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	Industry/ warehouse	Retail	Other*			
1-2	Barkassen 7	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	11,715	53	569	0	12,337	17.6	109.8
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,867	289		0	7,156	9.0	54.4
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,800	3,613		40	7,453	7.8	34.1
5	Björnen 7	Järnvägs g. 7, Karlstad		1965/1965	Office	1,380	216	398	1,330	3,324	5.2	38.0
6	Blåsten 3	Stormg. 6, Karlstad		1975/1975	Industry/ warehouse	473	1,615		0	2,088	1.4	3.8
7	Blåsten 4	Stormg. 8, Karlstad		1975/1979	Office	2,341			0	2,341	1.9	5.4
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	5.3
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Retail	729		861		1,590	1.2	5.3
10	Bromsen 13	Spärrg. 12, Karlstad		1967/1967	Retail					0	0.0	2.0
11	Bromsen 6	Ramg. 7, Karlstad		1967/1977	Industry/ warehouse	1,660	1,742	204	0	3,606	3.2	8.1
12	Bälgen 10	Sågverksg. 35, Karlstad		1959/1988	Office				0	0	2.3	0.0
13	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office					0	0.0	12.5
14	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	0.0	3.2
15	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Retail	1,875	43	1,985	348	4,251	6.5	46.6
16	Ekorren 11	Malm Morgsg. 6, Karlstad		1929/1992	Office	3,986	501		2,068	6,555	8.0	33.6
17	Fjäders 14	Kolv. 1, Karlstad		1966/1971	Retail	1,323	29	2,686	0	4,038	2.4	9.1
18	Fjäders 16	Bromsg. 4, Karlstad		1991/1991	Office	2,709		1,653	0	4,362	3.8	22.8
19	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	492	2,059	958	6,826	8.9	51.5
20	Grästegen 2	Stråg. 3, Karlstad		1990/1990	Office	2,664	24		0	2,688	2.5	17.8
21	Gångjärnet 2	Blockg. 29, Karlstad	S	1964/1974	Industry/ warehouse	222	2,814		0	3,036	2.0	7.6
22	Hammaren 21	Gjuterig. 27, 29, Karlstad		1990/1990	Industry/ warehouse	774	1,172			1,946	1.3	6.3
23	Herrhagen 1:10	Hamnpirsg. 4, Karlstad	S	1986/1987	Other*		475		1,040	1,515	1.3	1.6
24	Hybelejen 17	Verkstads g. 20, Karlstad		1929/1985	Office	2,792	88		0	2,880	2.7	0.0
25	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,857	738	477	0	10,072	16.4	99.4
26	Kanoten 9	Kanikenäsbanan 12, Karlstad		1990/1990	Office	8,894			0	8,894	9.3	65.8
27	Kulingen 4	Östanvindsg. 17, Karlstad		1976/1976	Industry/ warehouse		7,640	450	0	8,090	4.7	15.5
28-29	Mercurius 3	V Torgg. 10-12, Karlstad		1929/1939	Retail	711	74	1,820	0	2,605	4.3	29.7
30	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	2,933	89	344	0	3,366	5.8	31.0
31	Passadvinden 3	Regnvindsg. 17, Karlstad		1990/1990	Industry/ warehouse	303	3,375			3,678	2.7	8.6
32	Pinassen 2	Tullhusg. , Karlstad			Other*				0	0	0.3	34.0
33	Regnvinden 1	Dagvindsg. 7, Karlstad		1981/2005	Industry/ warehouse	4,706	5,286		0	9,992	7.2	38.7
34	Skepparen 15	Orrholmssg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,644	270		19,135	22,049	22.7	11.2
35	Släggan 13	Sågverksg. 20, Karlstad		1981/1981	Industry/ warehouse	338	846	566	0	1,750	1.0	5.0
36	Spärren 7	Rattg. 6, Karlstad		1968/1968	Office	834	598	476	0	1,908	1.5	5.6
37	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	3,971	73		285	4,329	2.9	18.7
38	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	410	50	175	0	635	0.4	2.0
39	Styrmanen 5	Hamntorget 1-3, Karlstad		1991/1991	Office	6,931	267		0	7,198	8.8	60.4
40	Sågen 1	Faktorig. 13, Industrig. 1, Karlstad		1986/1986	Office	3,213			0	3,213	3.0	14.5
41	Sågen 2	Faktorig. 15, Karlstad		1988/1988	Office	1,611			0	1,611	1.6	8.3
42	Sågen 9	Lantvärnsg. 8, Karlstad		1972/1972	Office	1,164	1,120	0	0	2,284	1.6	3.9
43	Sälgen 6	Älv. 39, Karlstad		1929/1949	Office	1,574				1,574	2.1	10.5
44	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Industry/ warehouse	303	12,854			13,157	7.9	20.1
45	Tvätten 3	Romstads v. 2, Karlstad		1929/1986	Office	2,041	504		0	2,545	2.0	11.9
46	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Retail	984		990	0	1,974	1.2	5.8
47	Ugnen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.3	3.9
	Uroxen 14	Kungsg. 28, Kristinehamn		1954/1954	Office	1,675	231		1,100	3,006	2.7	96
TOTAL KARLSTAD						107,471	47,988	15,713	26,304	197,476	201.5	983.3

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

## Västerås



## VÄSTERÅS

			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Allmogekulturen 5	Svalgängen, Västerås		1966/1991	Retail	5,359	450	5,501	3,622	14,932	10.0	80	44.6
2	Bogserbåten 1	Saltängsv. 22, Västerås		Site	Other*					0	0.0	0	1.0
3	Briggen 3	Saltängsv. 14, 16, Västerås		1963/1973	Industry/ warehouse	115	5,047			5,162	5.8	94	16.4
4	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås		1966/1990	Office	5,945				5,945	4.4	100	22.6
5	Friedningen 18	Elledningsg. 5B, Västerås		1988/1988	Industry/ warehouse		940			940	0.4	100	4.2
6	Gastuben 5	Björnö. 8, Västerås		1943/1943	Retail			2,442	0	2,442	2.0	92	12.5
7	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås		1957/1962	Office	12,877	11,529	450	5,000	29,856	17.9	73	72.8
8	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Retail			2,992	8	3,000	0.8	100	8.1
9	Inge 10	Smedjeg. 8, Västerås		1939/1960	Retail	528	265	3,532	1,550	5,875	6.6	98	36.1
10	Klas 8	Smedjeg. 13, Västerås		1956/1956	Retail	1,319	146	2,196	1,811	5,472	8.6	98	36.5
11–12	Kryssen 3	Regattag. 7–31, 33–53, Västerås		1940/1980	Industry/ warehouse	3,431	11,877	220	3,936	19,464	13.1	85	44.3
13	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås		1984/1984	Retail			16,909	0	16,909	16.8	0	89.0
14–17	Leif 19	Hantverkarg. 2, Västerås		1929/1964	Retail	4,939	720	12,468	2,797	20,924	34.2	93	196.4
18	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	1,783	183		2,311	4,277	5.1	91	36.9
19–20	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Industry/ warehouse	2,267	7,594		0	9,861	5.7	52	33.6
21	Regattan 46	Regattag. 8–28 etc, Västerås		1940/1970	Industry/ warehouse	2,302	9,203	111	0	11,616	7.2	82	40.7
22	Ringborren 13	Tallmätarg. 7, Västerås	T	1930/1962	Office	1,627			0	1,627	1.2	100	5.5
23–24	Ringborren 15	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Industry/ warehouse	3,511	14,717	494	378	19,100	14.6	87	58.6
25	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Industry/ warehouse	2,276	4,877	2,547	317	10,017	10.8	91	33.6
26	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Industry/ warehouse		3,213		0	3,213	0.5	0	2.5
27	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Industry/ warehouse	329	6,729			7,058	5.0	96	17.3
28	Skonerten 2	Saltängsv. 18, Västerås	T	1966/1986	Industry/ warehouse	265	4,455			4,720	1.8	0	17.6
29	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	755	134			889	0.8	56	3.9
30	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*		18		1,526	1,544	1.6	82	0.0
31	Traversföaren 3	Traversg. 4, Västerås		1990/1990	Retail			2,572		2,572	3.5	100	10.9
32	Turbinen 1	Stenbyg. 2–4, Västerås		1968/1986	Industry/ warehouse		17,757			17,757	7.9	100	54.0
33–34	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Industry/ warehouse	3,728	13,270	2,660	778	20,436	14.3	98	37.5
35	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450			0	1,450	1.5	90	6.6
–	Drotten 2	V Långg. 6, Köping		1988/1988	Office	2,130			1,343	3,473	3.9	98	17.6
–	Valpen 3	Björkg. 5, 7, Eskilstuna		1992/1992	Other*				4,308	4,308	4.2	100	0.0
–	Vampyren 9	Kribsensg. 8, Kungsg. 25, Eskilstuna		1969/1969	Retail	3,937	982	6,679	4,824	16,422	23.3	95	182.1
TOTAL VÄSTERÅS						60,873	114,106	61,773	34,509	271,261	233.5	86	1,143.4

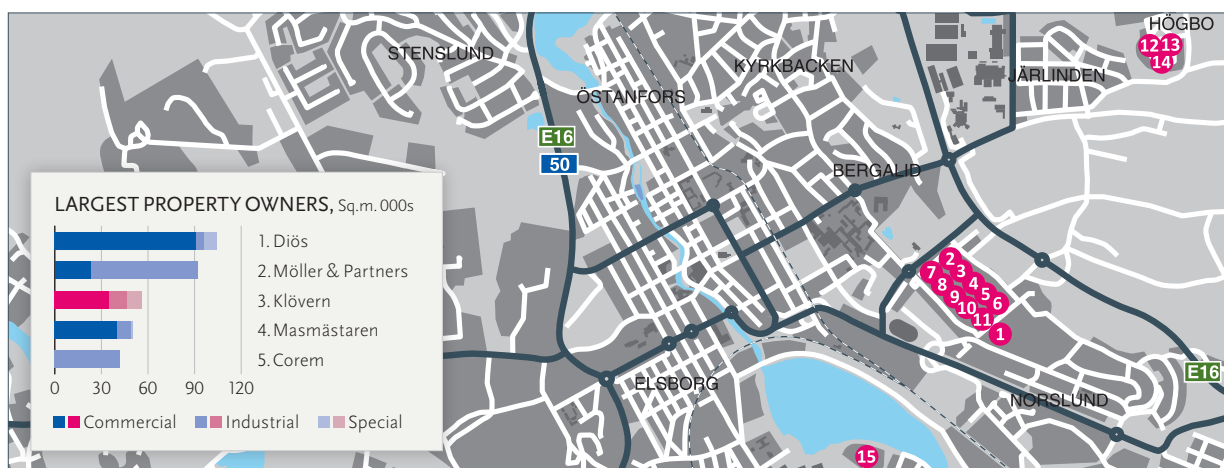
\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.

A property can consist of a number of jointly administered properties or several large buildings.

Acquisition during 2014.



## Falun



## Säter

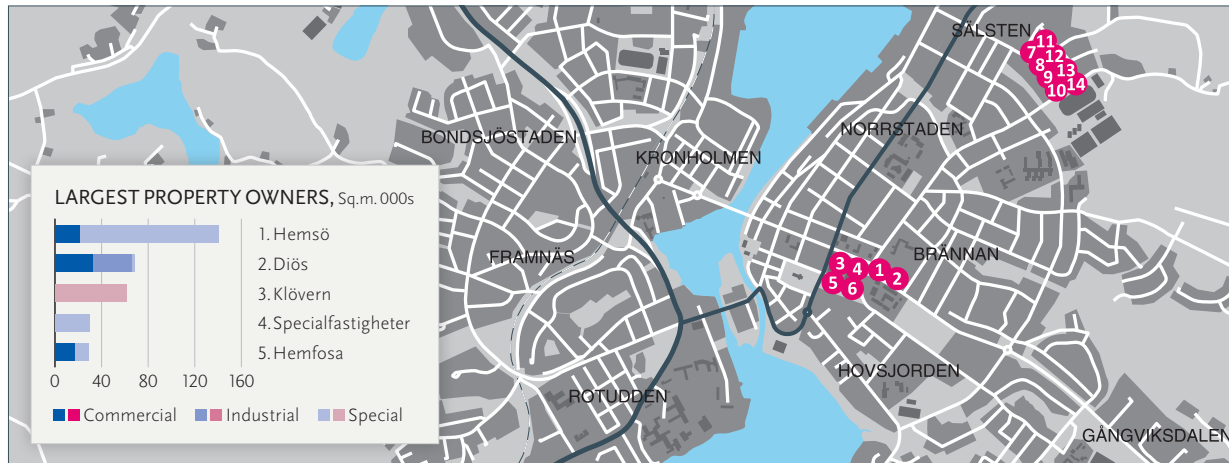


### FALUN/SÄTER

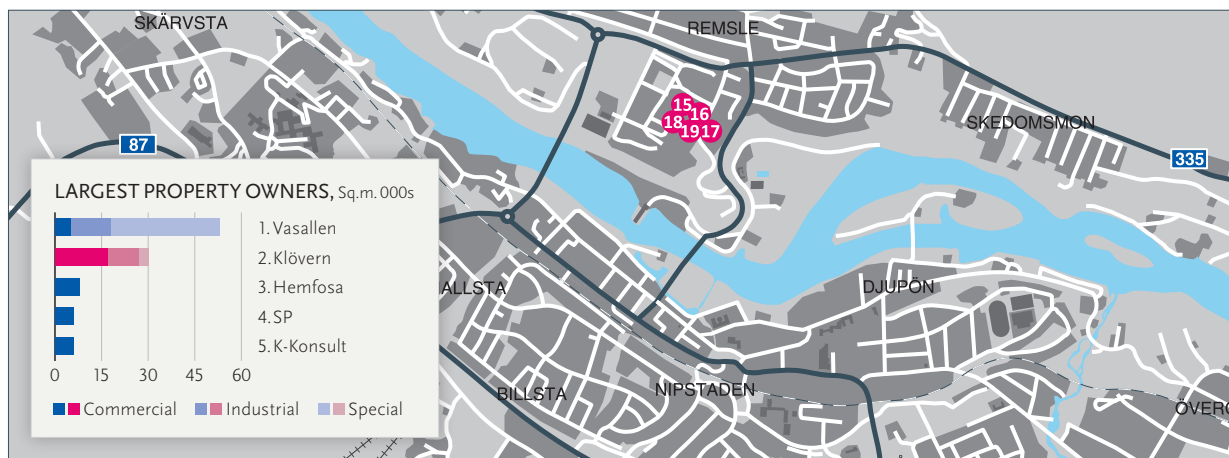
FALUN/SÄTER						Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Industry/warehouse	Retail	Other*	Area, sq.m.			
1	Falun 8:31	Surbrunnsv. 28, Falun		1941/1941	Industry/warehouse		449			449	0.1	100	3.7
2-11	Falun 8:9	Bataljonsv., Soldatv. m.fl, Falun		1908 m.fl	Office	17,461	10,333	1,209	8,798	37,801	29.9	93	99.7
12-14	Högbo 1:22	Högbo 5, 6, 11, 13, 15, Falun		1929/1929	Other*		145		5,556	5,701	6.7	99	5.4
15	Kvarnberget 1:6	Pelle Bergs Backe 3, Falun		1977/1977	Office	7,811	3,745	556	245	12,357	8.3	65	28.4
16	Skönvik 1:15	N. Uppfartsv., Jönshyttv. m.fl, Säter		1930/1930	Other*	4,645	5,168	4,188	28,705	42,706	36.0	91	0.7
17-20	Skönvik 1:17	N. Uppfartsv., Jönshyttv. m.fl, Säter		1985/1985	Other*					0	0.0	0	0.0
21	Skönvik 1:21	N. Uppfartsv., Jönshyttv. m.fl, Säter		2010/2010	Other*					0	0.0	0	0.4
22-27	Skönvik 1:6	N. Uppfartsv., Jönshyttv. m.fl, Säter		1929/1929	Other*					0	0.0	0	5.8
TOTAL FALUN/SÄTER						29,917	19,840	5,953	43,304	99,014	81.0	90	144.1

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## Härnösand



## Sollefteå

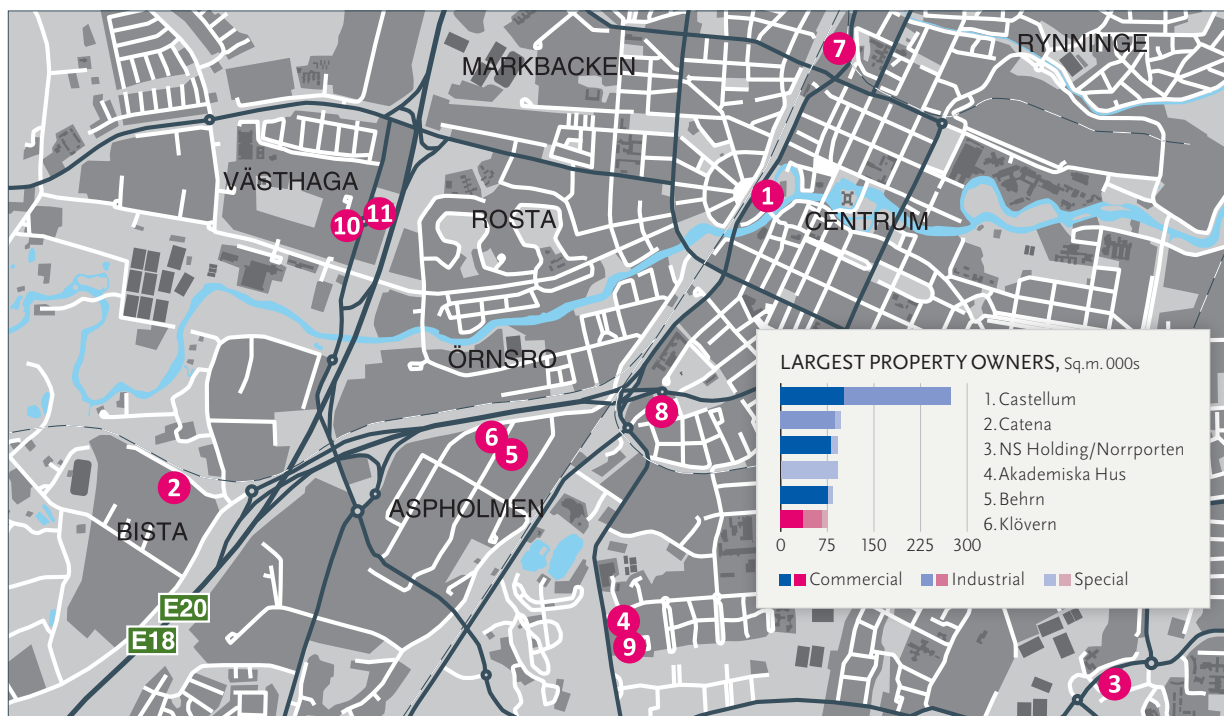


### HÄRNÖSAND/SOLLEFTEÅ

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*			
1-2	Seminarier 16	Kastellg., Gångsviksv., Härnösand		1912/1960	Office	2,369	53		1,930	4,352	3.3	0.0
3-6	Ädelstenen 6	Brunnshusg., Nybrog, Trädgårdsg., Gångsviksv., Härnösand		1912/1947	Other*	11,145	1,082		14,518	26,745	23.1	0.0
7-14	Ön 2:41	Kusthöjden, Sälstensgränd, Officersgränd, Härnösand		1944/1975	Office	19,701	7,095	315	2,378	29,489	25.1	31.3
15-19	Remsle 13:64	Nipan, Sollefteå		1929/1929	Office	12,947	10,179	2,360	4,129	29,615	20.4	50.5
TOTAL HÄRNÖSAND/SOLLEFTEÅ						46,162	18,409	2,675	22,955	90,201	71.9	81.8

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## Örebro



## ÖREBRO

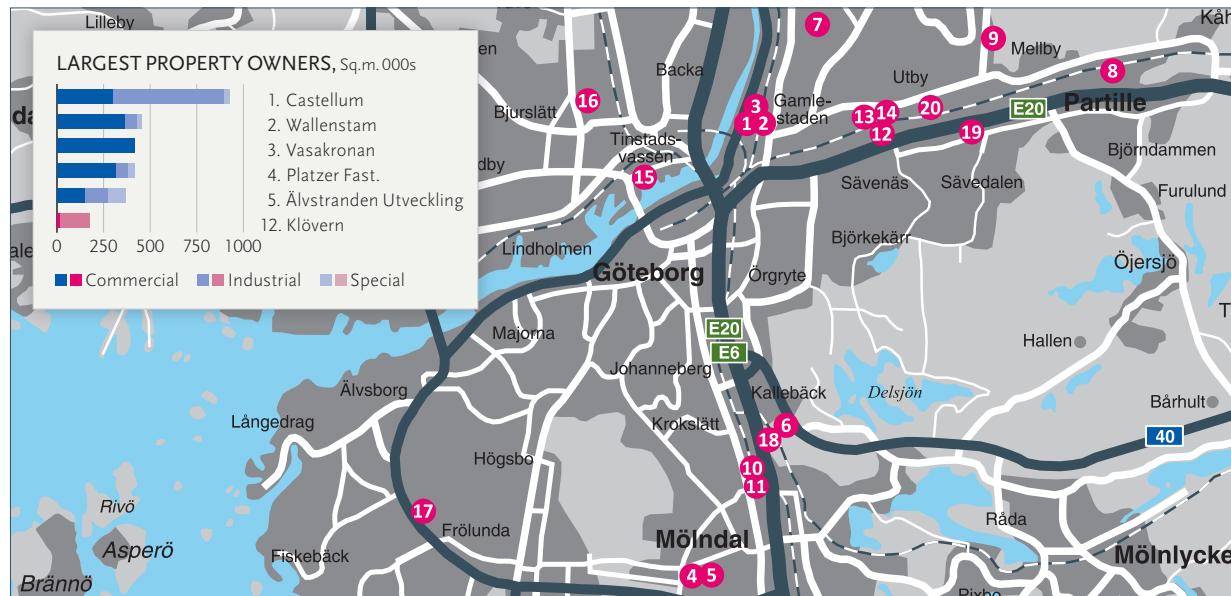
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/warehouse	Retail	Other*			
1	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302		0	2,819	4.2	22.6
2	Bleckslagaren 2	Handelslg. 5, Örebro		1969/2007	Industry/warehouse		18,842			18,842	10.8	54.0
3	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,154	16	136	0	5,306	8.0	28.8
4	Fåraherden 1	Riag. 1,3, Örebro		1992/1992	Office	1,765	5		752	2,522	3.1	18.7
5	Importören 2	Skvadronv. 5, Örebro		1970/1970	Industry/warehouse	1,055	1,510			2,565	0.7	7.4
6	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Industry/warehouse	1,374	4,691	3,091	1,324	10,480	6.8	27.1
7	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	1,964	2,462	9	4,683	9,118	8.3	0.0
8	Oxbacken 7	Krontorpslg. 1, Örebro		1981/1988	Office	2,942				2,942	4.4	14.9
9	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931			0	931	1.0	0.0
10	Vindhjulet 3	Tunnlandsg. 1, 3, 5, Örebro		1970/1970	Office	17,120	883		962	18,965	18.0	79.0
11	Vindrutan 1	Västthagag. 3, Örebro		1975/1992	Retail		85	1,230	0	1,315	2.2	8.7
TOTAL ÖREBRO						34,822	28,796	4,466	7,721	75,805	67.5	261.2

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	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/warehouse	Retail	Other*				
TOTAL CENTRAL/NORTH REGION	279,245	229,139	90,580	134,793	733,757	655.4	89	2,613.8
TOTAL KLÖVERN	1,256,109	954,642	252,330	328,554	2,791,635	2,983.0	90	14,594.5

## SOUTH REGION

## Gothenburg



## GOTHENBURG

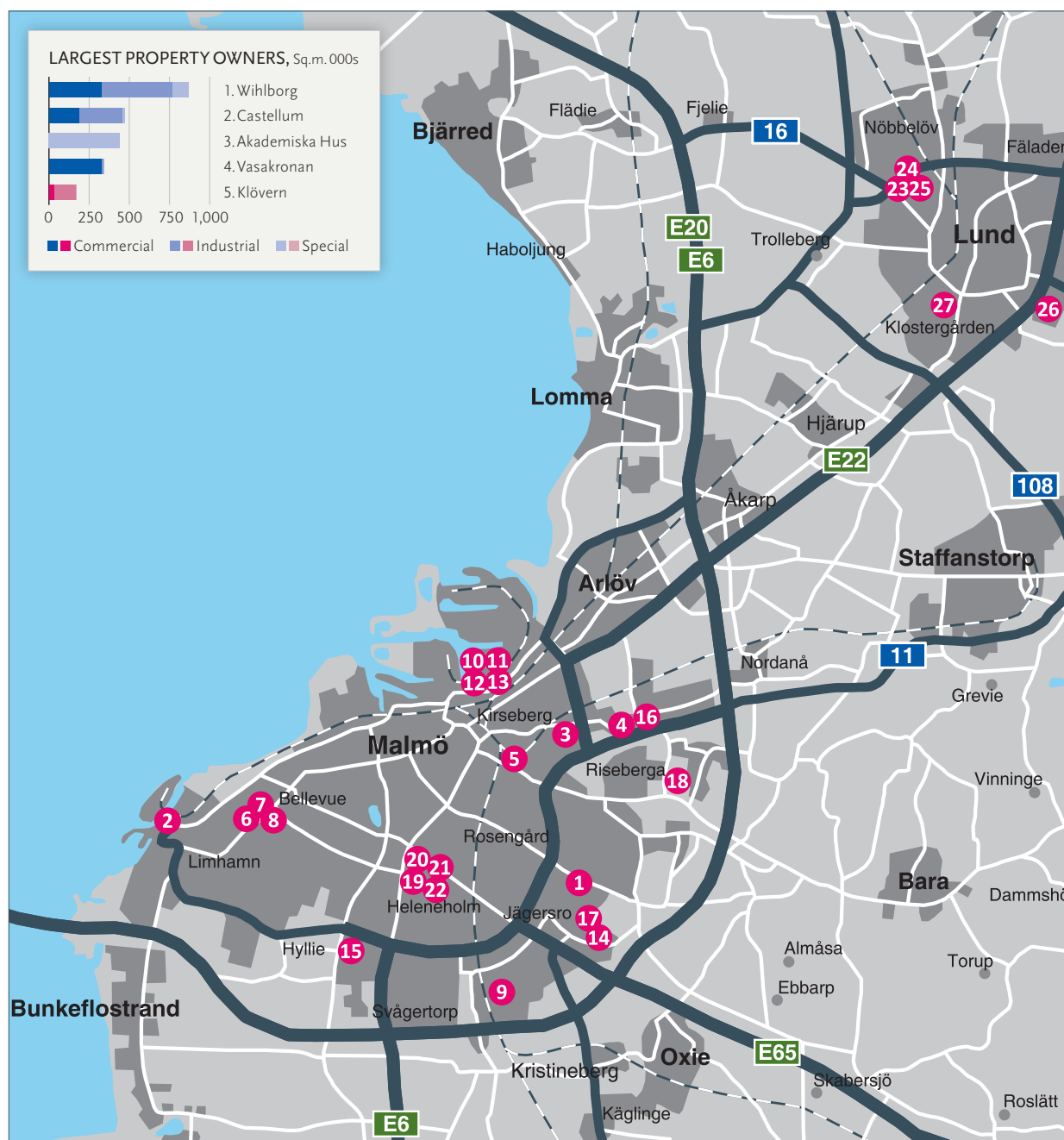
						Area, sq.m.				Economic			Tax value, SEK/m
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Office	Industry/ warehouse	Retail	Other*	Area, sq.m.	Rental value, SEK/m	occu- pancy rate, %	
1-2	Gamlestaden 39:13	Slakthusg. 8, Gothenburg		1963/1963	Industry/warehouse	4,055	6,807	328	0	11,190	11.5	93	39.0
3	Gamlestaden 39:14	Slakthusg. 6, Gothenburg		1905/1952	Industry/warehouse		1,000			1,000	0.4	0	2.7
4-5	Hästägaren 3	Idrottsv.14-16, Mölndal		2002/2002	Industry/warehouse	9,022	39,042			48,064	38.4	100	173.4
6	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	22,097				22,097	22.2	100	93.8
7	Kortedala 36:23	Dagjämningssg. 2, Gothenburg	T	1961/1969	Industry/warehouse		8,620			8,620	3.2	100	16.8
8	Lexby 11:236	Laxfiskev. 4B, Partille		2007/2007	Industry/warehouse		14,756			14,756	10.0	100	70.2
9	Mellby 5:120	Ögärdesv. 19, Partille		1990/1990	Office	3,612	1,480			5,092	5.3	91	26.8
10	Stockrosen 2	Norra Äg. 40, Mölndal		1988/1988	Retail	1,102		1,937		3,039	3.7	0	10.3
11	Stockrosen 7	Norra Äg. 32, Mölndal		1947/1997	Office	3,689	1,033		0	4,722	5.2	91	31.6
12	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	Industry/warehouse	318	7,264	0	0	7,582	5.0	97	18.4
13	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,611	465			2,076	1.7	95	8.4
14	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg		1991/1991	Office	5,459				5,459	5.1	99	25.2
15	Tingstadsvassen 27:2	Tackjärnsg. 1, Gothenburg	T	1962/1962	Office	2,758			1,110	3,868	2.9	100	10.6
16	Tuve 86:2	Hildedalsg. 1, Gothenburg	T	2007/2007	Industry/warehouse		5,301			5,301	4.6	100	24.7
17	Tynnered 1:15	Femvägsskålet 4, Gothenburg	T	1979/1979	Industry/warehouse		2,600			2,600	2.5	100	16.6
18	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	2,178	1,282		0	3,460	4.4	100	13.1
19	Ugglum 1:76	Göteborgsv.88, Tillfällav. 27-29, Partille		1988/1988	Retail	1,002		2,840	421	4,263	4.6	91	27.2
20	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,656	4,686	365	1,270	15,977	13.8	95	60.6
	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	0.9	100	0.0
	Berg 1:91	Täljstensv., Lerum		Site	Other*					0	0.0	0	0.7
	Tollestorp 7:6	Tollestörpsv. 2A-F, Lerum		1990/1990	Industry/warehouse		3,191			3,191	1.8	100	9.0
	Ugglum 9:243	Industriv., Partille		Site	Other*					0	0.0	0	3.3
	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*			121	3,358	3,479	3.1	100	0.0
	Ölslanda 10:81	Hantverksg. 21, Lerum		1990/1990	Office	1,716			0	1,716	0.8	100	4.1
TOTAL GOTHENBURG						68,776	97,587	5,591	7,054	179,008	151.1	98	686.5

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Acquisition during 2014.



## Malmö



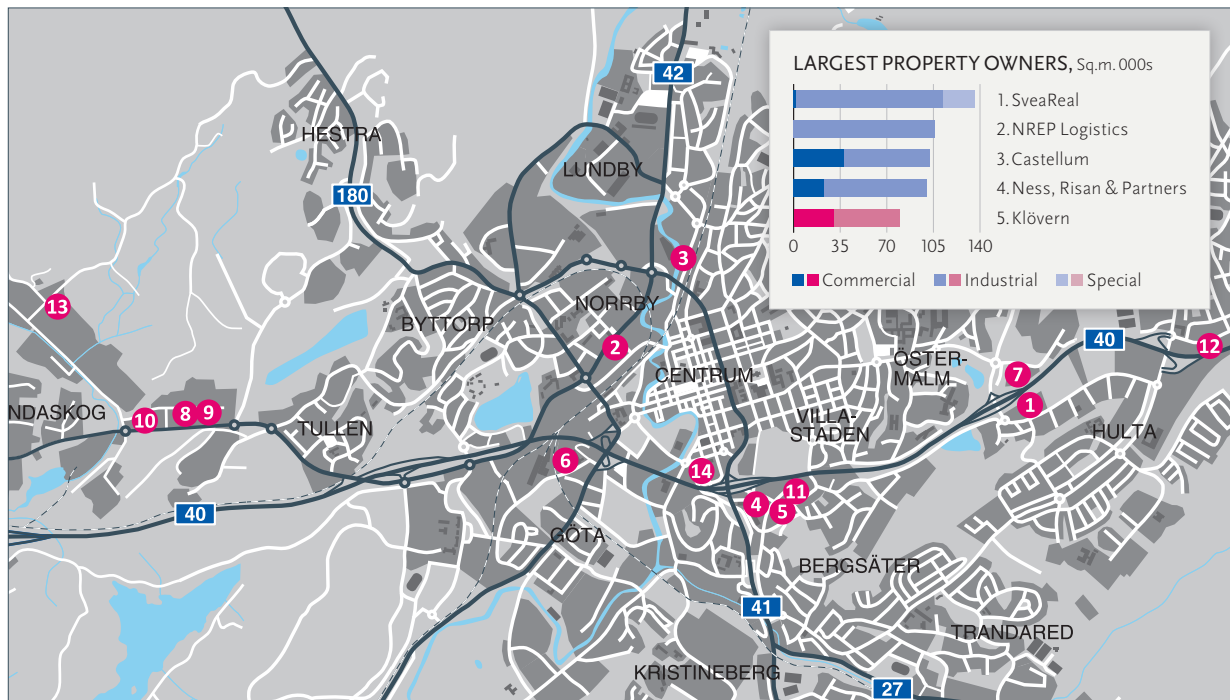
The ranking refers to Greater Malmö.

## MALMÖ

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*				
1	Brudbuketten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.6	94	6.6
2	Dragör 1	Öv. 6, Malmö		2014/2014	Office	1,630	48	618	0	2,296	4.6	85	3.6
3	Flygfyrn 3	Höjdroderg. 25, Malmö		1990/1990	Office	4,567	62	595	0	5,224	5.6	97	26.6
4	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Industry/warehouse		3,975			3,975	3.2	100	20.0
5	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	T	1962/1962	Industry/warehouse		5,455	2,890		8,345	4.6	97	18.1
6	Gjuteriet 21	Limhamnsv. 113, Malmö		Site	Other*				0	0	0.1	100	4.8
7	Gjutformen 1	Limhamnsv. 113, Malmö		Site	Other*					0	0.0	0	0.0
8	Kajan 33	Limhamnsv. 104, Malmö		Site	Other*					0	0.0	0	1.1
9	Krukskärvan 9	Stenyxg. 32, Malmö	T	1981/1981	Industry/warehouse		2,130		0	2,130	1.7	100	11.2
10–13	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Industry/warehouse	4,198	80,017	1,285	0	85,500	28.8	60	162.8
14	Stigglädet 10	Sadelg. 16, Betselg. 6A–B, Malmö	T	1978/1978	Industry/warehouse	387	2,598			2,985	2.6	100	16.2
15	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270		843		5,113	6.7	100	22.5
16	Sunnanå 12:26	G:a Staffanstopsv., Burlöv		Site	Other*					0	0.0	0	1.2
17	Tränsbettet 2	Travbaneg. 4, Malmö		1989/1989	Industry/warehouse	982	2,730			3,712	1.7	84	14.4
18	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	T	2003/2003	Industry/warehouse	610	1,795		0	2,405	2.2	100	12.4
19–20	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	5,337	728	6,511	14,735	13.6	82	10.5
21–22	Västerbotten 9	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Retail	3,903	2,208	10,249	4,137	20,497	20.9	95	53.3
23–24	Gustavshem 2	Gustavshemsv. 9, Lund		1972/1972	Industry/warehouse		2,164		0	2,164	1.7	100	10.7
25	Gustavshem 6	Gustavshemsv. 1, Lund		1990/1990	Other*	296		1,371	2,936	4,603	6.3	100	0.0
26	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Industry/warehouse		4,650			4,650	4.5	100	20.1
27	Nordanvinden 3	Nordanv. 5,7,9, Östanv. 2, Lund		1966/1966	Retail	595		1,996	0	2,591	3.0	100	16.0
–	Ekstaven 2	Industrig. 4, Spång. 1, Hässleholm		1979/1979	Retail	444	2,767	4,493		7,704	4.4	93	23.8
–	Kidet 1	Föreningsstorget 4–6, Eslöv		Site	Other*					0	0.0	0	0.4
–	Köpmannen 4	Andra Avenyn 3 mfl, Hässleholm		1950/1973	Other*	190	67	160	1,296	1,713	2.1	99	12.7
–	Piken 4	Kabing. 38, Helsingborg		1980/1980	Office	2,509				2,509	2.2	100	6.4
–	Programmeraren 9	Metallg. 23, Ängelholm		Site	Other*				0	0	0.0	100	8.0
–	Rådjuret 1	Föreningsstorget 4, 6, Eslöv		1966/1966	Office	3,047	159			3,206	2.2	85	10.6
–	Triangeln 3	Industrig. 61 mfl, Helsingborg		1950/1950	Industry/warehouse	1,478	3,922	70		5,470	2.3	100	0.0
–	Urmakaren 10	Herrestadsg. 8, Ystad		1893/1929	Other*				0	0	0.0	0	1.9
–	Urmakaren 13	Fridhemsg. 43, Ystad		1909/1929	Other*				90	90	0.0	0	1.4
–	Urmakaren 16	Industrig. 1A, Ystad		1959/1959	Other*					0	0.0	0	1.3
–	Urmakaren 17	Industrig. 1B, Ystad		1970/1970	Industry/warehouse		841			841	0.2	100	2.0
–	Urmakaren 18	Herrestadsg. 10, 12, Ystad		1974/1974	Retail			1,672		1,672	0.7	0	3.0
–	Urmakaren 2	Disponentg. 1, Industig. 3, Ystad		1949/1949	Other*				140	140	0.0	100	2.0
–	Urmakaren 21	Disponentg. 11, Ystad		1973/1973	Industry/warehouse		936			936	0.0	100	2.6
–	Urmakaren 22	Disponentg. 13, Fridhemsg. 41, Ystad		1956/1956	Industry/warehouse		420			420	0.0	100	0.0
–	Urmakaren 23	Herrestadsg. 6, Disponentg. 3, 5, Ystad		1965/1965	Industry/warehouse		3,527		480	4,007	0.0	0	1.7
–	Urmakaren 6	Disponentg. 7, Ystad		1952/1952	Industry/warehouse		100		100	200	0.0	100	1.8
–	Urmakaren 7	Herrestadsg. 2, Ystad		1957/1957	Industry/warehouse		686			686	0.0	0	0.7
TOTAL MALMÖ						32,611	126,594	26,970	15,690	201,865	127.5	86	512.4

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A property can consist of a number of jointly administered properties or several large buildings.

## Borås

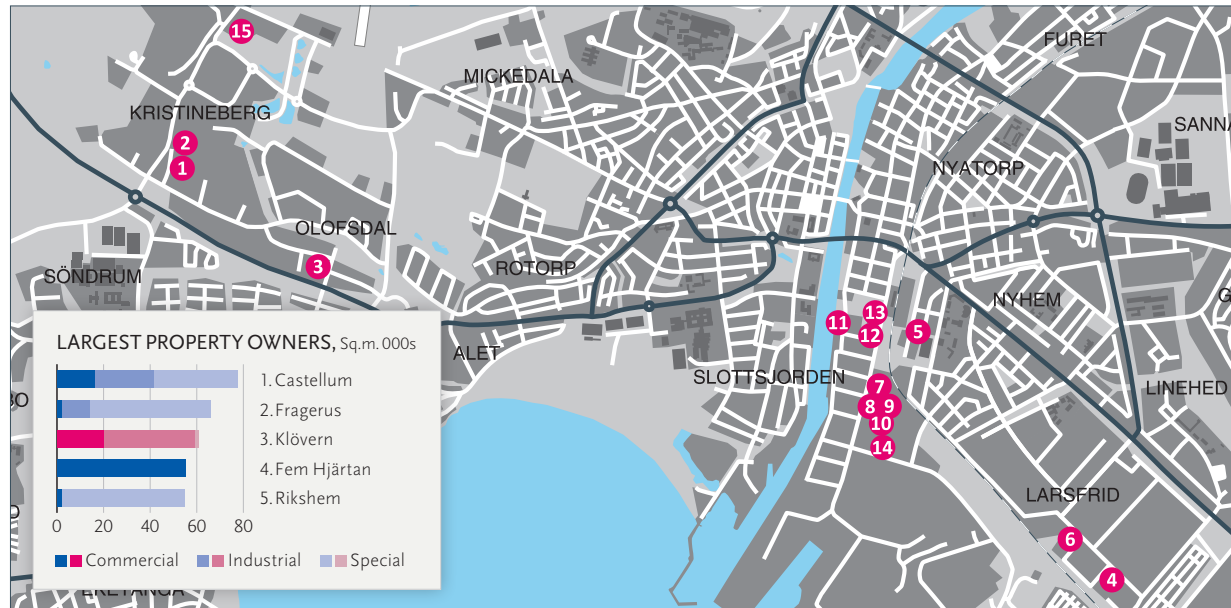


## BORÅS

BORÅS					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	Industry/warehouse	Retail	Other*				Area, sq.m.
1	Ekholma 7	Hultag. 15–17, Borås		2000/2001	Industry/warehouse	1,352	3,798			5,150	3.2	80	20.9
2	Gjutaren 10	Norrby Tvärg. 7, Norrby Långg. 18, Borås		1966/1966	Industry/warehouse	1,705	7,235		0	8,940	4.4	90	14.7
3	Grävlingen 5	Skaraborgsv. 21, 21 A, Borås		1887/1990	Office	6,755	0	625	0	7,380	6.9	84	48.1
4	Katrinedal 2	Katrinedalsg. 14, 16, 18, 20, Åsboholmsg. 12, Borås		1955/1988	Other*	1,895	2,657	280	3,806	8,638	7.0	92	34.6
5	Katrinehill 8	Åsboholmsg. 16, Borås		1959/1959	Office	5,159	1,255		0	6,414	5.1	94	23.6
6	Laxöringen 1	Tullkammareg. 1,3,5,7, Borås		1943/1960	Office	1,442	1,335			2,777	1.5	80	8.7
7	Milen 7	Solvärsvg. 4, 6, Borås		1969/1989	Industry/warehouse	2,405	7,543		0	9,948	5.2	60	24.7
8	Muttern 2	Verkstadsg. 12, Borås		1963/1989	Industry/warehouse	442	1,809			2,251	1.3	78	7.2
9	Muttern 3	Verkstadsg. 14, Borås		1992/1996	Industry/warehouse		2,322			2,322	1.4	100	7.6
10	Niten 6	Verkstadsg. 2–4, Borås		1974/1974	Industry/warehouse		2,401	1,657		4,058	2.2	37	7.3
11	Näckrosen 3	Katrinedalsg. 1, 3, Åsboholmsg. 25, Borås		1990/1990	Office	3,908	1,360		0	5,268	5.4	93	26.3
12	Raklinjen 2	Källbäcksvärdsg. 6, 8, Borås		1968/1970	Industry/warehouse		7,876			7,876	4.0	98	15.3
13	Rotorn 3	Masking. 4, Borås		1972/1975	Industry/warehouse		3,037			3,037	1.4	97	7.7
14	Uranus 16	Bryggareg. 18, 20, Borås		1949/1960	Industry/warehouse		4,696		2,494	7,190	3.2	94	11.2
TOTAL BORÅS						25,063	47,324	2,562	6,300	81,249	52.2	85	257.9

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

# Halmstad



## HALMSTAD

			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Eketånga 24:37	Kristinebergsv. 18–20, Halmstad		1989/1990	Industry/ warehouse	746	960		10	1,716	0.8	71	6.3
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Industry/ warehouse	1,875	3,449			5,324	2.9	57	17.0
3	Eketånga 5:417	Industriv. 1, Halmstad		1962/1962	Industry/ warehouse	396	3,168			3,564	1.5	93	8.9
4	Fläkten 1	Svetsareg. 16, Halmstad	T	1974/1974	Industry/ warehouse		12,200			12,200	5.8	83	17.0
5	Fotbollen 17	Bolmeng 11, Halmstad		1929/1929	Office	480				480	0.4	100	0.0
6	Fregatten 7	Svetsareg. 8, Halmstad		1978/1978	Office	1,517				1,517	1.0	100	5.4
7	Halmstad 2:25	Stationsg. 37, Halmstad		Site	Other*					0	0.0	0	0.0
8–10	Halmstad 2:28	Stationsg. 37, Halmstad		1920/1929	Industry/ warehouse	2,436	9,447	2,351	200	14,434	14.3	99	58.8
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Office	3,128			0	3,128	5.0	69	13.7
12	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Industry/ warehouse	183	1,223			1,406	0.4	18	2.7
13	Orkanen 2	Stationsg. 50, Halmstad		1948/1948	Industry/ warehouse		1,300			1,300	0.4	0	1.3
14	Ostkupan 3	Stålvärgsg. 1, Halmstad		1950/1950	Office	7,021	5,619		0	12,640	5.4	93	28.2
15	Slåttern 2	Kundv. 15, Halmstad		2008/2008	Retail			3,616	0	3,616	4.5	48	19.8
TOTAL HALMSTAD						17,782	37,366	5,967	210	61,325	42.4	82	179.1

\*) Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/warehouse	Retail	Other*				
TOTAL SOUTH REGION	144,232	308,871	41,090	29,254	523,447	373.2	90	1,635.9
TOTAL KLÖVERN	1,256,109	954,642	252,330	328,554	2,791,635	2,983.0	90	14,594.5



## FIVE-YEAR REVIEW AND KEY RATIOS

Statement of Income, SEK m	2014	2013	2012	2011	2010
Income	2,521	2,220	1,948	1,364	1,243
Property costs	-878	-828	-733	-507	-498
<b>Operating surplus</b>	<b>1,643</b>	<b>1,392</b>	<b>1,215</b>	<b>857</b>	<b>745</b>
Central administration	-84	-78	-86	-71	-64
Net financial income	-770	-678	-605	-358	-242
<b>Profit from property management</b>	<b>789</b>	<b>636</b>	<b>524</b>	<b>428</b>	<b>439</b>
Shares of profit in associated companies	-126	5	-	-	-
Change in value, properties	1,207	-28	-33	435	298
Change in value, derivatives	-565	337	-175	-225	23
Change in value, financial assets	-	71	10	-	-
Impairment of goodwill	-10	-34	-95	-	-
<b>Profit before tax</b>	<b>1,295</b>	<b>987</b>	<b>231</b>	<b>638</b>	<b>760</b>
Current tax	-2	-1	-2	0	-4
Deferred tax	-129	-178	110	-173	-151
<b>Net profit</b>	<b>1,164</b>	<b>808</b>	<b>339</b>	<b>465</b>	<b>605</b>
Other comprehensive income	4	-2	-	-	-
<b>Comprehensive income</b>	<b>1,168</b>	<b>806</b>	<b>339</b>	<b>465</b>	<b>605</b>

Balance Sheet, SEKm	2014	2013	2012	2011	2010
Goodwill	245	255	289	-	-
Investment properties	30,208	24,059	22,624	14,880	13,493
Machinery and equipment	12	12	14	8	9
Participation rights in associated companies	448	488	-	-	-
Deferred tax asset	-	-	-	397	405
Financial assets at fair value via statement of income	35	30	330	-	-
Other receivables	424	302	163	94	129
Liquid funds	286	84	375	11	36
<b>Total assets</b>	<b>31,658</b>	<b>25,230</b>	<b>23,795</b>	<b>15,390</b>	<b>14,072</b>
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	9,988	7,198	6,696	4,740	4,516
Minority interest	978	861	681	276	103
Deferred tax liability	18,870	16,163	15,229	9,345	8,517
Derivatives	709	144	432	242	13
Accounts payable	197	193	158	49	157
Other liabilities	206	132	140	34	53
Accrued expenses and prepaid income	710	539	459	307	308
<b>Total shareholders' equity and liabilities</b>	<b>31,658</b>	<b>25,230</b>	<b>23,795</b>	<b>14,993</b>	<b>13,667</b>

Statement of Cash Flow, SEKm	2014	2013	2012	2011	2010
Cash flow from current operations	843	657	712	341	507
Cash flow from investment operations	-5,041	-1,625	-2,457	-953	-1,165
Cash flow from financing operations	4,400	677	2,109	587	670
Cash flow for the year	202	-291	364	-25	12
Liquid funds at beginning of year	84	375	11	36	24
Liquid funds at year-end	286	84	375	11	36

Key ratios, share	2014	2013	2012	2011	2010
Market capitalization, outstanding shares, SEK million	12,232	7,527	6,670	4,165	5,467
Number of ordinary shares outstanding at year-end, million	916.0	916.0	888.5	884.4	884.4
Number of preference shares outstanding at year-end, million	16.4	9.3	9.3	–	–
Average number of ordinary shares outstanding, million	916.0	914.9	874.0	884.4	884.4
Average number of preference shares outstanding, million	10.5	9.3	5.9	–	–
Total number of registered ordinary shares at year-end, million	916.0	916.0	916.0	916.0	916.0
Total number of registered preference shares at year-end, million	16.4	9.3	9.3	–	–
Number of shareholders	42,725	35,818	31,651	27,213	27,754
Foreign ownership, %	21	17	18	16	17
Share price ordinary share Class A at year-end, SEK	8.20	5.18	4.65	4.71	6.18
Share price ordinary share Class B at year-end, SEK	7.60	–	–	–	–
Share price preference share at year-end, SEK	317.50	300.00	273.50	–	–
Dividend, ordinary share, SEK	0.30 <sup>1</sup>	0.27	0.27	0.23	0.27
Dividend, preference share, SEK	20.00 <sup>1</sup>	20.00	20.00	20.00	–
Dividend yield, ordinary share A, %	3.7 <sup>1</sup>	5.3	5.9	4.8	4.4
Dividend yield, ordinary share B, %	3.9 <sup>1</sup>	–	–	–	–
Dividend yield, preference share, %	6.3 <sup>1</sup>	6.7	7.3	–	–
Total return, ordinary share, %	53.0 <sup>2</sup>	17.2	3.7	–19.4	54.0
Dividend in relation to profit from property management, %	77	68	83	79	55
Share price performance, ordinary share, %	47.7 <sup>2</sup>	11.3	–1.2	–23.8	48.5
Earnings per preference share, SEK	1.02	0.68	0.23	0.53	0.68
Price/earnings per ordinary share (P/E ratio)	7	8	21	9	9
Profit from property management per ordinary share, SEK	0.61	0.49	0.43	0.48	0.50
Equity per share, SEK	10.71	7.78	7.46	5.36	5.11
Cash flow per share, SEK	0.22	–0.31	0.41	–0.03	0.01
Properties' book value per share, SEK	32.40	26.00	25.20	16.82	15.26

1) Based on proposed dividend 2) Based on bonus issue in 2014  
Historical statistics have been adjusted for the bonus issue and the reverse split that took place during 2014.

Key ratios, property	2014	2013	2012	2011	2010	Key ratios, financial	2014	2013	2012	2011	2010
Number of properties	408	402	387	255	250	Return on equity, %	14.5	11.6	5.8	10.1	14.0
Lettable area, 000 sq.m.	2,792	2,624	2,529	1,561	1,528	Equity ratio, %	31.5	28.5	28.1	31.6	33.0
Rental value, SEKm	2,983	2,570	2,468	1,554	1,486	Equity ratio, adjusted, %	35.9	31.4	31.9	35.8	35.1
Fair value of properties, SEKm	30,208	24,059	22,624	14,880	13,493	Leverage, %	60	65	64	63	63
Required yield, valuation, SEKm	6.9	7.2	7.2	7.1	7.2	Leverage, properties, %	51	57	59	63	63
Economic occupancy rate, %	90	90	88	89	89	Interest coverage ratio	2.0	1.9	1.9	2.2	2.8
Area-based occupancy rate, %	81	82	81	80	79	Average interest, %	3.5	4.3	4.3	4.2	3.6
Average lease contract term, years	3.3	3.5	3.4	2.8	2.8	Average period of fixed interest, years	2.1	2.7	3.0	2.7	2.4
Operating margin, %	65	63	62	63	60	Average period of tied-up capital, years	2.1	2.0	2.2	1.9	2.0
						Interest-bearing liabilities, SEKm	18,870	16,163	15,229	9,345	8,517

# DEFINITIONS

## PROPERTIES

**AREA-BASED OCCUPANCY RATE** Area let in relation to total lettable area.

**CONTRACT VALUE** Rent of premises, index and rent supplement according to the lease contract.

**DEVELOPMENT PROPERTIES** Properties with ongoing or planned refurbishment or extension projects, which entail a higher standard or use of the premises.

**ECONOMIC OCCUPANCY RATE** Contract value in relation to rental value at year-end.

**INVESTMENT PROPERTIES** Properties currently and actively managed.

**NET MOVING-IN** The contract value of tenants moving in less the contract value of vacating tenants.

**OPERATING MARGIN** Operating surplus as a percentage of total income.

**OPERATING SURPLUS** Total income less rent losses, operation and maintenance costs, property administration, site leasehold rent and property tax.

**OTHER COSTS** Costs which are not directly attributable to normal property operation.

**OTHER INCOME** Income from rental guarantees and redemption of leases.

**PROPERTY COSTS** Refers to direct property costs such as for electricity, water, heating, repairs, maintenance, tenant adaptations, site lease rent and property taxes.

**PROPERTY TYPE** Principal use of a property with respect to type of premises. A particular property category may therefore contain smaller areas intended for other uses than the principal use.

**PROFIT FROM PROPERTY MANAGEMENT** Profit before changes in value and tax

**REALIZED CHANGES IN VALUE, PROPERTIES** Property sales after deduction of properties' most recent fair value and selling expenses.

**RENTAL INCOME** Charged rents, plus billed compensation for heating and property tax.

**RENTAL VALUE** Rental income, plus estimated market rent for space not rented at year-end.

**REQUIRED YIELD** Property valuations' required return on residual value.

**TENANT TURNOVER RATE** Contract value of vacating tenants during the year in relation to the average contract value during the year.

**TOTAL INCOME** Total of rental and other income.

**UNREALIZED CHANGES IN VALUE, PROPERTIES** Change in the fair value of the property portfolio after deduction of investments made.

**VALUE ADDED FROM IMPROVEMENT** Sale price less invested capital.

## FINANCIAL

**ADJUSTED EQUITY RATIO** Reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liability exceeding five per cent of the difference between tax value and fair value of the properties in relation to reported total assets adjusted for goodwill at the end of the period.

**EQUITY RATIO** Reported shareholders' equity in relation to total assets at year-end.

**INTEREST COVERAGE RATIO** Profit from property management, excluding financial costs, in relation to financial costs.

**LEVERAGE** Interest-bearing liabilities after deduction for the market value of listed shareholding and liquid funds in relation to the fair value of the properties at the end of the period.

**LEVERAGE, PROPERTIES** Interest-bearing liabilities with collateral in properties in relation to the fair value of the properties at the end of the period.

**RETURN ON EQUITY** Net profit as a percentage of average shareholders' equity.

## THE SHARE

**DIVIDEND YIELD** Share dividend during the respective year in relation to the share price at the end of the same financial year.

**EARNINGS PER COMMON SHARE** Profit for the period after deduction for earnings for preference shares in relation to the average number of outstanding ordinary shares.

**EARNINGS PER PREFERENCE SHARE** The period's accumulated share of annual dividend of SEK 20 per preference share on the basis of the number of outstanding preference shares at the end of every quarter.

**EQUITY PER SHARE** Equity in relation to the number of outstanding ordinary and preference shares on closing date.

**P/E RATIO** The share price at year-end in relation to earnings per share.

**PROFIT FROM PROPERTY MANAGEMENT PER SHARE** Profit from property management after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

**SHARE TURNOVER RATE** Total turnover of number of shares in relation to number of outstanding shares.

**TOTAL RETURN** The share price development and paid dividend divided in relation to the share price at the beginning of the year.

**PERSONNEL**

## STAFF TURNOVER

The number of permanent employees that were employed at the beginning of the year and left during the year in relation to the number of permanent employees at the beginning of the year.

**VALUE ADDED PER EMPLOYEE** Profit from property management plus wage costs including wage overheads divided by the average number of employees

## CALCULATION OF KEY RATIOS 2014

Economic occupancy rate, %	= 100 x	Lease contract value, SEKm	2,679	= 90
		Rental value, SEKm	2,983	
Equity ratio, %	= 100 x	Equity, SEKm	9,988	= 31.5
		Total assets, SEKm	31,658	
Leverage, %	= 100 x	Interest-bearing liabilities – market value of listed shares – liquid assets	18,024	= 60
		Fair value of property, SEKm	30,208	
Leverage properties, %	= 100 x	Interest-bearing liabilities, properties	15,350	= 51
		Fair value of property, SEKm	30,208	
Operating margin, %	= 100 x	Operating surplus, SEKm	1,643	= 65
		Total income, SEKm	2,521	
Return on equity, %	= 100 x	Net profit, SEKm	1,164	= 14.5
		Average shareholders' equity, SEKm	8,029	

## 2015 ANNUAL GENERAL MEETING

Shareholders of Klövern AB are warmly welcomed to the Annual General Meeting at 4 pm on Thursday, 23 April 2015 at Kistamässan. The notice of the meeting, proposed dividend and information about notification of participation is available on Klövern's website, [www.klovern.se](http://www.klovern.se).

## CALENDAR

Interim Jan – Mar 2015	Thu 23 April 2015
Interim Jan – Jun 2015	Fri 10 July 2015
Interim Jan – Sep 2015	Thu 22 October 2015
Year-end report 2015	Thu 11 February 2016

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The latest information about vacant premises, the share, financial statistics and a lot more can be found on Klövern's website, [www.klovern.se](http://www.klovern.se).



## Cover pictures:

Front page. Globen City  
Back page. Globen City

Klövern's annual report has been produced by Klövern in collaboration with Intellecta Corporate. The photographs have mainly been taken by Måns Berg and Per-Erik Adamsson. The interior picture of the property Brevduvan 17, page 39, has been taken by Håkan Ahlén. Forum Fastighetsekonomi AB has contributed to the Market section. Byggstatistik AB has contributed with the figure on the largest property owners in the respective unit.



**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 115,000 sq.m. During the year, Klövern has launched its business center operations under the brand name of First Office. The self-storage operations have also been launched under a separate brand name: Big Pink. During the year, 13 properties were sold for a total of SEK 531 million. Property value: SEK 30,208 million.

**2013** During the year, Klövern has taken possession of 23 properties for a total of SEK 1,020 million. These acquisitions have taken place in all four regions. Among other properties, a large logistics facility was acquired in Jordbro, south of Stockholm, with a lettable area of 28,000 sq.m. In December, two properties were acquired in the Gothenburg area, consisting of 9,800 sq.m. Klövern has also announced that it intends to conceptualize the business centres under the common brand name of First Office. Concentration of the property portfolio has continued during the year and altogether Klövern has sold 12 properties for SEK 387 million. The property value was SEK 24,059 million.

**2012** Rutger Arnhult became CEO in January 2012. During the year, Klövern has acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon in March. With the purchase of Dagon, Klövern became established in new expansive markets, in the Öresund region and Gothenburg. Eleven properties were acquired for a total of SEK 543 million. The property value was SEK 22,624 million.

**2011** During the year, Klövern acquired eight properties at a price of SEK 315 million and sold 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). Gustaf Hermelin resigned as CEO at the year-end. The property value was SEK 14,880 million.

**2010** Klövern acquired a large property portfolio of 37 properties with a total area of 157,000 sq.m. Of the properties, 31 were 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 to a value of SEK 368 million and acquired an additional property for SEK 12 million. The property value was SEK 13,493 million.

**2009** Kistamässan was completed in May and the first sod was cut 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. The property value was SEK 12,032 million.

**2008** Kistamässan opened at the beginning of September. Three properties in Karlstad, Kista and Nyköping were sold for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. The property value was SEK 11,895 million.

**2007** Klövern concluded 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 twelve properties were sold for a price of SEK 1,236 million. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for a value of almost SEK 1 billion. The property value was 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. At the end of 2006, Klövern acquired 46 properties in Kista and Täby for over SEK 4 billion. The property value was SEK 10,701 million.

**2005** A total of 36 properties were sold for SEK 557 million. Klövern acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. The property value was SEK 5,968 million.

**2004** In January, 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. Sales of a total of 20 properties for SEK 307 million. The property value was SEK 4,193 million.

**2003** Klövern is listed on the stock exchange's O list. In August, 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. The property value was 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 Post properties for SEK 1.3 billion. During the year, properties were acquired in Nyköping and Norrköping. In December, Gustaf Hermelin became CEO. The property value was SEK 1,876 million.



A low-angle, upward-looking photograph of two modern, multi-story apartment buildings. The buildings are constructed with light-colored panels and have numerous windows. A glass-enclosed skybridge connects the two buildings at an upper level. The sky is a clear, bright blue. The right side of the image is partially covered by a solid blue overlay containing text.

# KLÖVERN

## ANNUAL REPORT 14

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