

KLÖVERN

ANNUAL REPORT 16



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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.

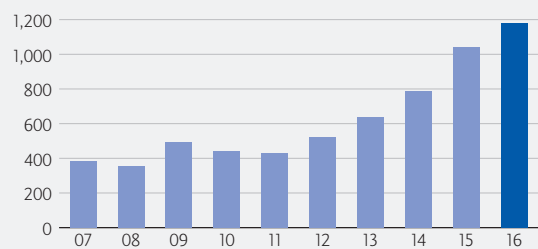
THIS IS KLÖVERN

Klövern is a real estate company committed, with closeness and commitment, to offering customers efficient premises in selected growth regions.

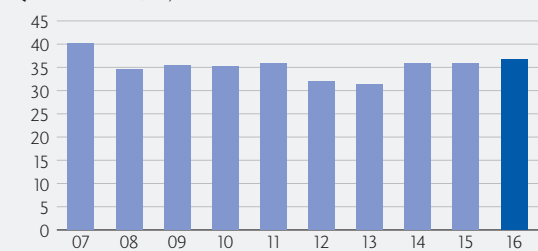
Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

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

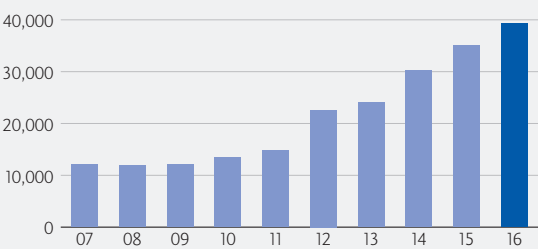
PROFIT FROM PROPERTY MANAGEMENT, SEKm



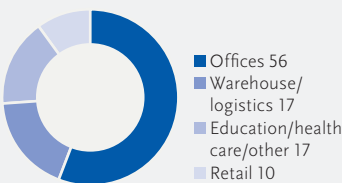
EQUITY RATIO, adjusted, %



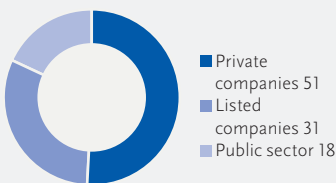
PROPERTY VALUE, SEKm



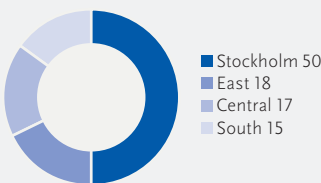
RENTAL VALUE BY TYPE OF PREMISES, %



CONTRACT VALUE BY CUSTOMER CATEGORY, %

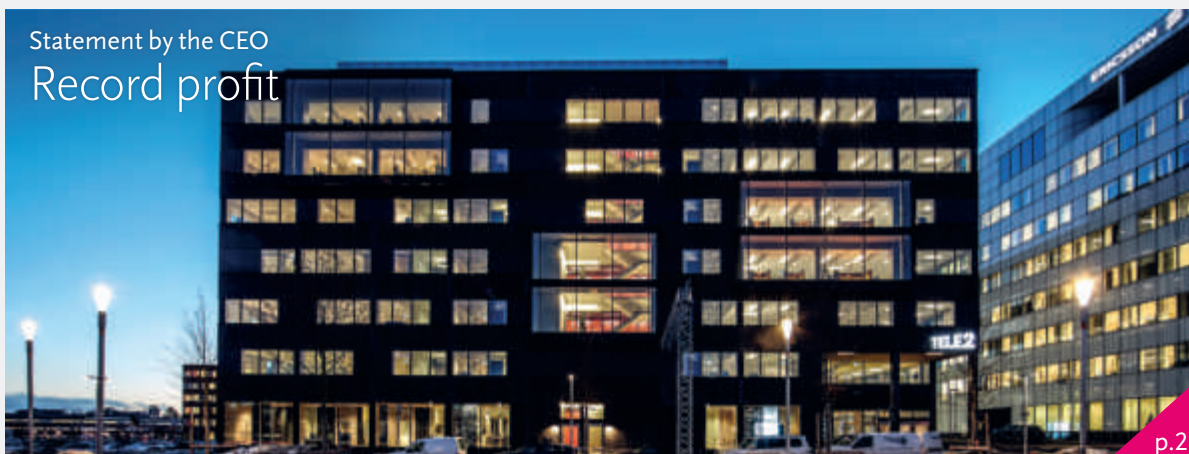


PROPERTY VALUE BY REGION, %



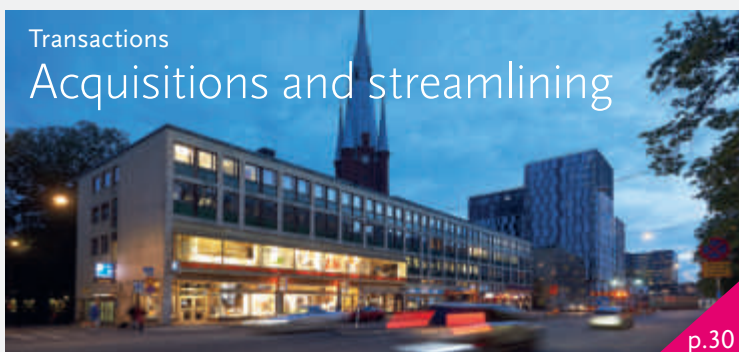
strong development

Statement by the CEO
Record profit



p.2

Transactions
Acquisitions and streamlining



p.30

Sustainability
Sustainability leads to competitiveness



p.41

Projects and building rights
Projects create value



p.32

KEY RATIOS	2016	2015	2014	2013	2012	2016Q4	2016Q3	2016Q2	2016Q1
Operating margin, %	66	65	65	63	62	61	70	67	65
Return on equity, %	18.6	18.9	14.5	11.6	5.8	4.4	4.5	3.6	6.1
Adjusted equity ratio, %	36.7	35.8	35.9	31.4	31.9	36.7	36.9	35.9	37.2
Leverage, %	60	61	60	65	64	60	60	60	59
Leverage, properties, %	44	47	51	57	59	44	44	44	45
Interest coverage ratio	2.9	2.6	2.0	1.9	1.9	2.6	3.1	3.1	3.0
Average interest, %	2.5	2.7	3.5	4.3	4.3	2.5	2.6	2.6	2.6
Fixed-interest period, years	2.6	2.1	2.1	2.7	3.0	2.6	1.9	2.0	1.9
Period of tied-up capital, years	3.0	2.8	2.1	2.0	2.2	3.0	2.5	2.8	2.5
Occupancy rate economic, %	89	91	90	90	88	89	89	91	91
Occupancy rate area, %	82	83	81	82	81	82	82	83	83

2016 IN BRIEF

Q1

A contract is signed for a SEK 340 million acquisition of a site leasehold for a project property in central Stockholm.

Q1

A 15-year lease contract is signed with Nordic Choice Hotels in Kista for approximately 6,800 sq.m.



Q2

Issue of SEK 750 million bond loan.

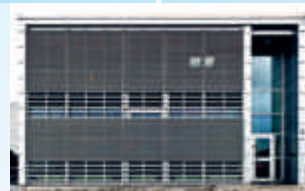
Q3

A 15-year lease contract is signed with the EU agency ECDC in Solna for around 9,400 sq.m.



Q4

Contracts are signed for a SEK 910 million acquisition of 28 properties in Malmö and Lund.



Q4

Issue of SEK 1,500 million bond loan.

Q4

A contract is signed for an acquisition of a strategically well located property in Gothenburg for SEK 150 million.

Q4

A contract is signed for divestment of all of Klöver's properties in Karlskrona and Säter for a total of SEK 850 million.

NUMBER OF
PROPERTIES

431

PROPERTY VALUE,
SEK BN

39.2

RENTAL VALUE,
SEK BN

3.4

EQUITY RATIO,
ADJUSTED, %

36.7

PROFIT FROM
PROPERTY
MANAGEMENT, %

+13

EARNINGS PER
ORDINARY SHARE,
SEK

2.11



RECORD PROFIT AND CONCENTRATION OF THE PROPERTY PORTFOLIO

Klövern reported a record profit for 2016. Our clear concentration of the property portfolio on the most expansive growth regions in Sweden combined with the prevailing market conditions give us an opportunity to operate in a tailwind. Profit from property management developed well at the same time as continued positive value changes contributed to a very strong profit before tax. A fundamentally stable operating surplus was supported by positive net moving-in and strong development of rents. Acquisitions and our own new production also contributed to reinforce the positive development. Our goal of growing by generating our own profitable property development projects is now really starting to make an impact on the company's profits and operations.

In a continued strong property market, we experienced rising property values totalling SEK 1,709 million in 2016. Our own project development, including development of building rights, contributed to this with increases in value of around SEK 600 million, which I consider should rather be regarded as part of our operating profit. We can generate growth through self-produced apartments at low risk. During the past year, we have invested a total of SEK 1.6 billion in our own projects. I regard it as reasonable for Klöver to achieve a project volume of SEK 2 billion in 2018. We will then also have started some of our exciting residential projects within Klöver Living.

During the past year, we have carried out a number

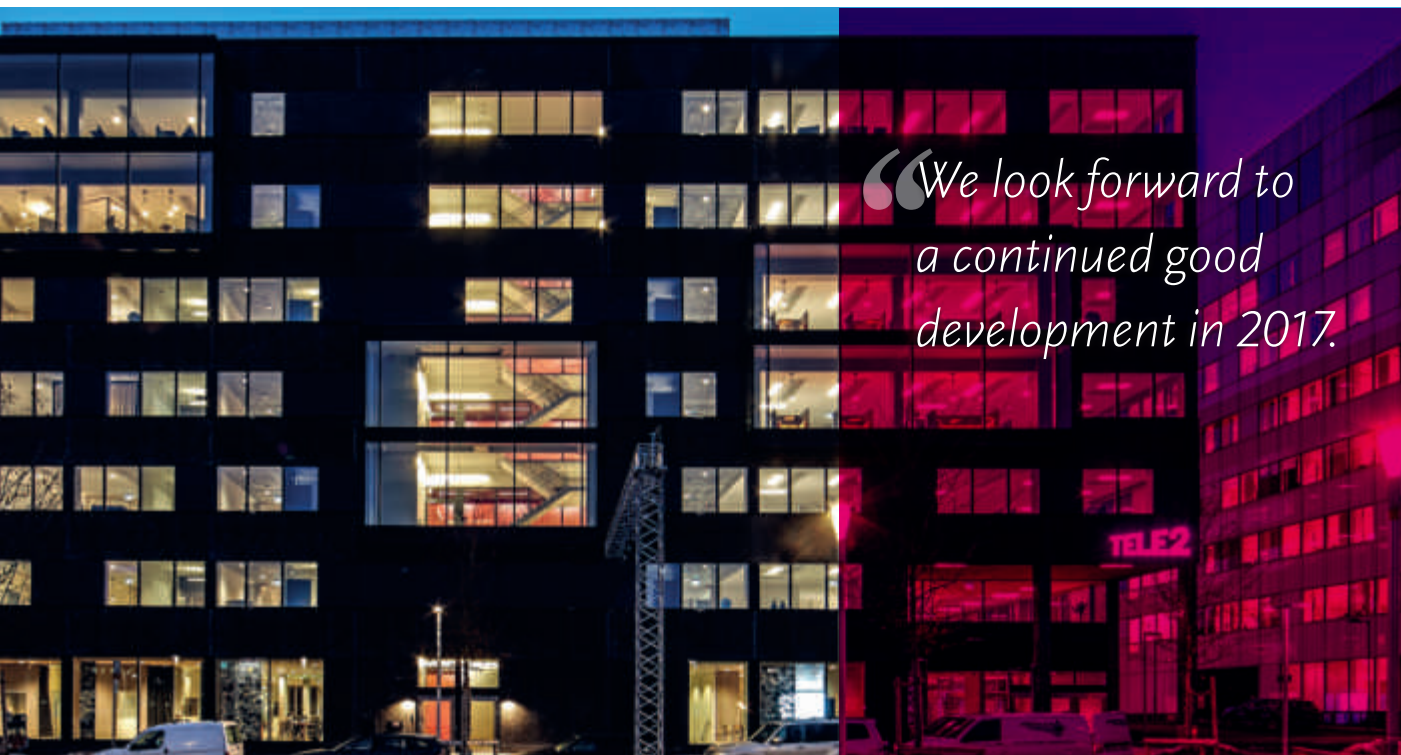
of selective acquisitions in Stockholm, Malmö, Lund and Gothenburg. We have also divested a number of less prioritized properties in line with our strategy of further geographic concentration of our property portfolio. There has been a marked geographic movement of our operations to the most expansive regions in Sweden during the past five years. This process of concentration will continue during 2017.

RECORD PROFIT

We have stable underlying property management operations, to which new properties are continuously added through our own property development projects and by selective property acquisitions. A stable profit from the property operations combined with low interest rates and strong earnings from project development led to a profit before tax of SEK 2,756 million, an improvement of 8 per cent compared with 2015.

BUOYANT RENTAL MARKET

The rental market continues to be buoyant, which is reflected in rising rents and a positive net moving-in of SEK 20 million. The prospects for 2017 look good. I make the assessment that we will see further rises in rent levels and property prices. In our Stockholm North business unit, both Tele2 and StayAt moved into new premises in the late autumn and recently Elite Hotels opened its new hotel at the central station in Uppsala.



Letting for the office building Time Building in Kista, the office building Skeppet in Karlstad and the office/hotel building S7 in Västerås is continuing as planned. Our foremost challenge in letting in the new year is to increase the occupancy rate in the property portfolio we acquired in Malmö and Lund just before the year-end and to attract new tenants to the office building Kista Gate which we are redesigning as a business centre like our property Solna Gate.

ACQUISITIONS AND CONCENTRATION

In the past year, we have expanded both through acquisitions and new construction primarily in Stockholm, Uppsala, Malmö, Lund and Gothenburg. All in all, we acquired 32 properties, divested 15 properties and entered into agreements on divestment of a further 13 properties. Geographic concentration and continued expansion at selected growth locations will continue to be the guiding stars for Klöver during 2017.

PROJECTS CREATE VALUE

Klöver's project development has grown in extent in recent years. In 2016, we invested a total of SEK 1.6 billion in new exciting and profitable projects. During 2017, our project development team will, amongst other things, work with re-development of an office building for the EU agency ECDC in Solna, a hotel building for Choice Hotels in Kista, new production of the building S7 in Västerås and development of the city neighbourhood Gamlestaden in Gothenburg. We see great potential for creation of value in future project development, both as regards housing and commercial properties. In all, we make the assessment that investments in projects will be at the same level in 2017 as in 2016.

RESIDENTIAL PROJECTS THROUGH KLÖVERN LIVING

Klöver Living is continuing to work with a large number of housing development projects. We are pursuing a number of planning applications in Stockholm, Uppsala, Västerås, Karlstad, Linköping and Nyköping, among other places. We largely control the pace and extent of our future expansion in housing ourselves. My assessment is that Klöver will start production of at least 200–300 apartments in 2017/2018 and at least 300–500 apartments in 2019/2020.

FINANCIAL STRENGTH

Klöver's financial strength improved during the year. The adjusted equity ratio increased to 36.7 per cent, towards our long-term goal of 40 per cent. At the same time, the interest coverage ratio improved to 2.9, which, in combination with a fixed interest term of 2.6 years and an interest hedging proportion of 60 per cent makes the company very robust in the event of rising interest rates. Net asset value per share (EPRA NAV) amounted at the year-end to SEK 11.70, an increase of 23 per cent in 2016.

CONTINUED GOOD DEVELOPMENT IN 2017

Overall, we are very satisfied with the development and what we have achieved together in Klöver in 2016. We look forward to a continued good development in 2017.

Stockholm, 20 March 2017

Rutger Arnhult
CEO



“We regard the development of residential projects as an attractive and important component in further creation of value.”

TO KLÖVERN'S SHAREHOLDERS

Klövern's overall goal is to create a sustainable long-term increase in value for its shareholders. As a board of directors, we are responsible for this happening in an efficient and responsible way. The board has an important role as a governing body but another important task is to make an ongoing contribution to adapting the company's operations and benefitting from changes in our business environment. This involves both inspiration and critical review of strategies. The corporate governance report contains a more detailed description of the company's governance and administration as well as the division of responsibility between the annual general meeting, the board and the CEO.

In Sweden, we have had a year of sound growth and a positive real estate market at the same time as there has been political turbulence in world politics and uncertainty in the financial markets. Klöver's customers, our tenants, are also encountering rapid changes with increased competition, globalization and digitalization which creates new business transactions, customer requirements and behaviours.

The real estate industry has historically been regarded as slow paced with long leases and long-term planning, although this approach will not guarantee future success. There is now continuous innovation and adaptation to changes. This applies to real estate as well as financial operations, which are both core business for a real estate company.

Working on strategy is a priority for the board. We start off with a strategy meeting in the spring in which the board, the executive management and external experts participate. During the year, strategy is a recurrent item on the agenda of the board, with a view to monitoring developments and making use of opportunities.

As a link in its strategy, Klöver has continued its expansion during 2016 and at the same time concentrated its property portfolio to selected geographic locations, which we define as growth locations. This has led to acquisition of 32 properties and divestment (including signed agreements on divestment) of a total of 28 properties.

Creating value by investment in our own projects is another important part of our strategy. This requires both expertise and focus. During 2016, Klöver has built up an organization to develop not only offices and hotels but also

residential projects. We regard the development of residential projects as an attractive and important component in further creation of value.

As regards financial operations, the board has decided this year as well not to have a separate audit committee. Instead, all board members participate in matters normally dealt with by an audit committee. During the year, the financial risk has been continuously managed and reduced to match the mood of the financial markets.

Other prioritized areas of work for the board are sustainability and organizational development.

Klövern has a systematic and broad approach to work relating to sustainability, including economic, environmental and social perspectives. During the year, the board has made an overview and sharpened and simplified important policies for sustainability. This work is continuously developed and can be regarded as quality-related work for the whole group.

Klövern's way of operating and engaging in business has been characterized for a long time by a culture where the company's employees work closely with the customers. There is a high level of commitment and swift decision-making procedures for the knowledgeable and experienced employees which have large areas of responsibility. A good internal control environment, or to put it simply good order, and efficient internal processes are fundamental for good development of value. Both changes in the business environment and Klöver's increasing focus on projects, not least residential projects, require continuous development of the organization. This is a matter that the board monitors carefully over the year.

Klövern has a relatively small board but together we represent different perspectives and have various expertise which is important for the sound working of the board.

To conclude, I should like to say that I am looking forward to a year with continued development and creation of value in Klöver.

Stockholm, 20 March 2017

Pia Gideon
Chairman

BUSINESS CONCEPT, GOALS AND STRATEGY



BUSINESS CONCEPT, GOALS AND STRATEGY

BUSINESS CONCEPT, GOALS AND STRATEGY

5

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

Newly refurbished premises; Helgafjäll 2 in Kista.



BUSINESS CONCEPT, GOALS AND STRATEGY

Klövern's overall goal is to generate a good return for the shareholders in a long-term sustainable way. To achieve this, a number of goals have been specified in the areas of finance, property management, transactions & projects and personnel. Integrated with these targets, a number of sustainability goals have also been selected in the economic, environmental and social areas. All of these goals – like the company's vision, business concept and motto – are key parts of the business plan adopted by the board once a year.

Vision

KLÖVERN CREATES ENVIRONMENTS FOR FUTURE ENTERPRISE

Our strategy is to be an active participant in creating secure and stimulating working and living environments, where companies and organizations can develop well. 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.

Business concept

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

The premises and apartments developed and provided by Klövern shall be adapted to the customers' wishes and needs in a proactive, responsive and sustainable way.

Premises shall be provided, and customers treated, with closeness and commitment. The closeness and commitment that Klövern seeks to provide can only be achieved with the company's own locally based staff.

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

Motto

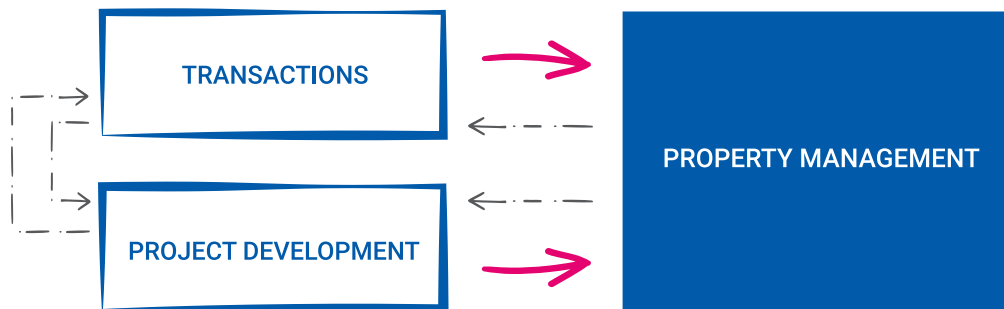
MAKING THE CUSTOMER'S DAY EASIER EVERY DAY.

Klövern shall make its customers' day easier every day. To put it simply, this means being a step ahead and anticipating future needs. If tenants feel that Klövern in a dedicated and service-oriented way lives up to that ambition it will be a weighty argument for continuing the tenancy when leases expire.



The newly refurbished Time Building, the property Borgarfjord 4, in central Kista with modern efficient offices, a café in the lounge, a service centre and a restaurant.

Klövern's business model



The central point of Klöver's business model is management of the company's over 400 properties. Management is to be done by the company's own staff to ensure high quality in everything from customer service to energy optimization.

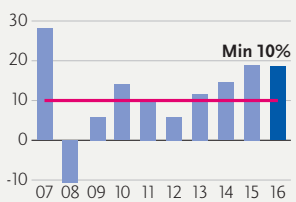
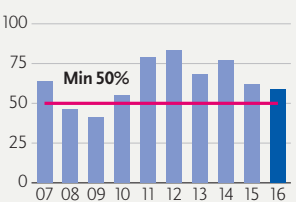
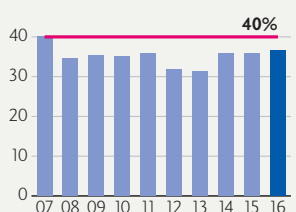
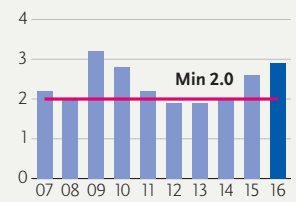
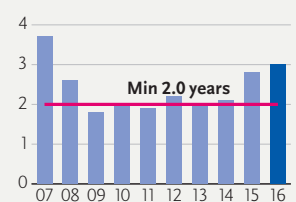
Through transactions additional properties are added to the portfolio at the growth locations that the company has chosen to focus on. In this way, additional benefits of scale are achieved in property management at the same time as the ability to offer a varied range of attractive premises is improved.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

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

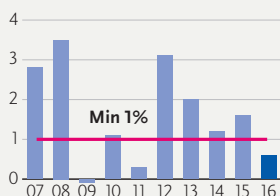
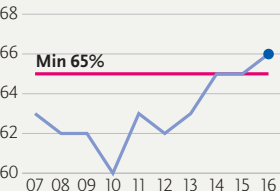
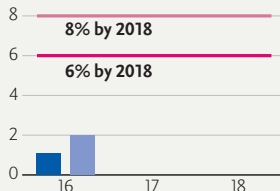
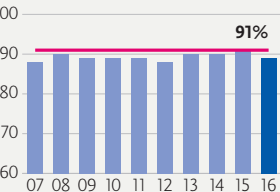
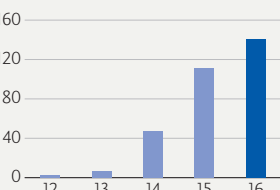
A natural part of Klöver's business is also acquisitions and divestments of building rights and properties in different project phases. Among others, this includes Klöver Living's residential project development.

Goals and outcomes 2016: Finance and Property management

FINANCIAL GOALS

Goal	Outcome 2016		Objective
RETURN ON EQUITY			
Return on equity shall in the long term amount to at least 10 per cent. ¹	Return on equity amounted to 18.6 per cent. During the past ten years, the average return has been 11.7 per cent.		Return on equity must be reasonable in proportion to the risk level and the return on other types of investments. The goal should be regarded as an average during a number of years, since the return is partly affected by factors over which Klövern has no control.
¹ On 9 February 2017, this goal replaced the previous goal of return on equity in the long term amounting to the risk-free interest rate plus at least nine percentage points.			
DIVIDEND			
The dividend shall in the long term be at least 50 per cent of the profit from property management. Dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.	A dividend of SEK 0.40 per ordinary share and SEK 20.00 per preference share is being proposed to the 2017 Annual General Meeting. The proposed dividend for ordinary and preference shares corresponds to 59 per cent of the profit from property management. The proposed dividend for preference shares alone corresponds to 28 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.
ADJUSTED EQUITY RATIO			
The adjusted equity ratio shall in the long term be 40 per cent.	The adjusted equity ratio was 36.7 per cent at year-end 2016, whereas the equity ratio was 32.1 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.
INTEREST COVERAGE RATIO			
The interest coverage ratio shall be at least 2.0.	The interest coverage ratio amounted to 2.9.		Interest is one of the single largest cost items for Klövern, and it is therefore important that earnings capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 2.0 means that profit after financial income exceeds interest expense by 100 per cent.
PERIOD OF TIED-UP CAPITAL			
The period of tied-up capital shall be at least 2.0 years ² .	The period of tied-up capital amounted to 3.0 years at the end of 2016.		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.
² For 2017, this goal has replaced a previous goal that the period of tied-up capital shall be at least 1.5 years.			

PROPERTY MANAGEMENT GOALS

Goal	Outcome 2016		Objective																						
NET MOVING-IN Net moving-in shall amount to at least one per cent of the rental value per year.	Net moving-in totalled SEK 20 million or 0.6 per cent of the rental value.	 <table><caption>Net moving-in, %</caption><thead><tr><th>Year</th><th>Net moving-in, %</th></tr></thead><tbody><tr><td>07</td><td>2.8</td></tr><tr><td>08</td><td>3.5</td></tr><tr><td>09</td><td>0.1</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>3.1</td></tr><tr><td>13</td><td>2.0</td></tr><tr><td>14</td><td>1.2</td></tr><tr><td>15</td><td>1.5</td></tr><tr><td>16</td><td>0.6</td></tr></tbody></table>	Year	Net moving-in, %	07	2.8	08	3.5	09	0.1	10	1.0	11	0.2	12	3.1	13	2.0	14	1.2	15	1.5	16	0.6	Net moving-in shows the net of rental value on an annual basis for the tenants who move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.
Year	Net moving-in, %																								
07	2.8																								
08	3.5																								
09	0.1																								
10	1.0																								
11	0.2																								
12	3.1																								
13	2.0																								
14	1.2																								
15	1.5																								
16	0.6																								
OPERATING MARGIN The operating margin shall amount to at least 65 per cent.	The operating margin amounted to 66 per cent.	 <table><caption>Operating margin, %</caption><thead><tr><th>Year</th><th>Operating margin, %</th></tr></thead><tbody><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>60.5</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><tr><td>15</td><td>65.0</td></tr><tr><td>16</td><td>66.0</td></tr></tbody></table>	Year	Operating margin, %	07	63.0	08	62.0	09	62.0	10	60.5	11	63.0	12	62.0	13	63.0	14	65.0	15	65.0	16	66.0	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	Operating margin, %																								
07	63.0																								
08	62.0																								
09	62.0																								
10	60.5																								
11	63.0																								
12	62.0																								
13	63.0																								
14	65.0																								
15	65.0																								
16	66.0																								
HEAT/ELECTRICITY CONSUMPTION Heat consumption shall be reduced by at least 6 per cent for the period 2016–2018. Electricity consumption shall decrease by at least 8 per cent during 2016–2018.	Heat consumption decreased by 1 per cent during 2016. Electricity consumption decreased by 2 per cent during 2016.	 <table><caption>Accumulated reduction of heat and electricity consumption per sq.m., %</caption><thead><tr><th>Year</th><th>Heat consumption</th><th>Electricity consumption</th></tr></thead><tbody><tr><td>16</td><td>1.0</td><td>2.0</td></tr><tr><td>17</td><td>0.0</td><td>0.0</td></tr><tr><td>18</td><td>0.0</td><td>0.0</td></tr></tbody></table>	Year	Heat consumption	Electricity consumption	16	1.0	2.0	17	0.0	0.0	18	0.0	0.0	Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.										
Year	Heat consumption	Electricity consumption																							
16	1.0	2.0																							
17	0.0	0.0																							
18	0.0	0.0																							
ECONOMIC OCCUPANCY RATE The economic occupancy rate shall be 91 per cent.	The economic occupancy rate amounted to 89 per cent at the end of 2016.	 <table><caption>Economic occupancy rate, %</caption><thead><tr><th>Year</th><th>Economic occupancy rate, %</th></tr></thead><tbody><tr><td>07</td><td>88.0</td></tr><tr><td>08</td><td>89.0</td></tr><tr><td>09</td><td>89.0</td></tr><tr><td>10</td><td>89.0</td></tr><tr><td>11</td><td>89.0</td></tr><tr><td>12</td><td>89.0</td></tr><tr><td>13</td><td>89.0</td></tr><tr><td>14</td><td>89.0</td></tr><tr><td>15</td><td>89.0</td></tr><tr><td>16</td><td>89.0</td></tr></tbody></table>	Year	Economic occupancy rate, %	07	88.0	08	89.0	09	89.0	10	89.0	11	89.0	12	89.0	13	89.0	14	89.0	15	89.0	16	89.0	The economic occupancy rate is measured as contract value in relation to rental value. An improved economic occupancy rate creates the prerequisites for an increased operating margin.
Year	Economic occupancy rate, %																								
07	88.0																								
08	89.0																								
09	89.0																								
10	89.0																								
11	89.0																								
12	89.0																								
13	89.0																								
14	89.0																								
15	89.0																								
16	89.0																								
GREEN LEASE CONTRACTS The proportion of green lease contracts shall increase.	During the year, the number of green lease contracts increased to 141 (111). The green lease contracts constituted 7 per cent of Klöver's total contract value, compared with 6 per cent a year earlier.	 <table><caption>Number of green lease contracts</caption><thead><tr><th>Year</th><th>Number of green lease contracts</th></tr></thead><tbody><tr><td>12</td><td>0</td></tr><tr><td>13</td><td>10</td></tr><tr><td>14</td><td>45</td></tr><tr><td>15</td><td>111</td></tr><tr><td>16</td><td>141</td></tr></tbody></table>	Year	Number of green lease contracts	12	0	13	10	14	45	15	111	16	141	An increase in the proportion of green lease contracts reduces the negative impact on the environment. At the same time, the work with green lease contracts is a way of strengthening the relationship with the tenants and meeting their wishes.										
Year	Number of green lease contracts																								
12	0																								
13	10																								
14	45																								
15	111																								
16	141																								

Strategy and goals 2017

	Strategy	Goal
FINANCE	<ul style="list-style-type: none"> > Equity shall consist of both ordinary and preference shares. > There shall be two classes of ordinary shares, A and B. > The interest rate risk shall be limited by hedging a certain share of the credit portfolio. > The refinancing risk should be limited by a spread of credit maturities and creditors. > Bank borrowing should be complemented by alternative forms of finance. 	<ul style="list-style-type: none"> > Return on equity shall in the long term amount to at least 10 per cent. > The dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management. > The dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management > The adjusted equity ratio shall in the long term be 40 per cent. > The interest coverage ratio shall be at least 2.0. > The period of tied-up capital shall be at least 2.0 years. > The period of fixed interest shall be at least 2.0 years.
PROPERTY MANAGEMENT	<ul style="list-style-type: none"> > Management shall be done by Klöverns own personnel and with local commitment. > Customer surveys shall be made and serve as the basis for improved customer care. > Sales shall be made more efficient through productization. > Focused letting work shall increase the economic occupancy rate. > Energy consumption per sq.m. shall decrease in the long term. > Administrative efficiency shall be enhanced by focusing on improving the operating margin. > Increased focus on environmental aspects in meetings with tenants. 	<ul style="list-style-type: none"> > Net moving-in shall amount to at least 1 per cent of the rental value per year. > The operating margin shall amount to at least 65 per cent. > Heat consumption shall decrease by at least 6 per cent during 2016–2018. > Electricity consumption shall decrease by at least 8 per cent during 2016–2018. > The economic occupancy rate shall amount to 91 per cent. > The proportion of green lease contracts shall increase.
TRANSACTIONS AND PROJECTS	<ul style="list-style-type: none"> > Acquisitions and divestments shall be focused on geographic concentration with a view to creating effective management at prioritized locations. > Prioritization of projects with a high return. > Create values by making use of building rights or new production projects for own management or for divestment. 	<ul style="list-style-type: none"> > Acquired investment properties shall on average have a long-term yield of at least 6 per cent per year. > Project investments shall give a return on equity of at least 15 per cent.
PERSONNEL	<ul style="list-style-type: none"> > Annual development interviews with individual goals linked to the level of remuneration. > Systematic annual follow-up staff surveys at management level with an action plan towards set goals. > 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 working for Klöverns. 	<ul style="list-style-type: none"> > The Satisfied Employee Index (NMI) shall in the long term be at least 75 per cent. > The Attractive Employer Index (AAI) shall in the long term amount to at least 80 per cent

SELECTED SUSTAINABILITY GOALS 2017

Area	Important aspects	Goal
ECONOMIC	<ul style="list-style-type: none"> > Profitability and financial stability 	<ul style="list-style-type: none"> > The adjusted equity ratio shall in the long term amount to 40 per cent. > The operating margin shall amount to at least 65 per cent.
ENVIRONMENTAL	<ul style="list-style-type: none"> > Environmentally smart and energy efficient 	<ul style="list-style-type: none"> > Heat consumption shall decrease by at least 6 per cent during 2016–2018. > Electricity consumption shall decrease by at least 8 per cent during 2016–2018.
SOCIAL	<ul style="list-style-type: none"> > Security and ethics > Attractive employer 	<ul style="list-style-type: none"> > The Satisfied Employee Index (NMI) shall in the long term amount to at least 75 per cent. > The Attractive Employer Index (AAI) shall in the long term amount to at least 80 per cent.

See page 142 for definitions of key ratios.



THE SWEDISH ECONOMY AND REAL ESTATE MARKET	12
STOCKHOLM REGION	14
EAST REGION	16
CENTRAL REGION	18
SOUTH REGION	20

Interior at the newly refurbished Gastuben 3 in Gothenburg.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

THE SWEDISH ECONOMY AND REAL ESTATE MARKET

The Swedish economy continued to grow at a good pace during 2016 at the same time as interest rates are at historically very low levels. The sharp increase in population may help raise GDP while at the same time entailing great challenges. Low interest rates and sound economic growth lead to favourable conditions in the real estate market.

THE ECONOMY

The global economy is continuing to recover at the same time as there are concerns on the political level in the form of populism and risks associated with this, such as trade barriers. Although the US Federal Reserve made a further interest rate increase in December, it may be the case that it will continue, just like many central banks elsewhere, to pursue a historically expansive monetary policy in the near future. The size and frequency of further interest rate increases depends largely on the rate at which the economy continues to improve and to what extent inflation picks up.

Although the rate of inflation has accelerated in Sweden in the past year, it is still at a low level in absolute figures. In December, the consumer price index (KPI) was 1.7 per cent, in other words some tenths below the Riksbank's target of two per cent. Even calculating on the basis of fixed interest (KPIF), inflation was no higher than 1.9 per cent. The Riksbank, which has applied a negative repo rate since February 2015 estimated, in connection with its monetary policy meeting in February 2017 that the repo rate would start to be increased slowly but not before 2018. In other words, it looks

as if the low interest rate environment for short maturities is going to prevail for some time yet.

Interest rates for longer maturities also continued to be low during 2016 although the trend was moving upwards during the latter half of the year. The Swedish ten-year government bond rate was at 0.55 per cent at year-end 2016 after having been around 1 per cent during the spring.

The Swedish economy is growing at a good pace. The sharp increase in population may push GDP upwards while at the same time entailing major future challenges, not only in the form of integration and employment but also as regards local and central government finances.

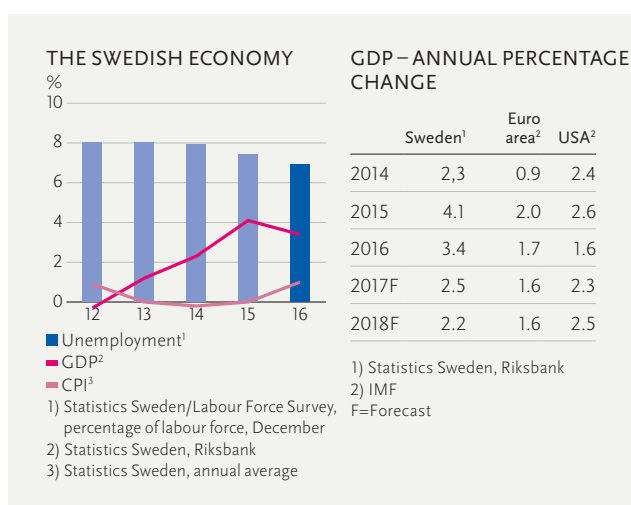
THE REAL ESTATE MARKET

The sound growth of the Swedish economy in combination with low interest rates has led to favourable conditions in the real estate market, both as regards the rental and the transaction market.

Overall, the rental market continued to be buoyant in the metropolitan city areas and in a number of expanding regional cities. Low inflation dampened the general development of rents during 2016 although a rising KPI will make a better contribution to rents during 2017. Urbanization has been a key word for a number of years and it looks as if this will continue to be the case, not least for Stockholm. However, although increasing population is an important variable for the rental market, the growth of employment is a factor which is at least as important in the long term.

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

Rental levels for logistics and warehouse premises have generally been relatively stable for a number of years with the exception of modern newly produced logistics premises in



LEVEL OF ECONOMIC ACTIVITY AT KLÖVERN'S MAIN LOCATIONS – POPULATION AND LABOUR MARKET STATISTICS

Municipality	Population 2016, no. ¹	Population change, 1 year, %	Population change, 10 years, %	Employment, no. ²	Of which, public sector ³ , %	Change in employment, 1 year, %	Unemployment ³ , %	Change in unemployment, 1 year, %	Share of Klöver's property value, 31.12.2016 ⁴ , %
Gothenburg	555,471	1.4	13.4	333,496	24	3.2	7.8	-0.6	7
Halmstad	98,316	1.7	10.5	47,233	35	1.1	8.8	-0.1	1
Kalmar	66,298	1.1	8.1	34,381	35	2.0	7.0	-0.5	2
Karlstad	90,086	1.0	8.7	51,040	34	2.6	7.7	-0.2	5
Linköping	155,539	1.6	12.2	80,872	31	2.3	6.1	-0.4	7
Malmö	327,049	1.6	18.4	170,218	27	3.0	14.9	-0.1	4
Norrköping	138,817	1.4	10.6	62,979	32	2.6	12.2	-0.2	4
Nyköping	54,833	1.3	9.2	24,002	33	0.3	8.2	0.2	3
Solna	78,082	2.7	26.5	80,567	28	3.5	4.3	-0.2	6
Stockholm	934,471	1.2	19.4	661,291	15	2.6	6.1	-0.3	38
Uppsala	213,891	1.9	15.5	101,736	38	2.4	5.5	0.1	6
Västerås	146,947	1.2	10.6	71,227	25	1.2	8.8	0.0	6
Örebro	146,208	1.4	13.4	74,162	36	2.2	7.6	-0.5	3
Total	3,006,008	1.4	15.4	1,793,204	24	2.6	—	—	93
SWEDEN	9,967,637	1.3	9.4	4,725,345	28.1	1.7	7.6	-0.2	

Source: Statistics Sweden and the Swedish Employment Service

1) Refers to November 2016

2) Statistics Sweden/RAMS 2015

3) Refers to the average for 2016. 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) Lerum, Mölndal and Partille are included in Gothenburg. Danderyd, Järfälla, Kista, Sollentuna, Täby, Haninge and Huddinge are included in Stockholm.

good locations where slightly increasing rental levels may be noted. The expansion of e-commerce has a positive effect on demand.

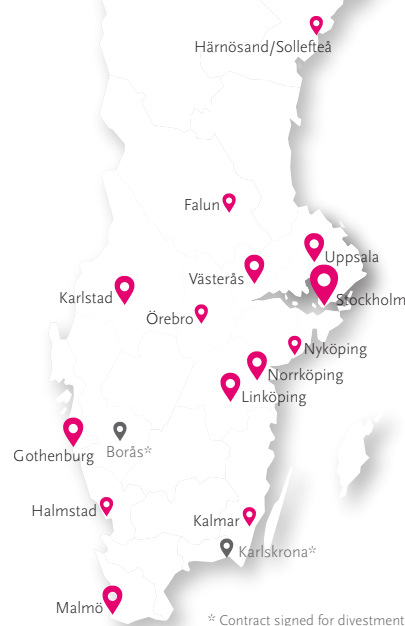
Retail rent levels around Sweden have moved side-ways for a while. Apace with rising consumption, which is expected to continue to develop positively, not least due to the increase in population, there may be rental potential in the future in attractive store locations. However, a continuing uncertainty factor is how the growth of e-commerce will affect consumption in physical retail outlets.

The transaction market was at a record level during 2016. The aggregate volume of transactions is estimated to have totalled SEK 201 billion, calculated by Fastighetsvärlden as an average of estimates by six different companies. After a sharp increase in 2015, the share of foreign investors of the volume of transactions decreased during 2016. Otherwise it may be noted that transactions in regional cities accounted for an increasing share of the volume during 2016.

A long period of low interest rates has led certain categories of institutional investors to increasingly allocate capital to properties. This search for yield has contributed to a continued fall in yield requirements and thus rising property prices.

Well capitalized banks, low interest rates and a strong stock market have for a long time entailed very attractive

financial terms for acquisition of properties through a mix of bank loans, corporate bonds and shares. The terms of finance continue to be attractive at the start of 2017.



STOCKHOLM

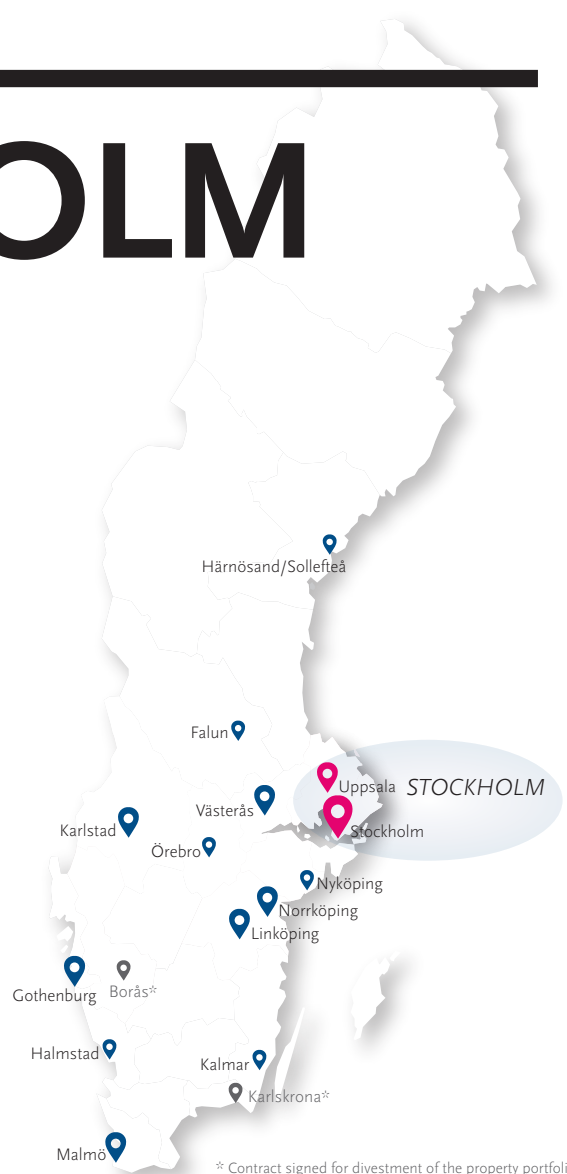
The Stockholm Region consists of the business units Stockholm North, Stockholm South and Uppsala.

The Stockholm region is the most expansive part of Sweden. The population of the County of Stockholm has increased by around 35,000 a year since 2009 and it is expected to continue increasing at the same rate for the coming ten-year period. The county's municipalities are planning for 250,000 new housing units by 2025. Uppsala is also one of the country's fastest growing municipalities and is now the fourth largest in Sweden in terms of population. The number of inhabitants in Uppsala is increasing by 2,000–3,000 per year and the population is expected to exceed 250,000 by 2030. This places great demands on residential construction and during the past 10 years, an average new production of 1,000 housing units per year has been started.

The project volume is generally very large in the region. Building and planning takes place not only for housing but also for infrastructure investments, continued new production of offices and logistics and commercial premises.

The Stockholm region is the strongest transaction market and normally accounts for 40–50 per cent of the total volume of transactions. In 2016, the volume fell from previous years although the relatively weak turnover of buildings in Stockholm is not due to lack of interest but rather to the insufficient supply which affects the market. The interest in selling properties in Stockholm is weak as the majority of property owners wish to increase their property portfolio in the region.

The Stockholm Region is Klöver's largest region by property value, lettable area and rental value. Among the most important events during the year were the moving in of Tele2 and StayAt in Kista to a total of over 27,300 sq.m. and the letting to the European Centre for Disease Prevention and Control (ECDC) of the property Hilton 3 in Solna. The letting consisted of around 9,400 sq.m. with expected moving-in in February 2018. Planning is in process in all business units to create additional residential building rights in a number of properties/areas.



KLÖVERN'S LARGEST TENANTS IN THE STOCKHOLM REGION

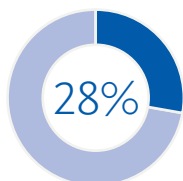
Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m
Ericsson	157	12.5	88
Tele2 Sverige	54	4.3	20
WSP Sverige	49	3.9	20
CGI Sverige	21	1.6	11
Kistamässan	20	1.5	16
TOTAL	301	23.8	155



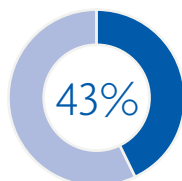
Interior picture from Arenan 8 in the Globen Area, Stockholm.

PROPORTION OF KLÖVERN

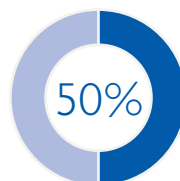
LETTABLE AREA



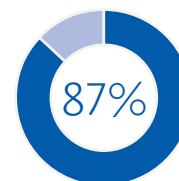
RENTAL VALUE



FAIR VALUE



ECONOMIC
OCCUPANCY RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2016

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Stockholm North	553	891	11,962	83
Stockholm South	168	370	5,382	94
Uppsala	111	190	2,308	90
STOCKHOLM REGION	832	1,450	19,652	87
KLÖVERN	2,943	3,386	39,234	89

EAST

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

The East Region consists of two geographic parts, one in the north and one in the south. All municipalities in the region are regional centres with stable economies and 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 over 290,000 which, together with a common labour market, makes it Sweden's fourth metropolitan region. The southern part of the East Region has a more scattered population of almost 400,000.

The northern part in particular has a good infrastructure as far as roads, railways, airports and ports are concerned. The planned East Link (Ostlänken) aims to further improve this. The East Link is a double-track high-speed railway from Järna to Linköping which will reduce travel time and increase capacity. The East Link will affect the cityscape of both Norrköping and Linköping and strengthen Nyköping as a place for commuting.

In the southern part, both Kalmar and Karlskrona will continue to develop as independent regional centres. In Kalmar, the Linné University is becoming increasingly important for development of the region's business sector.

The East Region is Klöver's second largest region in terms of value. The largest project in the East Region during 2017 is Kopparhusen, which is in the middle of Norrköping's former industrial area. Klöver is planning a new block there with housing for students and researchers, offices, restaurants and cafes. In all, the project encompasses around 15,000 sq.m. of building rights plus garage and a total of around 110 student and researcher housing units. The local plan has been adopted and in 2019 Kopparhusen will be ready for tenants to move in.



* Contract signed for divestment of the property portfolio

KLÖVERN'S LARGEST TENANTS IN THE EAST REGION

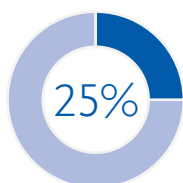
Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m
Ericsson	38	5.7	39
Östergötland Region	27	4.1	19
Municipality of Karlskrona	27	4.1	24
Municipality of Linköping	18	2.7	14
TeliaSonera Sverige	16	2.5	10
TOTAL	126	19.1	106



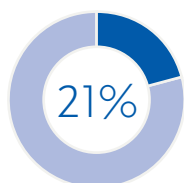
Tenants and Klöver staff, Kungshagen 1:6 in Nyköping.

PROPORTION OF KLÖVERN

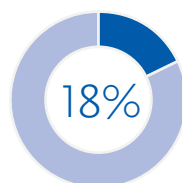
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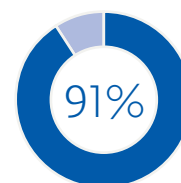
RENTAL VALUE



FAIR VALUE



ECONOMIC
OCCUPANCY RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2016

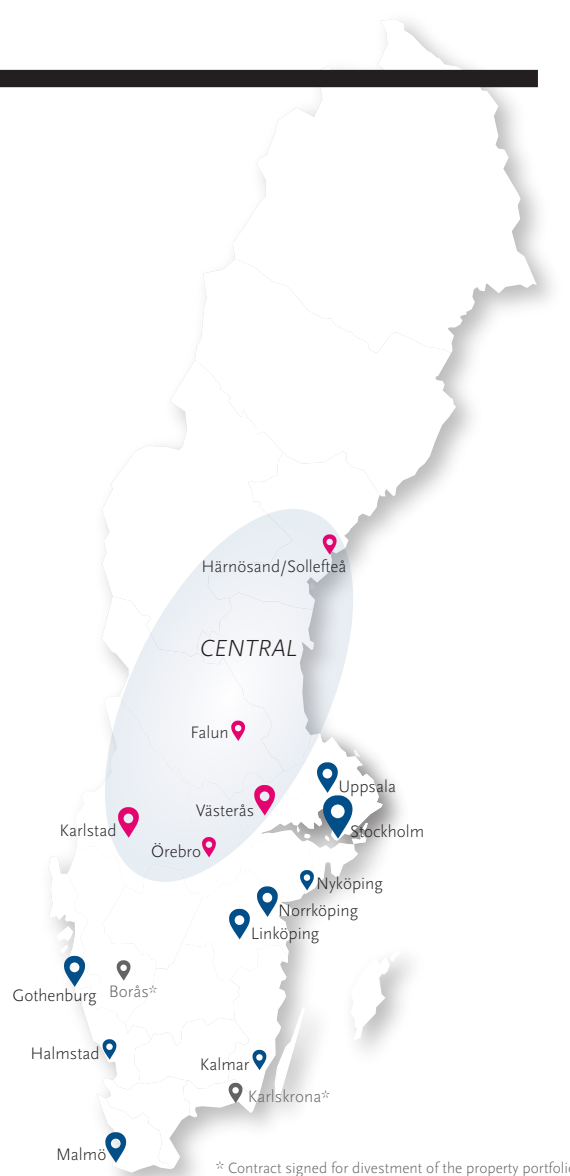
Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Linköping	300	289	2,935	92
Norrköping	180	177	1,683	89
Nyköping	113	107	994	87
Kalmar	98	85	779	96
Karlskrona	57	62	630	95
EAST REGION	749	721	7,021	91
KLÖVERN	2,943	3,386	39,234	89

CENTRAL

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

Within the region there are strong regional cities which have had a positive population growth for a number of years, primarily Örebro, Västerås, Karlstad and Falun. These cities represent relatively large geographic areas in terms of the labour market and are important for adjoining municipalities. Commuting, in combination with the neighbouring municipalities being fairly small, has led to there being a well developed community service in the form of hospitals, schools and important authorities in these regional cities. These cities are at the same time important hubs for their respective region's business sector. A number of the cities have a strategic location from the point of view of transport links. Karlstad has good communications with Norway and Örebro has developed into one of Sweden's most important logistics centres. Moving in and inbound commuters have also contributed to strengthening the retail trade of these cities and the housing market. A number of Sweden's largest shopping centres are located in the region and new residential production is high, in particular in Örebro, Västerås and Karlstad and new areas/projects are being planned for additional housing production.

The Central region is Klöver's third largest region based on property value. Within the region, new production of a large office building is taking place in Karlstad and a hotel/office building in Västerås which are planned to be completed during 2017 and 2018 respectively. Planning is also in process to create additional residential building rights, primarily in Västerås at the new travel interchange and on Östra Mälarstrand.



KLÖVERN'S LARGEST TENANTS IN THE CENTRAL REGION

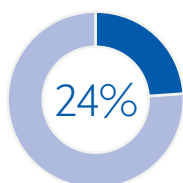
Tenants	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m
Swedish Transport Agency	28	4.8	19
Dagab Inköp & Logistik	15	2.6	22
Municipality of Karlstad	13	2.3	10
Municipality of Härnösand	13	2.2	14
PostNord Sverige	12	2.2	12
TOTAL	81	14.1	77



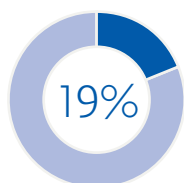
Interior at Forskarbyn 2 in Örebro.

PROPORTION OF KLÖVERN

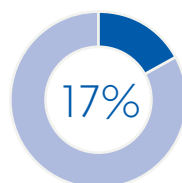
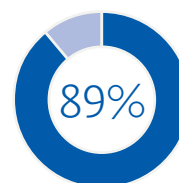
LETTABLE AREA



RENTAL VALUE



FAIR VALUE

ECONOMIC
OCCUPANCY RATE

KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2016

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Västerås	255	223	2,421	87
Karlstad	193	199	2,133	91
Örebro	101	103	1,144	93
Härnösand/Sollefteå	89	70	476	88
Falun	56	44	332	87
CENTRAL REGION	694	640	6,505	89
KLÖVERN	2,943	3,386	39,234	89

SOUTH

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

The South Region is one of Sweden's most densely populated areas with a strong population growth. The Municipality of Gothenburg has expanded by over 7,000 people a year in recent years and the population of Skåne is increasing at a faster pace than the rest of Sweden. A number of Sweden's largest industries are located in the region. Västra Götaland is Sweden's most important industrial region and is also the county which has the most exports in Sweden. A prerequisite for this is the good infrastructure. Gothenburg has the largest port in the Nordic area and the railway network is well developed in the region, providing opportunities for sustainable distribution. New, very extensive infrastructural investments are planned in the region, including the so called West Swedish Package (Västsvenska paketet).

Economic growth in the Öresund region has been higher than Sweden as a whole for a number of years. The Öresund region is a regional collaboration including Skåne and eastern Denmark and this region accounts for around a quarter of Sweden's and Denmark's aggregate GDP. For Sweden, the Öresund region provides better prospects for economic growth with a large population base, good infrastructure and a number of large established educational institutions.

Klövern greatly expanded the property portfolio of the South Region in 2016. Amongst other things, 28 properties were acquired in Malmö and Lund from Castellum. This acquisition meant that the area managed increased by over 60 per cent in Malmö and Lund. The number of unique tenants increased by over 90, including Mio, DHL, the municipality of Malmö, Corsec and Purac. The largest project of the South Region is taking place in the Gothenburg neighbourhood Gamlestaden where Klöver, through extensive renovation of Slakthuset is creating top modern office premises in a historic environment by the new travel interchange.



KLÖVERN'S LARGEST TENANTS IN THE SOUTH REGION

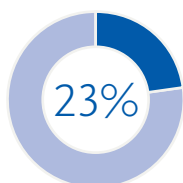
Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m
KappAhl Sverige	38	7.5	47
Cowi	22	4.2	13
RUAG Space	17	3.4	17
Friskis & Svettis	14	2.7	11
Swedbank	12	2.4	4
TOTAL	103	20.2	92



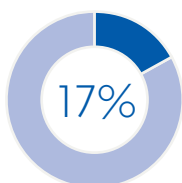
The property Flygvärdinnan 4 in Malmö acquired during 2016.

PROPORTION OF KLÖVERN

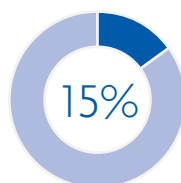
LETTABLE AREA



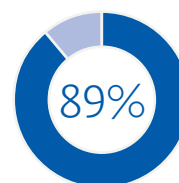
RENTAL VALUE



FAIR VALUE



ECONOMIC
OCCUPANCY RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2016

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Gothenburg	210	222	2,854	97
Malmö	316	256	2,314	82
Borås	81	54	484	89
Halmstad	61	43	404	89
SOUTH REGION	668	575	6,056	89
KLÖVERN	2,943	3,386	39,234	89



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PAUSE
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REAL ESTATE OPERATIONS



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

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Borgarfjord 4, also known as the Time Building, is a newly refurbished project property which was completed during 2016.

PROPERTY MANAGEMENT

The value of the properties increased by 12 per cent during the year. Net moving-in amounted to SEK 20 million and the rental value increased by SEK 204 million. The economic occupancy rate at year-end amounted to 89 per cent and the area-based occupancy rate to 82 per cent.

Properties

PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2016, Klöver'n had a total of 431 properties (415) located in 36 municipalities (38). The total property value was SEK 39,234 million (35,032), the lettable area was 2,943,000 sq.m. (2,872,000) and the rental value amounted to SEK 3,386 million (3,182).

The increase in the value of properties resulted from acquisitions of SEK 1,484 million (2,732), divestments of SEK 617 million (548), investments of SEK 1,626 million (1,386) and unrealized changes in value of SEK 1,709 million (1,254). The main reasons for the rise in the value of the properties are investments made in connection with new lettings, rising market rents, lower yield requirements and development of the portfolio of building rights.

INCOME AND AVERAGE RENT

Income amounted to SEK 2,876 million (2,718) in 2016. 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 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 1,218 per sq.m (1,195) as at 31 December 2016. The average rent varies between different regions depending on the type of property, the location of the properties and the local rental market.

Inflation, measured as KPI for October 2016 was 1.2 per cent and will therefore have a positive impact on the contract value for 2017.

PROPERTY COSTS

Property costs increased, mainly due to a considerably larger portfolio in 2016 and totalled SEK 985 million (952). Property costs were largely unchanged for a comparable portfolio and amounted to SEK 887 million (884).

Klöver'n's rent losses were very low in 2016 and amounted to SEK 3 million (9), or 0.1 per cent (0.3) of total income. The close collaboration with tenants, together with good knowledge of the local market are the main explanations for the rent losses being so limited.

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

	2016	2015
Operating costs	187	189
Site leasehold fee	12	12
Maintenance	30	30
Property tax	46	45
Property administration	60	57
TOTAL	335	333

1) Relates to properties owned for the whole of 2015 and 2016.

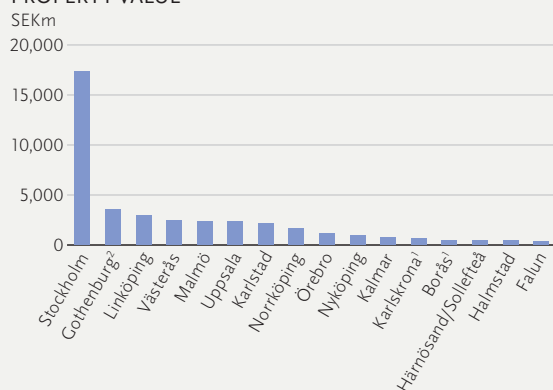
OPERATING SURPLUS

The operating surplus amounted to SEK 1,891 million (1,766). The increase is mainly due to a larger portfolio as well as positive net moving-in. The operating surplus increased by 1 per cent to SEK 1,681 million (1,665) for a comparable portfolio.

OPERATING MARGIN

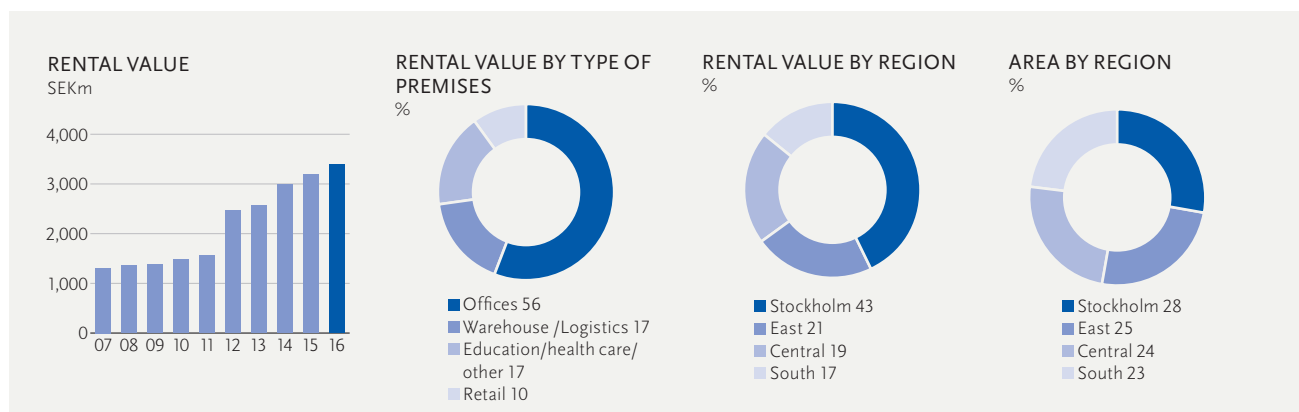
Klöver'n's operating margin amounted to 66 per cent (65). In the investment portfolio the operating margin was 67 per cent.

PROPERTY VALUE



1) Contract signed for divestment of the property portfolio.

2) Including acquisitions Klöver'n has signed during 2017Q1.



INCOME STATEMENT ITEMS AND INVESTMENT PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2016, Jan-Dec	2015, Jan-Dec	2016, Jan-Dec	2015, Jan-Dec	2016, Jan-Dec	2015, Jan-Dec	2016, Jan-Dec	2015, Jan-Dec	2016, Jan-Dec	2015, Jan-Dec
Stockholm	1,208	1,106	-393	-371	815	735	67	66	959	879
East	646	646	-224	-221	422	425	65	66	154	150
Central	606	606	-220	-231	386	375	64	62	375	219
South	416	360	-148	-129	268	231	64	64	138	138
Investment	2,725	2,604	-895	-872	1,830	1,732	67	67	825	601
Development	151	114	-90	-80	61	34	40	30	801	785
TOTAL	2,876	2,718	-985	-952	1,891	1,766	66	65	1,626	1,386

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirement, %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	Dec. 31 2016	Dec. 31 2015	Dec. 31 2016	Dec. 31 2015	Dec. 31 2016	Dec. 31 2015	Dec. 31 2016	Dec. 31 2015	Dec. 31 2016	Dec. 31 2015
Stockholm	19,652	17,316	5,7	6,0	832	809	1,450	1,353	87	90
East	7,021	6,651	6,8	7,0	749	750	721	714	91	91
Central	6,505	6,145	6,9	7,2	694	750	640	680	89	90
South	6,056	4,920	6,4	6,7	668	563	575	435	89	91
Investment	36,376	31,625	6,2	6,5	2,636	2,551	3,152	2,978	90	93
Development	2,858	3,407	6,3	6,5	307	321	234	204	75	62
TOTAL	39,234	35,032	6,2	6,5	2,943	2,872	3,386	3,182	89	91

1) The yield requirement has been calculated excluding building rights.



INVESTMENT PROPERTIES: AREA AND AVERAGE RENT PER TYPE OF PREMISES

	Offices		Warehouse/logistics		Retail		Other ¹		Total	
	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²
Stockholm	451	2,029	145	1,012	54	1,848	84	1,835	734	1,782
East	330	1,252	162	559	64	1,051	109	1,139	665	1,063
Central	288	1,158	204	584	84	1,262	107	1,069	684	981
South	204	1,265	257	717	50	1,044	42	1,158	553	971
TOTAL	1 273	1,496	768	708	252	1,300	342	1,297	2 636	1,218

1) Comprises Education, Health care, Physical Recreation facilities, Residential and other areas such as Laboratories, Fair, Postal facilities and Technical spaces.

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

COMPARABLE PORTFOLIO¹

	31.12.2016	31.12.2015	Change, %
Area, 000 sq.m.	2,648	2,652	0
Fair value, SEKm	32,693	30,220	8
Yield requirement, %	6.3	6.6	-4
Economic occupancy rate, %	88	90	-2
Area-based occupancy rate, %	81	82	-1
SEKm			
Income	2,568	2,549	1
Property costs	-887	-884	0
OPERATING SURPLUS	1,681	1,665	1

1) Refers to properties owned during the whole of 2015 and 2016.

OCCUPANCY RATE

The economic occupancy rate, lease contract value in relation to rental value, amounted to 89 per cent (91) at the end of 2016. The occupancy rate for investment properties totalled 90 per cent while it was 75 per cent for development properties. The area-based occupancy rate totalled 82 per cent (83). The area-based occupancy rate for investment properties was 85 per cent and the corresponding figure for development properties 54 per cent.

EARNINGS AND KEY RATIOS

The tables on page 25 show income items and key ratios broken down by Klöver's regions and by management and investment properties. The operating surplus is affected by projects or restrictions on letting before improvement of properties. The upper table shows earnings for current operations, which include properties purchased and divested and investments made during the year.



The entrance to Time Building, the property Borgarfjord 4 in Kista.

The lower table shows the situation at the respective year-end, so that the figures in the two tables are not wholly comparable. Comparability between years is limited due to net acquisitions during 2015 and 2016.

Tenants

NET MOVING-IN

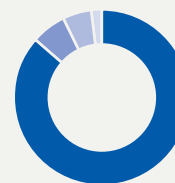
Net moving-in was positive during the year. The single largest tenant moving in was Tele2 at the property Isafjord 8 in Kista encompassing almost 20,000 sq. m. Klöver's net moving-in amounted to SEK 20 million (51) on an annual basis, based on tenants moving in at SEK 264 million (171) and vacating tenants at SEK 244 million (120).

CONTRACT VALUE BY CUSTOMER CATEGORY %



■ Private companies 51
■ Listed companies 31
■ Public sector 18

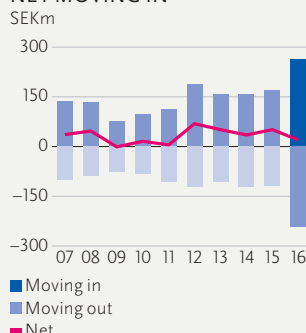
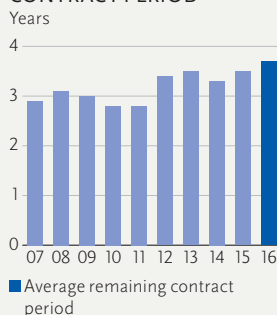
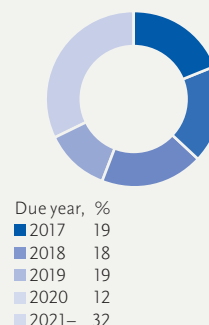
LEASE CONTRACTS BY VALUE
Number of contracts



■ 7,858 < 0.5 SEK/m
■ 585 0.5–1 SEK/m etc.
■ 454 1–3 SEK/m
■ 173 > 3 SEK/m

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value	Share of total contract value, %	Remaining average contract term, years	No. of contracts	Space, sq.m
Ericsson	196	6.6	6.0	30	127
WSP Sverige	65	2.2	7.0	26	31
Tele2 Sverige	61	2.0	9.7	35	26
KappAhl Sverige	40	1.3	10.4	3	48
Dagab Inköp & Logistik	31	1.1	5.3	11	34
PostNord Sverige	31	1.0	1.5	47	28
Arbetsförmedlingen	30	1.0	1.9	21	17
Transportstyrelsen	28	0.9	4.3	8	19
Region Östergötland	27	0.9	8.6	19	19
Municipality of Karlskrona	27	0.9	5.6	49	24
TOTAL	536	17.9	6.4	249	373

NET MOVING IN**CONTRACT PERIOD****DURATION OF RENTAL CONTRACTS, PREMISES CONTRACT VALUE**

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

In addition to the tenants that have moved in during 2016, Klöver has signed additional lease contracts for SEK 98 million (75) with moving-in in 2017 or later. During the year, Klöver has entered into contracts, inter alia, with the EU agency, European Centre for Disease Prevention and Control (ECDC) encompassing around 9,400 sq.m. at the property Hilton 3 in Solna with moving-in expected to take place in February 2018. Klöver has also entered into a 15-year contract at the property Stensborg 4 and Icander 1 in Västerås for a total of around 4,000 sq.m. for an upper secondary school with moving-in planned for the second half of 2018.

TURNOVER RATE

Limiting tenant turnover has a positive effect on earnings by a reduced loss of income due to fewer vacancy periods and lower costs for tenant customisations.

Through structured customer meetings with the tenants, needs can be anticipated and customer loyalty increased. During 2016, tenant turnover amounted to 8.3 per cent (4.3) and the average during the past ten years is 5.9 per cent.

CUSTOMER STRUCTURE AND CONTRACT AREAS

Klöver's business approach is reflected in that 99 per cent of the contract value consists of commercial lease contracts. At

year-end, private companies accounted for 51 per cent (55), listed companies for 31 per cent (27) and public sector entities for 18 per cent (18) of the lease contract value. In all, Klöver had 9,100 lease contracts (9,100) with 5,200 tenants (5,300) at the year-end.

Of all lease contracts, measured as a proportion of the contract value, 22 per cent (26) expire within a year. The average lease contract period has risen to 3.7 years (3.5). Of the total contract value, excluding supplements, 86 per cent (84) was indexed in relation to the consumer price index (KPI). In all, Klöver's contract value amounted to SEK 2,998 million (2,884) at the end of the year.

At year-end the ten largest customers accounted for 18 per cent (20) of Klöver's contract value and the average contract period for these was 6.4 years (5.3).

NKI – SATISFIED CUSTOMER INDEX

An NKI questionnaire is carried out every other year. The most recent measurement was presented in the annual report for 2015. Klöver's customer satisfaction amounted then to 77 per cent (76). What customers most appreciated was Klöver's staff, who were perceived as service-minded and pleasant. The next survey will be published in the 2017 annual report.

Klöver has a great focus on customers and works continuously to improve customer satisfaction by working in accordance with the motto of making the customer's day easier every day.



One of Klövern's employees in Örebro.



Välten 4, Malmö.



Orgelpipan 4, Stockholm.

TRANSACTIONS

During 2016, Klöverner complemented its property portfolio by acquisitions particularly in Sweden's three largest cities, Stockholm, Gothenburg and Malmö. At the same time, the existing portfolio was further concentrated by divestment of single specific properties and properties at less prioritized locations.

ACQUISITIONS

Klövern acquired 32 properties during the year with a total lettable area of just under 128,000 sq.m. The total purchase price was SEK 1,484 billion.

The largest transaction during the year was the acquisition of 21 properties in Malmö and 7 properties in Lund for SEK 910 million. Of the total of 28 properties, 9 were site leaseholds. The total lettable area amounts to around 114,000 sq.m. and consists largely of office and warehouse space. Major tenants include Mio, DHL, the Municipality of Malmö, Corsec and Purac. The acquisition entails an increase of over 50 per cent of Klöverner's portfolio in Malmö and a more than doubling of the portfolio in Lund.

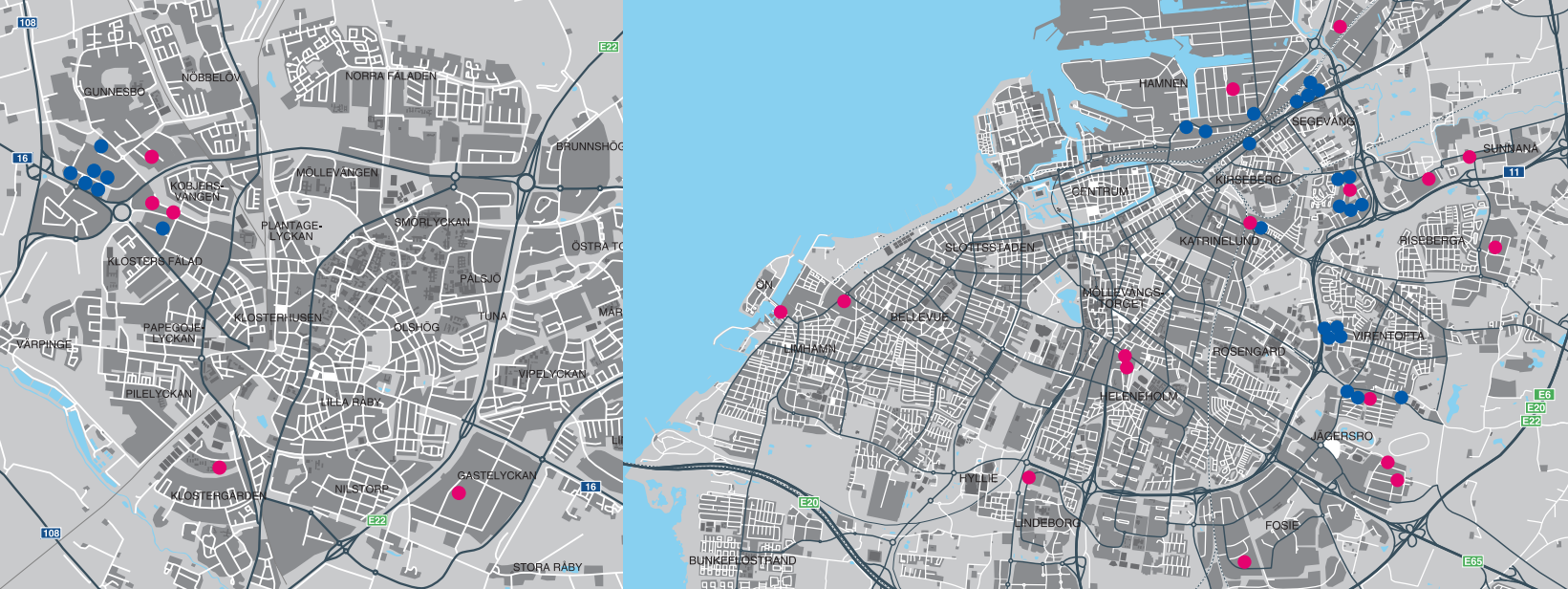
During the year, Klöverner carried out the company's first transaction in Stockholm's inner city, through the acquisition of the site leasehold for the property Orgelpipan 4. The property, located close to Stockholm Central Station, consists of a project property which is intended to be developed into a modern office and retail property. The total lettable area amounts to 4,500 sq.m.

Gothenburg has received an addition through a number of acquisitions. The single largest transaction was the purchase of the office property Majorna 220:5 located along Södra Älvstranden. The property has a lettable area of 4,410 sq.m. and is fully let.

DIVESTMENTS

During the year Klöverner has divested 15 properties with a total lettable area of just under 73,000 sq.m for SEK 630 million. Through these divestments, Klöverner has concentrated its portfolio and focused it at a number of locations. Through these transactions, Klöverner has left the cities of Köping and Säter.

During December, a contract was signed to divest 12 properties in Karlskrona. Transfer of possession of the properties is expected to take place in the second quarter of 2017. As a result of the divestment, Klöverner will leave Karlskrona.



Klövern supplemented its existing portfolio with 7 properties in Lund and 21 properties in Malmö (blue markings).

PROPERTY TRANSACTIONS IN 2016: ACQUISITIONS

City	Property	Property classification	Lettable area, sq. m.	Quarter taken possession
Stockholm	Orgelpipan 4 ¹	Office	4,507	Q2
Gothenburg	Mellby 3:198	Education/Health care/Other	2,576	Q2
Gothenburg	Violen 1	Retail	956	Q4
Gothenburg	Majorna 220:5	Education/Health care/Other	4,410	Q4
Malmö	Nejlikebuketten 6	Office	1,765	Q4
Malmö	Nejlikebuketten 4	Office	6,565	Q4
Malmö	Värbuketten 3	W/L**	3,317	Q4
Malmö	Brandnåvan 1 ¹	Land	0	Q4
Malmö	Brandnåvan 2 ¹	Office	2,822	Q4
Malmö	Svedjenåvan 3	Office	4,905	Q4
Malmö	Svedjenåvan 4 ¹	Land	0	Q4
Malmö	Flygfyrn 1	W/L**	12,040	Q4
Malmö	Flygledaren 3 ¹	Office	1,597	Q4
Malmö	Höjdrodret 3	Office	1,344	Q4
Malmö	Skevrodret 1	Office	2,158	Q4
Malmö	Flygvärdinnan 4 ¹	Office	9,648	Q4
Malmö	Skjutstallslyckan 3	W/L**	3,096	Q4
Malmö	Stillman 40	Office	1,787	Q4
Malmö	Murman 7 ¹	W/L**	6,510	Q4
Malmö	Murman 8	Office	7,198	Q4
Malmö	Murman 11 ¹	W/L**	8,437	Q4
Malmö	Haken 3 ¹	W/L**	3,441	Q4
Malmö	Bjälken 3	W/L**	2,631	Q4
Malmö	Lillgrund 5	W/L**	4,430	Q4
Malmö	Betongen 11 ¹	Office	4,909	Q4
Lund	Annedal 9	W/L**	1,296	Q4
Lund	Traktorn 2	Office	12,174	Q4
Lund	Traktorn 4	W/L**	1,796	Q4

City	Property	Property classification	Lettable area, sq. m.	Quarter taken possession
Lund	Trumlan 1	W/L**	2,517	Q4
Lund	Välten 4	W/L**	3,100	Q4
Lund	Välten 5	W/L**	3,645	Q4
Lund	Årdret 12	W/L**	2,049	Q4
TOTAL			127,626	

1) Site leasehold

** Warehouse/logistics

PROPERTY TRANSACTIONS IN 2016: DIVESTMENTS

City	Property	Property classification	Lettable area, sq. m.	Quarter handed over
Helsingborg	Triangeln 3	W/L**	5,470	Q1
Köping	Drotten 2	Office	3,473	Q2
Nyköping	Hotellet 18	Retail	822	Q2
Malmö	Gjuteriet 21	Land	0	Q3
Malmö	Gjutformen 1	Land	0	Q3
Karlstad	Tvätten 3	Office	2,545	Q3
Karlstad	Sälgen 6	Office	1,574	Q3
Gothenburg	Kortedala 36:23 ¹	W/L**	8,620	Q3
Hässleholm	Köpmannen 4	Education/Health care/Other	1,713	Q4
Västerås	Briggen 3	W/L**	5,102	Q4
Säter	Skönvik 1:15	Education/Health care/Other	948	Q4
Säter	Skönvik 1:17	Education/Health care/Other.	10,334	Q4
Säter	Skönvik 1:21	Land	0	Q4
Säter	Skönvik 1:6	Education/Health care/Other	32,339	Q4
Lerum	Berg 1:91	Land	0	Q4
TOTAL			72,940	

1) Site leasehold

** Warehouse/logistics

PROJECT DEVELOPMENT

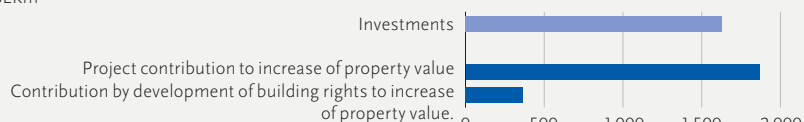
In the framework of Klöver's project activities, existing properties are developed and improved in connection with the letting of vacant premises, energy-saving measures and new production. The investments are made in order to increase the value of the properties through improved cash flows.

During 2016, Klöver has continued to place a major focus on project development. In all, SEK 1,626 million was invested (1,386). The total estimated expenditure for the 304 projects in process at year-end amounted to SEK 2,943 million (3,451) with a remaining investment of SEK 1,096 million (1,606). Of these projects, 33 have an estimated investment of over SEK 10 million. Although a number of projects are of limited size, an intensive effort is required. Klöver has worked actively to reinforce the project organization.

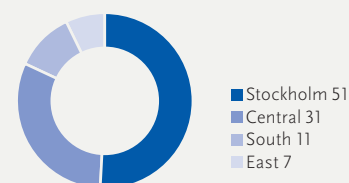
The market prerequisites for new construction continue to

be good. Through Klöver Living's project planning for residential development, it is possible to complement high quality flexible offices with an input of housing of varying volume. The conceptual development of Klöver's business centers under the First Office brand name is continuing strongly.

CREATION OF VALUE THROUGH PROJECTS/BUILDING RIGHTS, 2016
SEKm



PROJECT VOLUME PER REGION
%



KLÖVERN'S LARGEST ONGOING PROJECTS 31 DEC 2016

City	Property	Type of project	Contractor	Largest tenant, moving in year/quarter	Project area, sq. m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Expected completion date, year
Karlstad	Pinassen 2	Offices	Peab	Tieto, 17Q4	14,099	227	292	83	29	17Q4
Uppsala	Kungsängen 10:1/2	Hotel	Wästbygg	Elite Hotels, 17Q1	9,612	335	224	31	18	17Q1
Västerås	Sigurd 7	Offices/Hotel	Aros Bygg	Choice Hotels, 18Q1	8,059	100	216	136	16	18Q2
Stockholm	Knarrarnäs 4	Hotel	–	Choice Hotels, 18Q1	6,800	88	163	148	11	18Q1
Stockholm	Hilton 3	Offices	In3prenör	ECDC, 18Q1	9,407	190	148	139	15	18Q1
Gothenburg	Gamlestaden 39:13	Offices	AF Bygg	Tholin&Larsson, 17Q3	11,478	159	127	58	11	17Q4
Lund	Traktorn 4	Retail	Veidekke	Mio, 17Q3	5,165	19	52	45	3	17Q3
TOTAL LARGEST PROJECT IN PROCESS					64,620	1,118	1,222	640	103	
OTHER PROJECTS							1,751	456		2017–
TOTAL PROJECTS IN PROCESS							2,973	1,096		

Projects in progress



UPPSALA, KUNGSÄNGEN 10:1, 10:2

Klövern has built a hotel beside Uppsala central station. This new building is phase 2 of the Suttung block, where phase 1, the refurbishment and extension of the former Post Office building was completed in 2016. The hotel of around 9,600 sq.m. has been built in a modern and architecturally exciting style. The hotel was opened in March 2017.



SOLNA, HILTON 3

During the year, Klövern signed a 15-year lease contract with the EU agency European Centre for Disease Prevention and Control (ECDC). The area amounts to around 9,400 sq.m. at the property Hilton 3 in Solna with expected moving in at the beginning of 2018.



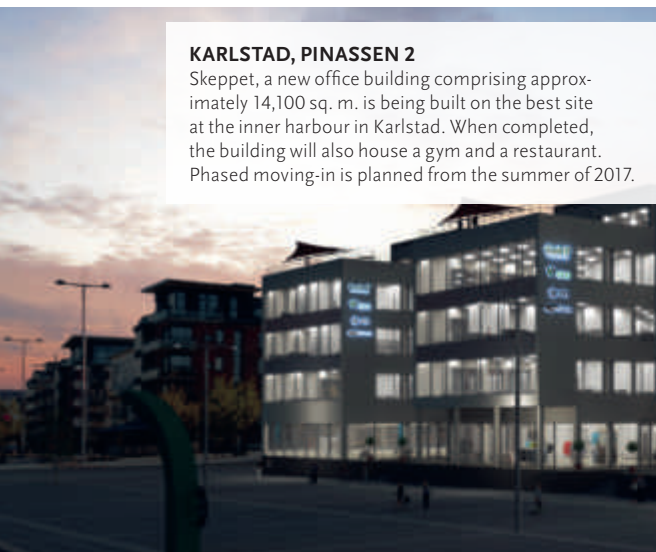
VÄSTERÅS, SIGURD 7

A new building is being constructed at the central station in Västerås. The façade of what used to be an engine shed will be integrated into the new building which will house a hotel with approximately 150 rooms as well as five floors of office premises. Moving in is planned to start at the beginning of 2018.



KISTA, KNARRARNÄS 4

Klövern signed a contract in March 2016 with Choice Hotels for 6,800 sq.m. of hotel space in a very central part of Kista. The property will be totally refurbished and add additional urban qualities as well as life and movement in Kista. The hotel contains around 200 rooms, moving-in being planned to take place in 2018.



KARLSTAD, PINASSEN 2

Skeppet, a new office building comprising approximately 14,100 sq. m. is being built on the best site at the inner harbour in Karlstad. When completed, the building will also house a gym and a restaurant. Phased moving-in is planned from the summer of 2017.





KISTA, ISAFJORD 8 TELE2

Klövern has together with Tele2 developed an exciting new office building for Tele2, which will then concentrate its Swedish head office at Kista. The property consists of around 27,000 sq.m., of which around 20,000 sq.m is let to Tele2. Tele2 moved in to the modern flexible premises during 2016.

The property, Isafjord 8, is Klöverns premium property in Kista. The building draws attention both through its design and the choice of materials and is at a high level of quality. It has ribbon windows around the whole façade, which lets in a lot of light.

There are other tenants in the building including a well-known restaurant, located just beside the entrance with space for 400 guests.

“Klövern offers new thinking in the real estate industry.”

BIRGIT IMPONEN
Project owner, Tele2





Tele2 and Klövern have worked together well in the establishment of Tele2's new head office.

— Klövern's fresh thinking in the real estate industry suits us as we always engage in new thinking. It is really true that "Klövern creates environments for the entrepreneurs of the future", says Birgit Imponen at Tele2.

The property has been environmentally certified in accordance with Miljöbyggnad klass silver. Klövern's goal is to be able to offer environmentally compatible premises, which will be developed and managed with the least possible use of resources and impact on the environment. Sustainable construction is self-evident for Klövern in new construction and refurbishment.



BUILDING RIGHTS

Klövern works constantly to develop its portfolio of building rights by developing existing building rights and creating new ones through active work on local plans.

Development potential on the company's own land in the form of building rights within the existing property portfolio has increased over time. Klövern currently has building rights according to local plans and/or assessed building rights at all prioritized locations. Assessed building rights are building rights that can reasonably be assumed to be created on the basis of the contents of surrounding local and general plans, given the nature and location of the property. As an active and credible community developer in its prioritized areas, the company endeavours to facilitate future urban development and construction. Normally, about 10–20 local planning applications are being pursued in different parts of Sweden. At year-end, building rights totalled 2,164,000 sq.m. and were valued at SEK 1,126 million. Of these, 729,000 sq.m. were included in local plans.

KLÖVERN LIVING

Klövern Living is working on a number of residential development projects. Based on a structured inventory of building rights in the whole of Klövern's portfolio, development potential has been established at a number of locations to identify where strategic development work can be pursued with a view to driving forward additional changes to local plans. Through this inventory, planned residential building rights have been identified amounting on 31 December 2016 to 96,000 sq.m. and additional assessed building rights at 850,000 sq.m.

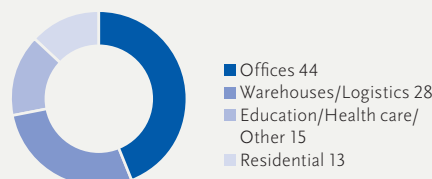
Active structured project development work carried out during the year to a greater extent than previously. In a longer perspective, there may be scope for construction of as many as between 8,000 and 12,000 apartments in the existing portfolio, amongst other places, in Stockholm, Uppsala, Västerås, Karlstad and Linköping. The pace and scope of future expansion partly depends on the additional volume of residential building rights in local plans created in the future. The current assessment is that Klövern Living will contribute to the start of production of 200–300 apartments in 2017/18 and 300–500 apartments in 2019/2020. Alternative ways of developing the value of building rights provide great flexibility as regards investment volume and balance between the level of risk and the creation of value.

BUILDING RIGHTS 31 DEC 2016

000 sq.m. GA ¹	Total building rights, 000 sq.m.	Building rights specified in local plans	Assessed building rights	Of which assessed residential building rights
Stockholm North	414	146	269	261
Stockholm South	60	15	45	14
Uppsala	218	33	185	60
STOCKHOLM REGION	692	194	498	335
Linköping	380	92	288	119
Norrköping	49	39	10	0
Nyköping	79	26	54	43
Karlskrona	55	39	16	3
Kalmar	21	0	21	20
EAST REGION	584	196	388	185
Västerås	287	25	262	165
Karlstad	216	147	69	47
Örebro	52	27	25	5
Falun	56	15	41	41
Härnösand/Sollefteå	40	40	0	0
CENTRAL REGION	652	255	397	257
Gothenburg	76	22	54	20
Malmö	142	45	97	53
Borås	7	7	1	0
Halmstad	12	12	0	0
SOUTH REGION	237	85	151	73
TOTAL KLÖVERN	2,164	729	1 435	850

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

BUILDING RIGHTS SPECIFIED IN LOCAL PLANS %





VÄSTERÅS, SIGURD 3

The development of Västerås' travel interchange is being planned to create building rights for both commercial space and housing.



VÄSTERÅS, ÖSTER MÄLARSTRAND

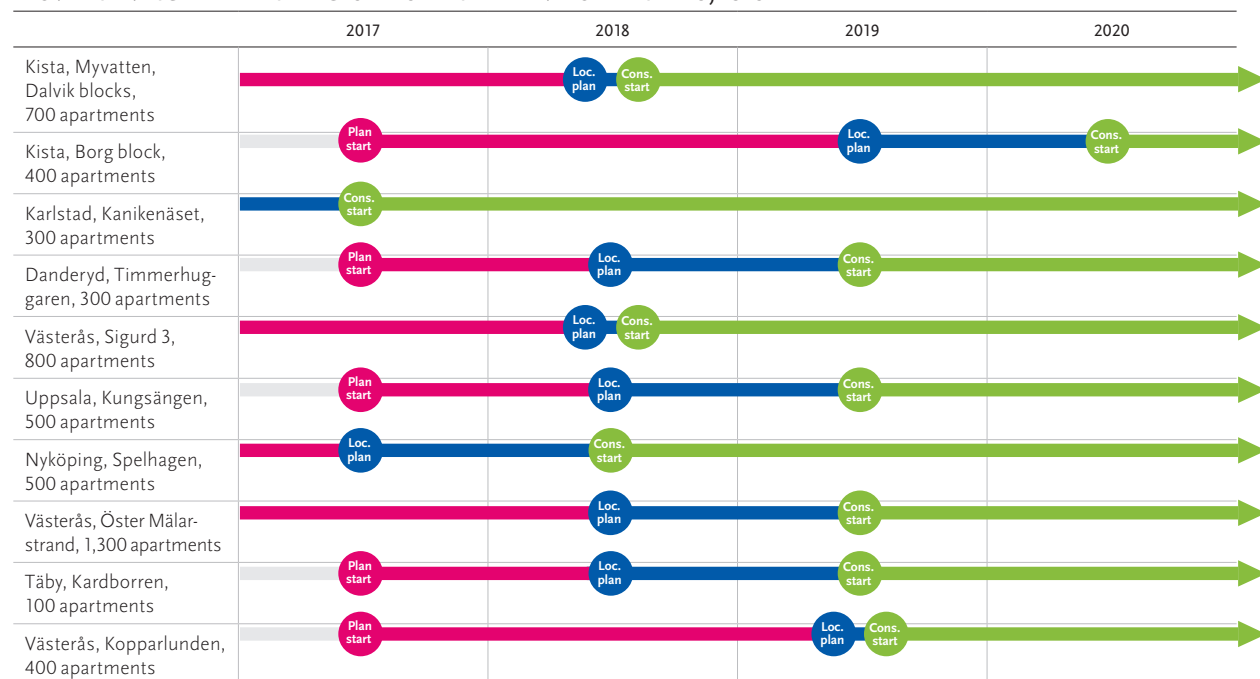
Klövern has initiated development work to create residential building rights for up to 1,300 apartments beside Lake Mälaren.



KISTA, KV. MYVATTEN/DALVIK

It is planned to create residential building rights for up to 700 apartments at the Myvatten/Dalvik blocks.

KLÖVERN LIVING – THE TEN LARGEST RESIDENTIAL DEVELOPMENT PROJECTS



Idea phase, including planning application
 Planning work in process
 Project planning, building permit application
 Production

PROPERTY VALUE

The fair value of Klöver's 431 properties was SEK 39,234 million on 31 December 2016. At the same time, the average yield requirement for the property portfolio, excluding land and building rights, was 6.2 per cent. The changes in value amounted during the year to SEK 1,709 million.

The Swedish property market continued to have a strong development during 2016. The volume of transactions reached a new record level of around SEK 200 billion. Transaction volumes in 2014, 2015 and 2016 are well above the historical average and are a sound indicator of the very strong market conditions that prevail in the property market. The factors driving this have been good access to capital at low interest rates, low vacancy levels and stable cash flows. Offices and housing continue to be the most popular segments in the market and accounted together for around 55 per cent of the volume of transactions. Geographically, the attractiveness of regional cities has greatly increased in 2016 and accounted for 28 per cent of the volume, the corresponding figure for the full year of 2015 was 22 per cent.

During 2016, international investors accounted for just under 13 per cent of the volume of transactions, which is lower than in 2015 when they accounted for 30 per cent of the volume.

CHANGES IN PROPERTY VALUES

Changes in value of properties amounted to SEK 1,709 million (1,252). The changes in value include realized changes of SEK 0 million (-2) and unrealized changes of SEK 1,709 million (1,254). At year-end 2016, the average yield requirement for Klöver's properties was 6.2 per cent (6.5), excluding land and building rights. The main reasons for the rise in the value of properties were new letting, investments, rising market rents, reduced yield requirements and development of the building rights portfolio. Klöver's average yield requirement has dropped by 0.3 percentage points compared to the previous year, mainly linked to the strong interest among investors and 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. 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 flow. The yield requirements of the properties have been assessed on the basis of the unique risks of each property as well as transactions made at the respective location according to the location price method.

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

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

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

- > The property's cash flow is discounted to present value each year using the cost of capital/discount rate.
- > The residual value of the properties is assessed by perpetual capitalization for which the yield requirement is used. The residual value is then discounted by the cost of capital to yield a present value.
- > The value of any building rights and undeveloped land is added to the present value.
- > The normal period of calculation is five or ten years.
- > The long-term development of inflation has been assessed at 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.

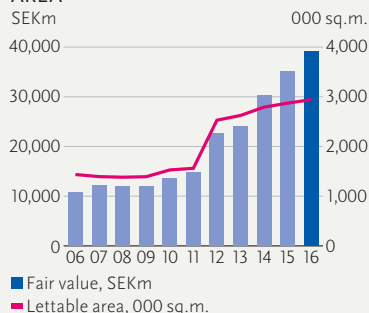
SUMMARY

Value date	31 December 2016
Fair value	SEK 39,234 million
Calculation period	Normally five or ten years
Yield requirement for assessment of residual value	Between 3.75 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.70 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent

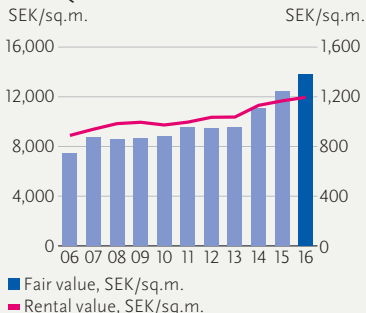
SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on property value SEKm
Yield requirement	0.5 percentage point	-2,855/ 3,358
Rental income	SEK 50/sq.m.	+/- 2,383
Operating costs	SEK 25/sq.m.	-/+ 1,192
Vacancy rate	1.0 percentage point	-/+ 548

THE PROPERTIES' FAIR VALUE AND AREA



INVESTMENT PROPERTIES: VALUE PER SQ.M.



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

PROPERTIES, FAIR VALUE, SEKm

	2016	2015
Fair value as at 1 January	35,032	30,208
Acquisitions	1,484	2,732
Investments	1,626	1,386
Divestments	-617	-548
Unrealized changes in value	1,709	1,254
FAIR VALUE AT YEAR END	39,234	35,032

PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2016

	Fair value, SEKm	No. of properties	Rental value, SEKm ¹	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm	19,652	91	1,450	87	832	5.50 – 10.65	3.75 – 8.75	5.7
East	7,021	123	721	91	749	6.40 – 11.10	4.50 – 9.25	6.8
Central	6,505	96	640	89	694	6.90 – 11.70	5.00 – 9.50	6.9
South	6,056	121	575	89	668	6.30 – 10.95	4.25 – 9.00	6.4
Investment	36,376	375	3,152	90	2,636	5.50 – 11.70	3.75 – 9.50	6.2
Development	2,858	56	234	75	307	6.90 – 11.10	5.00 – 9.25	6.3
TOTAL	39,234	431	3,386	89	2,943			6.2

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

RENTAL INCOME

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

OPERATING EXPENDITURE

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

INVESTMENT REQUIREMENTS

The property's investment requirements are assessed by the external valuers on the basis of the condition of the properties. In the event of major vacancies in the property, the need for investments often increases.

YIELD REQUIREMENT AND COST OF CAPITAL

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

From a theoretical perspective, the cost of capital is set by

adding a risk-free real interest rate to inflation expectations as well as a risk factor. The cost of capital is calculated individually for every property.

RESIDUAL VALUE

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

CALCULATION PERIODS

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

BUILDING RIGHTS AND PLOTS

Properties which have unutilized building rights and sites on which buildings can be erected are valued on the basis of the location price method or alternatively a present value based on the estimated market value after development of building rights and plots.

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.

SUSTAINABILITY



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FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

Employees at Klöver's office in Kista.

SUSTAINABILITY STRATEGY AND TARGETS

The starting point for Klöver's sustainability strategy can be found in the company's vision, business concept and values. A strategic approach makes it possible to deal effectively with sustainability-related business risks at the same time as the company benefits from available opportunities. Our brand name has to inspire the confidence of our shareholders and customers as well as our staff and other stakeholders.

Sustainability is a concept that imbues all of the work undertaken by the company. Klöver's work with sustainability is primarily governed by internal processes and external regulations. In this way, the risks are minimized at the same time as it contributes to a sustainable society and ensures that the business model and long-term creation of value are complied with. The process begins at top management level. Every year Klöver's board lays down a sustainability policy and targets for the work with sustainability.

Klöver produces a separate sustainability report with in-depth information about the work with sustainability.

CODE OF CONDUCT AND SUSTAINABILITY POLICY

Sustainable development means for Klöver taking responsibility for the long term economic, environmental and social results of how we put our business concept and our values into practice in our commercial operations.

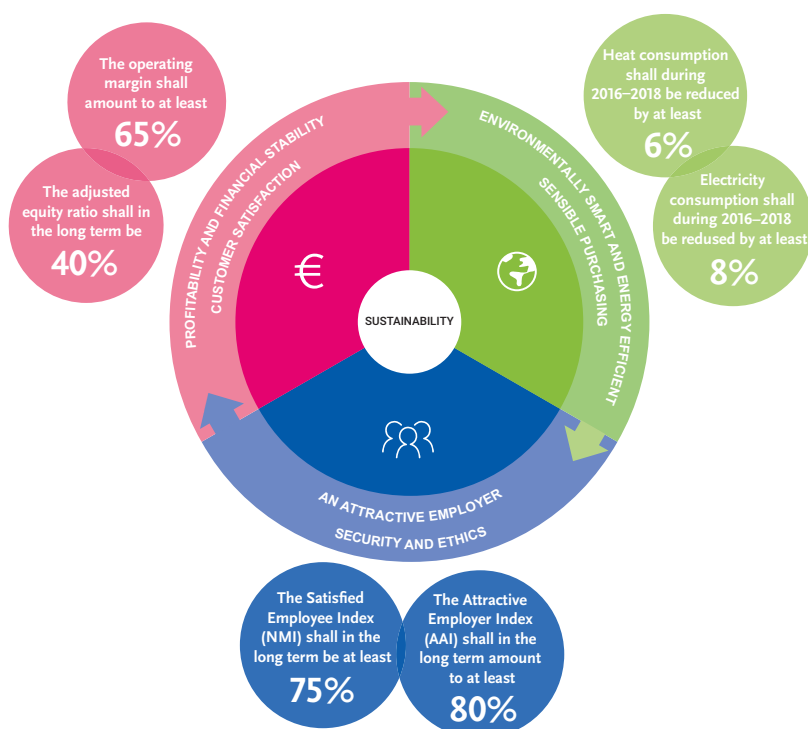
Klöver's sustainability code and sustainability policy are based on the analysis of materiality carried out in 2014 and clarify the company's values. The company shall comply with current legislation and regulations as well as work with a long-term approach and in according with the principles that guarantee high ethical and moral level in external and internal relations. Klöver also supports the principles of the UN Global Compact,

IMPORTANT ASPECTS AND DIALOGUE WITH STAKEHOLDERS

The materiality analysis of 2014 together with a close relationship with stakeholders serves as the basis of Klöver's work with sustainability. Conducting a continuous and structured dialogue with stakeholders improves sustainability work and clarifies the issues the company has to work with. The dialogues engaged in during 2016 have led to an additional focus on the important aspects.

SUSTAINABILITY ASPECTS AND GOALS FOR 2017

Based on the materiality analysis and dialogue with stakeholders, Klöver has selected important aspects to focus in its sustainability work. Profitability and financial stability serve as the basis for being able to engage in sustainable activity and satisfied customers are a prerequisite for the company's survival. Being environmentally smart and energy efficient are important aspects for working in a sustainable and responsible way in the long term. Sensible purchasing is required to ensure the whole chain of stakeholders. In a strong economy, it is crucial to be an attractive employer to be able to recruit and retain the best employees. Through security and ethics, the company ensures that laws are complied with and the working environment is good, which is necessary for running a sustainable business.



Klöver's selected economic, environmental and socially important aspects and goals.



Tenants in one of Klöverns business centers First Office. The property Fors 11 in Nyköping.

ECONOMIC

Klöverns aim is to generate a good return for its shareholders in a long-term sustainable way. Good profitability is a prerequisite for its being able to invest in sustainability with full force. As a financially stable commercial partner we promote our relationship with our tenants, suppliers and creditors at the same time as a sound financial footing is important for retaining and attracting competent staff.

PROFITABILITY AND FINANCIAL STABILITY

Profitability is important and provides conditions that enable Klöverns to fulfil the strategies it has selected and attain the company's targets, including sustainability goals. From the strategies and targets presented by Klöverns in the annual report it can be seen that the company shall have a business model based on growth and generate a good return on equity. To attain this target Klöverns has to confirm and further strengthen its market positions in the localities in which it has chosen to operate. A local presence with its own staff is important for the company.

As market conditions gradually change, it is also natural for Klöverns to continuously change its property portfolio by acquiring, developing and divesting properties. The property portfolio shall be managed with the focus on a high level of cost efficiency and high occupancy ratio. Customer relations shall be strengthened through active participation and a high level of service.

CUSTOMER SATISFACTION

Klöverns works structurally and continuously with customer care. This work consists, inter alia, of internal workshops and the Satisfied Customer Index (NKI) is an important tool to follow up customer service and ensure quality-related work. The result of the NKI survey also serves as the basis for internal measures to create increased satisfaction, higher loyalty and ambassadorship among customers.

The NKI survey is carried out every other year and Klöverns has to date conducted three surveys in accordance with the NKI index. The most recent survey took place at the beginning of 2016 and referred to 2015 when customer satisfaction amounted to 77 per cent (76) and showed that customers are particularly satisfied with the high level of service offered by Klöverns's personnel. The next survey will be for the year 2017.

ENVIRONMENT

Klövern is to provide environmentally adapted premises, developed and managed with the minimum possible use of resources and the least possible environmental impact. A sustainable approach must be adopted in every aspect of its operations.

Klövern's environmental work is well integrated into the organization. Targeted work is undertaken continuously in order to make continual improvements. Current legislation and environmental requirements, together with Klövern's code of conduct and sustainability policy, provide the basis for this work, which involves its employees and tenants as well as suppliers and sub-contractors. Another important environmental aspect is to ensure that all employees have the requisite expertise and experience. All staff participate in a basic environmental training programme.

ENVIRONMENTALLY SMART AND ENERGY EFFICIENT

Energy consumption

Energy consumption has been identified as the most important environmental aspect in Klövern's work with environmental issues and for many years the company has been striving to minimize the properties' energy consumption. The total quantity of energy consumed for Klövern's properties continued to decrease during 2016. The proportion of renewable energy increased to 50.9 per cent (50.7).

Heat consumption

The goal of reducing heat consumption by at least 6 per cent during the three-year period 2016–2018 was complied with as Klövern saved over 1 per cent during 2016. 2016 was warmer than normal but all comparative statistics have been corrected for normal years. In absolute figures, Klövern is in a very good position having an average value for heating of 66.4 kWh/sq.m. (67.1) for 2016. This can be compared with the average for the industry according to the state energy agency, ES 2015:05, for heating of premises which is 121 kWh/sq.m.

Electricity consumption

Electricity consumption was reduced by just under 2 per cent during 2016. The goal is to reduce electricity consumption by at least 8 per cent during the three-year period, 2016–2018. Klövern's energy efficiency staff continue their successful work, after having examined around 100 properties during the year to identify high energy consumption.

Self-produced solar energy

Klövern produces its own electric power from solar cells on roofs in Linköping, Norrköping, Uppsala and Örebro,

among other places. The production of electricity from solar power during 2016 amounted to 126 MWh (185). The decline in production was due to a major property refurbishment, which led to solar cells being out of action.

Environmentally certified buildings

Klövern environmentally certified its first building in 2011 and now has a total of 22 environmentally certified buildings. Foremost among these buildings are those environmentally certified in accordance with Green Building, although the proportion of buildings classified as Environmental Building LEED and BREEAM is increasing. It is aimed for all new buildings to be at least certified in accordance with Miljöbyggnad Silver or the equivalent. The ambition is for environmental classification also to increase in the existing property portfolio. The total area which is environmentally classified amounts to over 180,000 sq.m., which corresponds to 6 per cent of the company's total lettable area. Since 2011, Klövern has been a member of Sweden Green Building Council, which is the body dealing with environmental classification systems.

Green lease contracts

A green lease contract entails an agreement on a continuous dialogue with tenants on environmentally-related matters, all with the aim of reducing the impact on the environment and costs. Being able to offer green lease contracts makes Klövern more attractive among existing and new tenants, employees and other stakeholders, which promotes further collaboration and builds up the brand name.

The proportion of green lease contracts increased during the year. At year-end 2016, Klövern had 141 green lease contracts (111), which together accounted for 7 per cent of Klövern's total contract value, an improvement of 1 percentage point compared with the previous year.

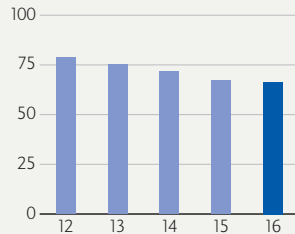
SENSIBLE PURCHASING

Sensible purchasing is about balancing and dealing with legal, economic, environmental and social aspects to create sustainable business, a long-term perspective and a sustainable chain of suppliers.

The geographic spread of Klövern's properties and operational needs of local presence and availability must be

HEAT CONSUMPTION

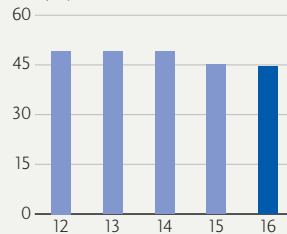
kWh/sq.m.



Heat consumption has been reduced by 1 per cent during the year and amounted to 66.4 kWh/sq. m. (67.1) at year end 2016. *

ELECTRICITY CONSUMPTION INCLUDING TENANTS

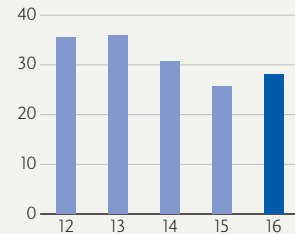
kWh/sq.m.



Total electricity consumption, including some of the tenants' consumption, has declined during the year by just under 2 per cent. Average consumption of electricity totalled 44.4 kWh (45.1) per sq.m.*

AIR CONDITIONING

kWh/sq.m.

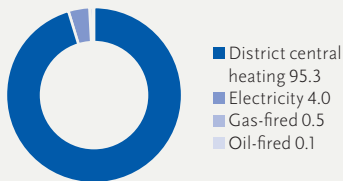


The use of energy for air conditioning varies from year to year and depends on the type of property and the tenants but is also affected by the climate during the summer. The result for 2016 was 28.0 kWh/sq.m (25.6).*

* During the year, all areas were examined and developed to A-temp with base on 1 January 2016. In order to obtain historically comparable data, the previous years' amounts have been adjusted with the new area.

TYPE OF HEATING PER MEDIUM

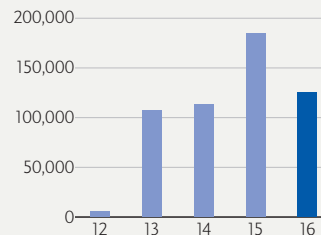
%



Electrical heating includes electricity for heat pumps. Gas is used in a few properties. Oil is only used for peak requirements in a handful of properties.

SOLAR ENERGY

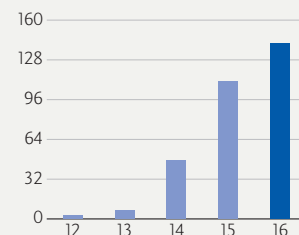
kWh



Klövern's production of electricity from its own solar panels decreased during the year to 126 MWh (185). This was due to a major refurbishment at a property, which necessitated shutting down solar panels.

GREEN LEASE CONTRACTS

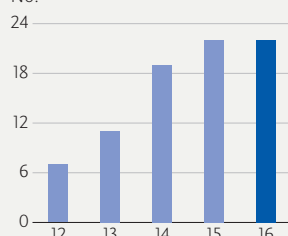
No.



The number of green lease contracts rose to 141 (111) during the year.

ENVIRONMENTALLY CERTIFIED BUILDINGS

No.



Klövern has 22 (22) environmentally certified buildings.

The property Kungsängen 10:2 in Uppsala, environmentally certified in accordance with Miljöbyggnad Silver.



taken into account when choosing suppliers. At the same time, there are large co-ordination benefits by making use of Klövern's size which affect both costs and quality, inter alia,

by entering into framework agreements. At year-end 2016, Klövern had 3,021 suppliers and the aim is to reduce the number by 10 per cent during 2017.

SOCIAL

Klövern is a commercial undertaking, an employer and also an active member of a large number of communities in Sweden. Klöverns safeguards the integrity of its stakeholders and it is of the highest importance that the stakeholders share the company's values and code of conduct.

One of Klöverns most important assets is its personnel. It is their commitment, development and expertise that creates our business culture. We offer each member of our staff a responsible job that will enable them to develop and in which the balance between work and private life is important.

AN ATTRACTIVE EMPLOYER

Development and training

To assure the company's competence and our employees' development and motivation, performance discussions and follow-up discussions take place once a year, linked to clear goals. Here any gaps in skills are identified and used as the basis for training plans. A structured training scheme provides not only qualitative and relevant training sessions but also an important exchange of skills between co-workers which is a major additional benefit.

Recruiting and retaining talented staff

All recruitment takes place after a well-structured process using external and internal channels. The ambition is to increase the proportion of employees with post-secondary education. Today about two-thirds of the staff have post-secondary education. In order to recruit new talents as they enter the labour market the company cooperates with educational institutions including the Royal College of Technology, Lund College of Technology, and Karlstad University. Career days are one possibility of making contact with prospective students and marketing both Klöverns and the real estate industry in general. The company also provides summer trainee positions and placements to enable students to obtain an insight into what it is like to work for a listed real estate company.

In order to retain and motivate our employees we work explicitly with internal career routes. During 2016 we have managed to enable 36 members of our staff (13) to advance to take on new roles in the company.

Employee surveys

The employee satisfaction survey, (NMI), is based on three questions which together have been drawn up to clarify employee satisfaction in a simple way that is easy to measure, report and compare. Klöverns conducted its first NMI in

2013 and the results have improved continually since then. The result in 2016 was 76 per cent (73). On the basis of the same index, Klöverns attractiveness as an employer has also been measured since 2016. This index, which describes working conditions amounted to 83 per cent and exceeded the long-term goal of at least 80 per cent by a broad margin. The grade set for Klöverns managers is also steadily rising and amounted to 81 per cent (75).

Health and benefits

The continued low figures for absence through sickness endorse the importance of strategic work on health measures and encouraging physical activity. All permanent employees are offered a health survey and last year's survey showed generally good results with reduced stress and fewer employees who do not engage in physical exercise. The next health survey will be carried out in 2017.

All permanent employees receive an annual keep-fit allowance, which during 2016 was used by 76 per cent of the staff (66), which is a high extent of use. In addition to these benefits, our staff are also provided with health care insurance, retirement pensions and subsidized lunches, as well as a share in Klöverns profit sharing foundation. Contributions to the profit-sharing foundation, which are based on a combination of Klöverns profit, yield requirement, and dividend to the shareholders, may at most amount to one price base amount per employee per year. For the 2016 financial year, SEK 10.8 million, including wage tax, was set aside to the foundation.

SECURITY AND ETHICS

Klövern's working environment

Klövern's employees must be able to feel that they are working in a secure and safe working environment. Systematic working environment work throughout the organization together with a web-based security handbook ensures that current legislation and routines are complied with. The role of the health and safety representatives is important and Klöverns works continuously to clarify the role and gain acceptance for the importance of a safe working environment throughout the organization.

The safety committee, which reports directly to the CEO,



Employees at Klöverns Kista office.

has continued its work during the year on the importance of reporting occurrences and ensuring training in heart-lung resuscitation and safety when working on rooftops.

Corruption and bribes

Klövern works with a long-term approach and in accordance with principles that guarantee a high moral and ethical level in internal and external relations. The existence of bribery affects all with a relationship to Klövern and bribes can damage the company's brand name and good reputation.

New rules on business ethics have been drawn up in 2016 and all staff have undergone training and carried out a web-based test with different dilemmas. New staff undergo equivalent training in the introduction programme. To ensure that managers and employees act in accordance with ethical guidelines and to capture any deviations, a whistle-blower service was created in December. This service is externally managed and is initially intended to be used internally. At the end of the year, the whistle-blower service had not been used.

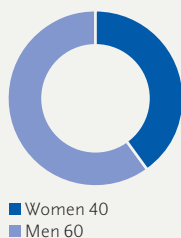
Diversity and non-discrimination

Gender equality and diversity are self-evident for Klövern. Employees' differences and complementary expertise are valuable and contribute to creating a more innovative company culture.

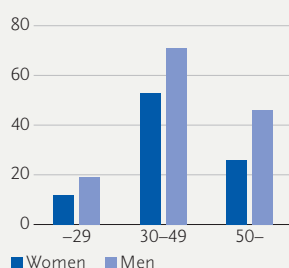
Our code of conduct provides guidance for our staff on their relations with each other and ensures compliance with human rights and that there is no discrimination or offensive treatment of individuals working for the company.

Contribution to society

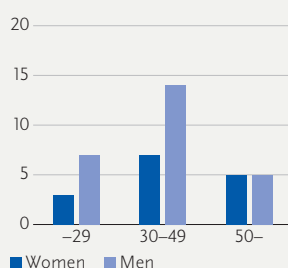
Klövern works for a sustainable future and contributes to increased sustainability in the value chain in which the company participates. Klövern's social responsibility does not only stretch to our stakeholders and suppliers but also includes a long-term responsibility for contributing to a sustainability society. The development of society is fundamental for a sustainable future and cooperation is of key importance for creating value for society – irrespective of whether this concerns the local business community or social efforts.

**GENDER RATIO
AT YEAR END**
%

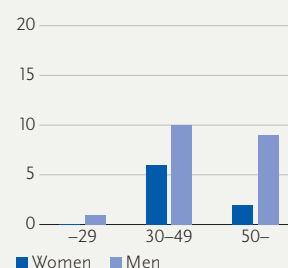
The proportion of women at Klöver has increased to 40% (39) while the proportion of female managers has risen to 38% (36).

**GENDER AND AGE,
AT YEAR END**
Number

The average age in the company was 44 at the end of 2016 (43).

NEW EMPLOYEES 2016
GENDER AND AGE
Number

A total of 41 new employees (43) were recruited in 2016.

EMPLOYEES LEAVING 2016
GENDER AND AGE
Number

A total of 28 employees (19) terminated their employment in 2016.

KEY FIGURES – EMPLOYEES

	2016	2015	2014	2013	2012
Number of employees at year end	227	214	190	189	185
of which women/men, number	91/136	84/130	79/111	76/113	75/110
of which subject to collective agreement, number	48	50	41	44	44
Average age, years	44	43	45	46	46
Employee turnover, %	13	9	16	9	10
Value added per employee, SEK million	8.8	9.1	8.9	7.6	7.3
Professional development per employee, SEK 000s	13	17	18	19	16
Absence because of illness, %	2.0	2.9	2.0	1.9	2.3



A more detailed description of our work with sustainability can be found in our Sustainability Report for 2016 and at www.klovern.se.



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

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FINANCING 50

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RISK AND SENSITIVITY 62

INVESTOR RELATIONS 66

Interior from the entrance of Time Building. The property Borgarfjord 4 in Kista.

FINANCING

Klövern's average interest rate improved during the year from 2.7 per cent to 2.5 per cent. The main explanation for this is lower margins on loans from banks and a high level of demand for the commercial paper programme established in 2015. The company's increased focus on lower risk was reflected during the year in both a rising period of tied-up capital and period of fixed interest.

THE CREDIT MARKET

The Riksbank lowered its policy rate, the repo rate, on one occasion during 2016. At the beginning of the year, the repo rate was –0.35 per cent and at year-end –0.50 per cent. Access to liquidity in the bank market has improved during the year both with respect to existing and new lenders, which has resulted in lower loan margins.

At the beginning of 2017, Klöverner expanded the framework for the commercial paper programme established in 2015 from SEK 2,500 million to SEK 3,000 million. There has been a high and stable level of demand for commercial paper at a low margin for the company.

If 2015 was characterized by a paradigm shift in the form of negative policy rates, 2016 has reinforced and clarified that low interest rates will probably persist for a long period of time. The effects of the low level of interest rates in a longer perspective remain to be seen but in the short term are positive for Klöverner. However, interest rate floors limit the positive effects of negative interest rates to some extent.

FINANCIAL MANAGEMENT

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

RAISING CAPITAL

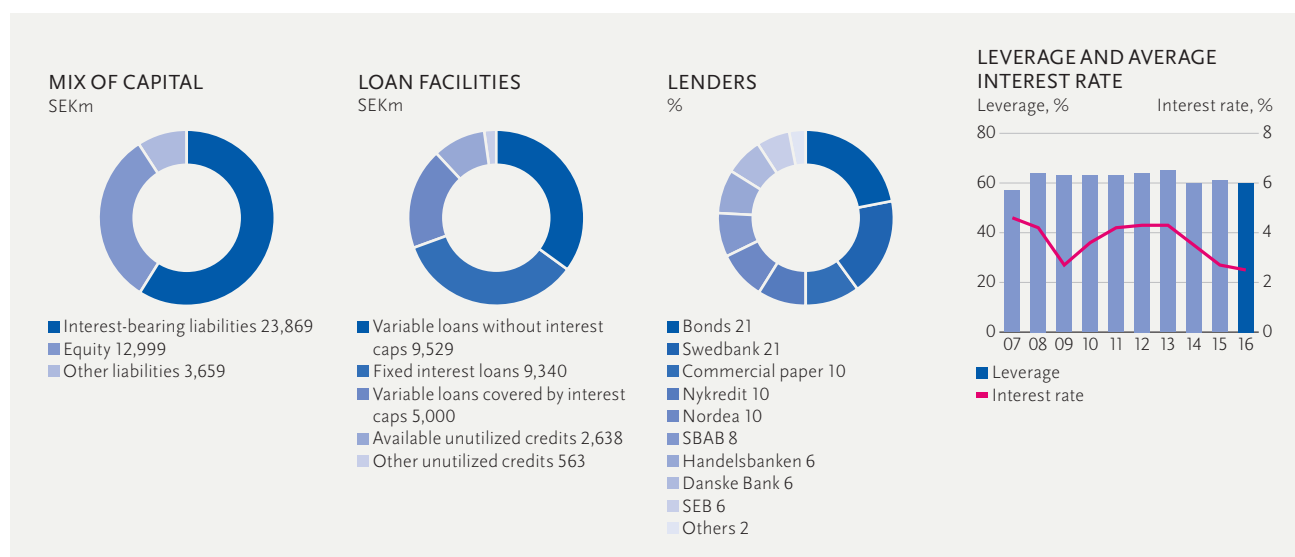
Running a real estate company is capital intensive. The total amount of assets, which is essentially the same as the value of the properties, is financed with equity, and liabilities. The proportions of these two depend on various factors such as the cost of the different forms of finance, the focus of the property portfolio and the risk aversion of shareholders and lenders. For a company like Klöverner equity is normally the most expensive financing form.

On 31 December 2016, Klöverner's assets amounted to SEK 40,527 million (35,883).

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 ¹⁾	14,529	2.1	–	–	–	–
2017	1,015	3.1	6,666	5,866	–	800
2018	315	2.1	8,652	6,693	1,800	1,959
2019	1,415	2.1	6,494	6,052	1,000	442
2020	1,815	2.8	2,250	2,250	2,250	–
2021	2,400	2.7	–	–	–	–
2022	1,280	5.3	–	–	–	–
2023	1,100	4.4	–	–	–	–
Future	–	–	3,008	3,008	–	–
TOTAL	23,869	2.5	27,070	23,869	5,050	3,201

1) SEK 5,000 million of the reported variable volume is covered by the interest caps.



Equity

At year-end 2016, Klövern's equity totalled SEK 12,999 million (11,390). The equity ratio was 32.1 per cent (31.7) and the adjusted equity ratio 36.7 per cent (35.8).

Return on equity is calculated as profit after tax in relation to average equity. As from 2017, the goal is for the return over time to amount to at least 10 per cent. The goal, which is really long term, was achieved in 2016, when return on equity amounted to 18.6 per cent (18.9). As net profit is not only affected by the operating profit but also by changes in value of properties and derivatives, the level of return varies sharply from year to year.

Liabilities

At year-end, total liabilities amounted to SEK 27,528 million (24,493), of which interest-bearing liabilities accounted for SEK 23,869 million (21,486). As interest-bearing liabilities are normally a cheaper form of financing than equity, there is an incentive to have a relatively high share of interest-bearing liabilities, within the given risk mandate.

At the year-end, the interest-bearing liabilities accounted for 59 per cent (60) of the total financing. The leverage, measured as interest-bearing liabilities after deduction for the market value of listed shareholdings and liquid assets in relation to the value on properties, amounted to 60 per cent (61). The leverage on properties, i.e. interest-bearing liabilities with collateral in properties in relation to the fair value of the properties, amounted to 44 per cent (47). Interest-bearing liabilities which do not have collateral in properties consist

mainly of unsecured bonds and commercial paper issued by Klövern. More information about bonds and commercial paper is available on page 54–55.

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 38 per cent (47) of the interest-bearing liabilities, SEK 9,055 million (10,040) for fixed interest with long maturity. Normal fixed-interest loans total 1 per cent, SEK 285 million. Variable loans account for 61 per cent (50), SEK 14,529 million (10,666), SEK 5,000 million (0) of which are covered by interest rate caps.

During the year, SEK 4,186 million of existing credit facilities have been refinanced and SEK 608 million raised in new loans. In addition Klövern has refinanced one bond of SEK 1,150 million with two new bonds totalling SEK 2,250 million and issued commercial paper whose outstanding volume at year-end totalled SEK 2,448 million. In addition to existing loans Klövern had unutilized credits and overdraft facilities of SEK 3,201 million (2,954), of which SEK 2,638 million (1,877) was available for immediate use with existing collateral. The unutilized loan facilities are distributed among three different lenders and are subject to renegotiation in 2017–2019. All financing is in Swedish kronor. At year-end 2016, liquid funds amounted to SEK 129 million (12).

Other liabilities consist mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. Other liabilities amounted to SEK 3,659 million

(3,007) and constituted 9 per cent (8) of Klöver's total financing.

AVERAGE INTEREST RATE AND FIXED INTEREST

At year-end, Klöver's average interest rate was 2.5 per cent (2.7). Decreasing base rates are partly counteracted by already agreed interest rate swaps to hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest caps, as well as costs for credit facilities and overdraft facilities, Klöver's average borrowing rate was 1.8 per cent (1.8) at year-end. The average period of tied-up capital, taking into consideration interest rate derivatives, was 2.6 years (2.1).

TIED-UP CAPITAL

At year-end, the average period of tied-up capital was 3.0 years (2.8). Loans maturing during 2017 total SEK 5,866 million (3,360), excluding overdraft facilities.

DERIVATIVES

Klöver uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 14,055 million (10,040) at year-end, corresponding to 59 per cent (47) of the interest-bearing liabilities. Klöver normally uses two types of derivatives: interest rate swaps and interest rate caps.

Interest rate swaps entail an agreement between two parties to exchange interest payments with one another. Klöver has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, primarily with three months' maturity, and fixed interest is paid varying between -0.13 and 3.95 per cent.

At year-end 2016, the volume of swaps was SEK 9,055 million (10,040). The interest rate swaps and fixed-interest loans entail that 39 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, Handelsbanken, Nordea, SEB and Swedbank.

The interest rate cap holdings amounted to SEK 5,000 million (0) at year-end. The interest rate 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 rate cap, which is booked as a cost during the time to maturity of the cap and

increases Klöver's average borrowing rate. The counterparties for the interest rate caps are Nordea and Swedbank.

Valuation of derivatives

The value of the interest rate caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2016, the change in value of the derivatives amounted to SEK -114 million (91), of which SEK 5 million (-3) was realized. The value of derivatives at year-end was SEK -482 million (-467). All changes in value regarding derivatives have been reported in the income statement. Hedge accounting has not been applied.

CREDITORS AND COLLATERAL

The loan portfolio is distributed among nine lenders: Danske Bank, Handelsbanken, Nordea, Nykredit, Realkredit, SBAB, SEB, Swedbank and Sörmlands Sparbank.

Property mortgages of SEK 22,744 million (21,090) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klöver has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klöver AB.

COVENANTS AND RISK-TAKING

Klöver's financial risk taking and position are shown, among other things, by the key ratios for 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.

Klöver's goal is for the adjusted equity ratio in the long term to amount to 40 per cent. The banks that have an equity ratio covenant have set 20-25 per cent as the lower limit. Klöver's goal for the interest coverage ratio is that it should be at least 2.0, which exceeds the banks' requirements of 1.25-1.50. Klöver has no goal of its own for leverage but the banks' requirements vary between 50 and 75 per cent, depending for instance on the volume of collateral.

Klöver meets all of the banks' requirements as at the balance sheet date and expects that it will continue to do so in 2017. The equity ratio was 32.1 per cent (31.7), adjusted equity ratio 36.7 per cent (35.8), the interest coverage ratio 2.9 (2.6), total leverage 60 per cent (61) and leverage on properties amounted to 44 per cent (47).



Helgafjäll 1 and 2, Kista. project completed in 2016.

BONDS AND COMMERCIAL PAPER

During 2016 Klöver issued two bonds. Klöver has also continued to issue within the commercial paper programme. At year-end outstanding bonds totalled SEK 5,050 million and commercial paper totalled SEK 2,448 million. Bonds and commercial paper constitute a complement to bank financing.

ALTERNATIVE FORMS OF FINANCING

The banks continue to be relatively conservative when it comes to leverage, i.e. the proportion of loans in relation to the properties' value. Most of the newly extended bank loans therefore have a leverage of around 60 per cent, which can be compared to 75 per cent before the financial crisis in 2008. This change can largely be explained by the global financial situation, increasing capital requirements and the caution of banks in extending loans when yield requirements are dropping. To optimize the company's capital structure it is necessary to continue to look for alternative sources of finance, such as bonds and commercial paper.

The capital raised from alternative forms of financing is not only used to cover the difference between the banks' maximum leverage limit and Klöver's wishes but also to simplify and enable rapid acquisitions when the banks' lead time for funding is long.

THE BOND MARKET

During 2016 real estate bonds to a value of just over SEK 53 billion were issued in the Swedish market. This is slightly more than in 2015, when issues in the bond market totalled SEK 48 billion and 2014 when the corresponding figure was SEK 37 billion.

The absolute majority of the volume of bonds issued by real estate companies in 2016 were unsecured bonds. Secured

bonds to the value of SEK 7 billion were issued during the year.

The bond market was somewhat weak during the first two quarters but strengthened during the second half of the year. Outflows from some credit funds have had a negative impact on both prices and volumes. Two explanations of these outflows are the turbulence in the period leading up to the UK's referendum on EU membership and expectations of rising interest rates, which have affected the entire sector negatively.

A SELECTION OF REAL ESTATE BONDS ISSUED IN SWEDEN

Issuer	Volume issued in 2016 SEK million
Vasakronan	10,494
Rikshem	6,020
Akelius Residential	5,687
Willhem	5,300
Hemsö	3,500
Akademiska Hus	3,000
Svensk FastighetsFinansiering (SFF)	2,772
Specialfastigheter Sverige	2,475
Castellum	2,300
Klöver	2,250

Source: Swedbank

BONDS PER 31 DEC 2016

ISIN code	Type	Issued	Maturity	Fixed/Variable	Volume SEKm	Spread over 3 month Stibor on issue, %	Current spread over 3 month Stibor, % ¹⁾
SE0005127578	Secured	Apr 13	Apr 18	Variable	700	3.00	1.09
SE0005757358	Unsecured	Mar 14	Mar 18	Variable	1,100	2.25	1.60
SE0006799987	Unsecured	Mar 15	Mar 19	Variable	1,000	3.50	2.46
SE0008015119	Unsecured	Jun 16	Jun 20	Variable	750	4.15	3.45
SE0009241805	Unsecured	Nov 16	Nov 20	Variable	1,500	3.90	3.60

1) 15 February 2017

KLÖVERN'S BOND ISSUES DURING 2016

During the year Klöver established two new frameworks for bonds on the Swedish market. Within the framework amount of SEK 1,500 million that has final maturity in June 2020, SEK 750 million has been issued, whereas the bond with final maturity in November of the same year has been fully utilized with an outstanding amount of SEK 1,500 million.

The second issue of the year was carried out partly for the premature purchase of a bond maturing in January 2017 totalling SEK 1,150 million. The issues were carried out in collaboration with Danske Bank, Nordea and Swedbank..

INVESTORS

A large number of institutional investors invest in Klöver's different bonds. 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 private individuals.

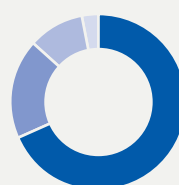
The minimum investment in Klöver's bonds has been SEK 1,000,000.

SECONDARY MARKET

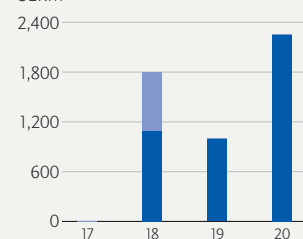
All of the five bond loans issued by Klöver are listed on the Corporate Bond List at Nasdaq Stockholm. The bond loans are not traded on the stock exchange but instead via Swedish banks and brokerage firms. Some of these market participants voluntarily set indicative prices for each bond loan.

MARGINS

All of Klöver's outstanding bonds provide a coupon based on a pre-set margin over three-month Stibor. In 2014 there was significant downward pressure on this margin but the pricing situation today is at the same level as for the issues made during 2012–2013.

INTEREST BEARING LIABILITIES
SEKm

■ Bank loans, 16,371
■ Unsecured bonds, 4,350
■ Commercial paper, 2,448
■ Secured bonds, 700

BOND MATURITY
SEKm

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

COMMERCIAL PAPER PROGRAMME

During 2015, Klöver established a commercial paper programme that is traded via Danske Bank and Swedbank. The programme has a framework amount of SEK 3,000 million, after a SEK 500 million expansion of the framework at the beginning of the first quarter of 2017. The outstanding volume at year-end 2016 totalled SEK 2,448 million. A commercial paper programme works in the same way as bonds with the exception of the period to maturity, which is limited to a maximum of 364 days. The short time to maturity means that the proportion of early maturing credit in the loan portfolio rises but this is compensated for by the unutilized credits and overdraft facilities.

SHARES

Klövern is listed on Nasdaq Stockholm, is included in the OMX Stockholm Benchmark index and belongs to the Large Cap segment. The total market value of Klövern's outstanding ordinary and preference shares at year-end was SEK 13,479 million.

MARKET INFORMATION

On 30 December 2016, the closing price for Class A ordinary shares in Klövern was SEK 9.38 (9.45), and for Class B ordinary shares SEK 9.55 (9.50), while the closing price for preference shares was SEK 288.50 (281.50). The development of the shares during 2016 amounted to -1 per cent for Class A ordinary shares and 0 per cent for Class B. In comparison the Stockholm stock exchange, measured by the OMX Stockholm All-Share index (OMXS), rose by 6 per cent (7) while Nasdaq OMX Stockholm Real Estate index (SX8600) rose by 8 per cent (24). Including dividend paid of SEK 0.35 per ordinary share, the total return was 3 per cent for Klövern's Class A ordinary share and 4 per cent for the Class B ordinary share.

The share price development of the preference shares during the year amounted to 2 per cent. Including the dividend paid of SEK 20.00 per preference share this resulted in a total return of 10 per cent.

Klövern is included in the OMX Stockholm Benchmark index (OMXSB) which comprises the largest and most heavily traded shares on the Stockholm stock exchange. Like the OMX Stockholm All-Share index, OMXSB is an indicator of the general development of the Stockholm stock exchange. On 4 January 2016 Nasdaq moved Klövern from the Mid Cap to the Large Cap segment.

Klövern's market capitalization amounted to SEK 13,479 million (13,327) at year-end 2016, ordinary shares accounted for SEK 8,735 million and preference shares SEK 4,744 million. Turnover in the different classes of shares continued to show high liquidity, for Class A ordinary shares it was 28 per cent (69), 47 per cent (41) for Class B ordinary shares and 36 per cent (69) for preference shares. The total turnover for Klövern's Class A ordinary share was SEK 209 million (508), SEK 3,879 million (2,993) for Class B ordinary shares and SEK 1,742 million (3,571) for preference shares.

Klövern's share capital remained unchanged during the year at SEK 1,864,875,960. 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 31 December 2016, divided between 915,993,980 ordinary shares and 16,444,000 preference shares.

DIFFERENT CLASSES OF SHARES

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

Ordinary shares

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

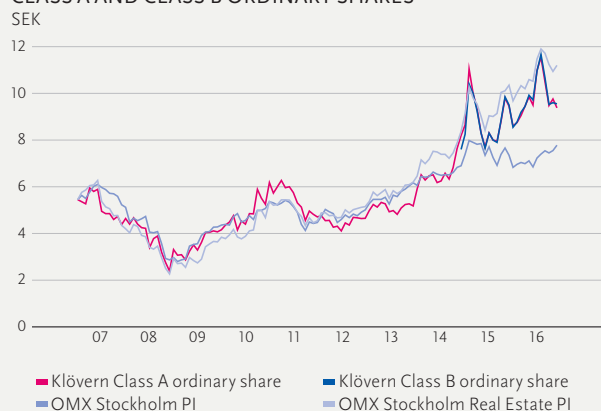
Holders of Class A ordinary shares may on two occasions during the year (January and July) request conversion of their shares to Class B ordinary shares. After a total of 3,501,917 Class A ordinary shares had been converted to Class B ordinary shares during 2016, the total number of Class A ordinary shares at year-end amounted to 78,360,480 and Class B ordinary shares to 837,633,500.

Preference shares

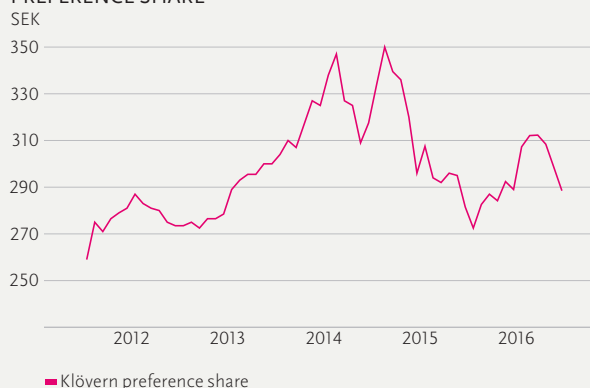
Klövern's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote. The total number of outstanding preference shares remained unchanged during 2016 at 16,444,000.

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

CLASS A AND CLASS B ORDINARY SHARES



PREFERENCE SHARE

KEY FIGURES, SHARES¹

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Equity per ordinary share, SEK	9.01	7.38	5.20	4.83	4.69	5.36	5.11	4.65	4.56	5.34
EPRA NAV, SEK	11.70	9.53	7.05	5.93	5.94	5.95	5.24	4.63	4.52	5.22
Equity per preference share, SEK	288.50	281.50	317.50	300.00	273.50	–	–	–	–	–
Profit from property management per ordinary share, SEK	0.93	0.78	0.61	0.49	0.43	0.48	0.50	0.56	0.39	0.42
Earnings per ordinary share, SEK	2.11	1.83	1.02	0.68	0.23	0.53	0.68	0.27	–0.53	1.34
Share price at end of period, Class A ordinary shares, SEK	9.38	9.45	8.20	5.18	4.65	4.71	6.18	4.16	3.31	4.64
Share price at end of period, Class B ordinary shares, SEK	9.55	9.50	7.60	–	–	–	–	–	–	–
Share price at end of period, preference shares, SEK	288.50	281.50	317.50	300.00	273.50	–	–	–	–	–
Market capitalization, SEKm	13,479	13,327	12,232	7,527	6,670	4,165	5,467	3,682	2,929	4,227
No. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0
No. of outstanding ordinary shares at end of period, million	916.0	916.0	916.0	916.0	888.5	884.4	884.4	884.4	884.4	911.9
Average no. of outstanding ordinary shares at end of period, million	916.0	916.0	916.0	914.9	874.0	884.4	884.4	884.4	897.6	915.2
No. of registered preference shares at end of period, million	16.4	16.4	16.4	9.3	9.3	–	–	–	–	–
No. of outstanding preference shares at end of period, million	16.4	16.4	16.4	9.3	9.3	–	–	–	–	–
Average no. of outstanding preference shares at end of period, million	16.4	16.4	10.5	9.3	5.9	–	–	–	–	–
Dividend per ordinary share, SEK	0.40 ²	0.35	0.30	0.27	0.27	0.23	0.27	0.23	0.18	0.27
Dividend per preference share, SEK	20.00 ²	20.00	20.00	20.00	20.00	20.00	–	–	–	–
Dividend for ordinary and preference shares in relation to profit from property management, %	59 ²	62	77	68	83	79	55	41	46	64
Dividend for preference shares in relation to profit from property management, %	28 ²	32	42	29	35	27	–	–	–	–
Dividend yield, Class A ordinary shares, %	4.3 ²	3.7	3.7	5.3	5.9	4.8	4.4	5.5	5.5	5.9
Dividend yield, Class B ordinary shares, %	4.2 ²	3.7	3.9	–	–	–	–	–	–	–
Dividend yield, preference shares, %	6.9 ²	7.1	6.3	6.7	7.3	–	–	–	–	–
Total return, Class A/B ordinary shares, % ³	4.2	28.9	53.0	17.2	3.7	–19.4	54	31.3	–22.7	–10.8
Total return, preference shares, %	9.6	–5.0	12.5	17.0	–	–	–	–	–	–

1) Historical figures based on bonus issue and reverse split undertaken during 2014

2) Based on proposed dividend

3) Based from 2015 on Class B

have received their full dividend including the withheld amount. Any difference between SEK 5.00 and the dividend paid per preference share is accumulated for each quarter.

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

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

Detailed information regarding dividends, issues and redemption can be found in this annual report and on Klövern's website.

ISSUES, REVERSE SPLIT AND CONVERSION PROVISIO

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

The bonus issue involved issuing all holders of ordinary shares ten new Class B ordinary shares for each existing Class A ordinary share, which meant that the number of outstanding ordinary shares was increased by a factor of eleven.

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

In connection with the introduction of the new class of shares, Class B ordinary shares, a conversion provision was laid down which meant that Class A ordinary shares could at their holder's request be converted to Class B ordinary shares. More details about this can be found in paragraph 5.6 of the Articles of Association and on Klövern's website under the heading Investor Relations. Class B ordinary shares offer an opportunity for growth without dilution of the voting rights of holders of Class A ordinary shares.

REPURCHASE

Since 2007, the Board of Directors of Klövern 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 of the company's capital requirements and thus contribute to increased shareholder value. Up until 2012 Klövern used this authorization to repurchase 11,807,027 ordinary shares. All repurchased shares were divested in 2012 and 2013. At year-end 2016, Klövern had no holdings of its own ordinary or preference shares.

DIVIDEND

Klövern's goal is for dividends (on ordinary and preference shares) in the long term to amount to at least 50 per cent of the profit from property management.

The Board of Directors' proposal to the Annual General Meeting for the financial year 2016 is for a dividend of SEK 0.40 (0.35) per ordinary share to be paid in four installments of SEK 0.10 and a dividend of SEK 20.00 (20.00) per preference share to be paid in four installments of SEK 5.00. This proposal means that the dividend amounts to 59 per cent (62) of the profit from property management. Over the past ten years, this would mean an average dividend amounting to 63 per cent of the profit from property management.

Klövern also has a goal that in the long term the dividend to preference shareholders shall not exceed 30 per cent of the profit from property management. The proposed dividend for 2016 corresponds to 28 per cent (32) of the profit from property management.

During 2016 a total of SEK 649 million (604) has been paid as dividend, of which SEK 329 million (329) was paid to holders of preference shares and SEK 321 million (275) to holders of ordinary shares.

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

DIVIDEND YIELD

The proposed dividend of SEK 0.40 per ordinary share and SEK 20.00 per preference share corresponds to a dividend yield of 4.3 per cent for Class A ordinary shares and 4.2 per cent for Class B ordinary shares and 6.9 per cent for preference shares based on share prices at year-end 2016.

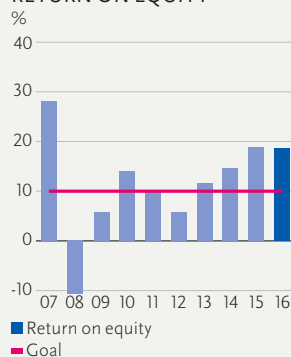
RETURN ON EQUITY

Klövern's goal for return on equity is that it should in the long term be at least 10 per cent. The goal ahead of 2016 was that return on equity in the long term should be the risk-free interest rate plus nine percentage points. The risk-free interest rate, measured as the average five-year bond yield, was -0.2 per cent (0.2) during 2016. The return on equity attained during 2016 was 18.6 per cent (18.9) and the goal was thereby achieved.

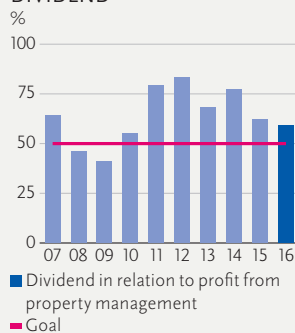
ADJUSTED EQUITY AND EPRA NAV

Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities and also investment properties, which are assessed at fair value. At year-end 2016, total equity amounted to SEK 12,999 million (11,390). On the liabilities side of the balance sheet at the end of the year was a deferred tax liability of SEK 1,978 million (1,503), which includes the difference between the fair values and tax values of the properties and derivatives (temporary differences,

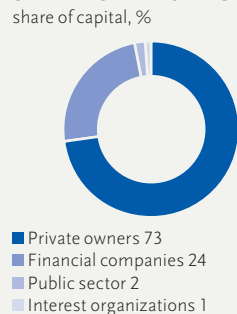
RETURN ON EQUITY



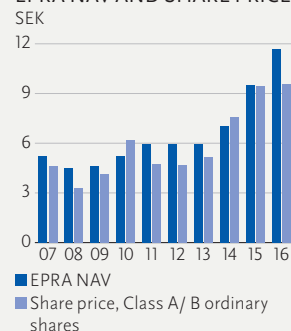
DIVIDEND



SHAREHOLDER CATEGORIES



EPRA NAV AND SHARE PRICE



DEVELOPMENT OF THE SHARE CAPITAL

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

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 Klövern's case, practically all properties are sold in corporate form, which given current tax legislation, 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 18,488 million (15,866) at year-end. If the equity is adjusted with deferred tax on properties, calculated at 5 per cent, goodwill and the value of derivatives, the adjusted equity ratio amounted to 36.7 per cent.

Equity per ordinary share amounted at year-end 2016 to SEK 9.01 (7.38). The long-term net asset value per ordinary share (EPRA NAV), calculated by adding back derivatives and deferred tax liability to equity, amounted on the same date to SEK 11.70 (9.53) after having increased 23 per cent during the year.

OWNERSHIP

At year-end there were 46,550 shareholders (43,911) in Klövern. The 20 largest shareholders represented 66.8 per cent (69.3) of the total number of outstanding shares, corresponding to a market capitalization of SEK 6,671 million

(7,013). 77 per cent (80) of the total number of shares were held by Swedish shareholders.

Rutger Arnhult (via a company), Corem Property Group, and Arvid Svensson Invest, had shareholdings that each exceeded 10 per cent of the voting rights as at 31 December 2016.

SHAREHOLDINGS BY SIZE

Shareholding	Number of shareholders
1 – 500	26,061
501 – 1,000	5,835
1,001 – 5,000	8,824
5,001 – 10,000	2,806
10,001 – 15,000	1,003
15,001 – 20,000	491
20,001 –	1,530
BASED ON THE NUMBER OF REGISTERED SHARES	46,550

SHAREHOLDERS 31 DEC 2016

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, %
Rutger Arnhult via companies	15,785	104,913	655	13.0	16.0
Corem Property Group	9,500	129,400	–	14.9	13.7
Arvid Svensson Invest	13,300	52,997	685	7.1	11.4
Gårdarike	10,119	2,250	46	1.3	6.3
Länsförsäkringar fund management	882	68,895	–	7.4	4.7
Handelsbanken funds	1,299	43,465	–	4.8	3.4
CBNY Norges Bank	1,301	21,541	–	2.4	2.1
CBNY-Norges Bank	538	28,739	54	3.1	2.0
Nordea Investment Funds	546	16,312	162	1.8	1.3
Swedbank AS (Estonia)	1	18,538	58	1.9	1.1
SEB Investment Management	422	14,333	–	1.5	1.1
Svolder	–	15,782	–	1.6	0.9
State Street Bank & Trust	356	11,628	1	1.2	0.9
Fjärde AP-fonden	439	9,643	1	1.0	0.8
JPMC:Escrow German Resident Treaty	1,281	–	–	0.1	0.7
Pareto Bank	600	6,000	–	0.7	0.7
Goldman Sachs International	1,120	–	35	0.1	0.6
Avanza Pension	537	4,789	748	0.6	0.6
Klövern's Profit-Sharing Foundation	481	5,085	15	0.6	0.6
JPM Chase	191	7,383	161	0.8	0.5
TOTAL MAJOR OWNERS	58,698	561,693	2,621	66.8	70.3
Other owners	19,662	275,941	13,823	33.2	29.7
TOTAL OUTSTANDING SHARES	78,360	837,634	16,444	100.0	100.0
Repurchased own shares	–	–	–		
TOTAL REGISTERED SHARES	78,360	837,634	16,444		

The proportion of votes/equity has been rounded down to the nearest tenth of a percentage point.

TAXES

Klövern reports tax charges 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 tax liabilities. The items are reported as net values under deferred tax liabilities in the balance sheet and the deferred tax in the income statement corresponds to the change in the balance sheet item deferred tax liabilities. Deferred tax can be both positive and negative.

Deferred tax assets, 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 apace 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 handled differently depending on whether they are asset acquisitions or business combinations. No deferred tax liabilities are reported on the temporary differences for asset acquisitions. If the acquisition is classified as a

business combination, the deferred tax liabilities are reported for the entire temporary difference. 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 Klöverns case, practically all properties are sold in corporate form.

TAXES IN 2016

Deferred tax assets amount to SEK 449 million and are primarily accounted for by Klöverns tax loss carryforwards. Deferred tax liabilities amount to SEK 2,427 million and consist of the difference between fair value and residual value for tax purposes for properties, derivatives and financial assets. In total an effect on deferred tax of SEK -473 million (-531) and on current tax of SEK -24 million (-2) are included.

Klövern's tax-loss carryforwards totalled SEK 2,041 million at the end of 2016.

TAX DISPUTES IN 2016

Klövern had one major tax dispute in 2016. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klöverns for the income year of 2008, which could entail a tax expense of around SEK 21 million. During 2015, the Supreme Administrative Court decided to refer this case back to the Administrative Court. During the second quarter of 2016, the Administrative Court decided to increase the company's taxation with this amount. This judgment has been appealed against to the Administrative Court of Appeal. The company has made a provision for current tax totalling SEK 21 million. Deferred tax is correspondingly decreased by SEK 17 million as the tax value of the properties increases by SEK 77 million. The net total tax effect will thus be SEK 4 million depending on different tax rates. The net amount was charged to income during the second quarter of 2016.

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 yield requirements, also have an impact. Yield requirements are affected to a great extent by the risk-free interest rate and the properties' unique risk.

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 51 per cent accounted for by private companies, 31 per cent by listed companies and 18 per cent by the public sector.

CHANGES IN VALUE, PROPERTIES

	-10%	-5%	0%	5%	10%
Changes in profit before tax, SEKm	-3,923	-1,962	0	1,962	3,923
Equity ratio, %	27	30	32	34	36
Leverage, %	67	63	60	57	55

FINANCING

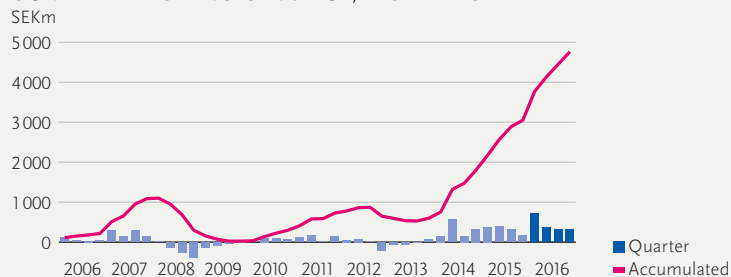
Risk

Klöver's interest-bearing liabilities comprise just over 69 per cent loans from banks and credit institutions and around 31 per cent of borrowing from capital markets through bonds and commercial paper. 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 changes in value of these derivatives.

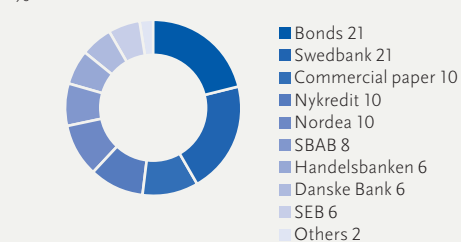
Management

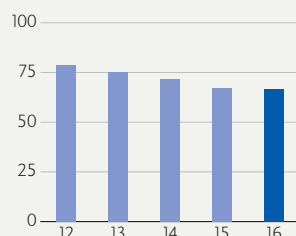
The financing risk is managed by goals in the financial policy for maturities on tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. For 2016, the goal was for tied-up capital to be at least 1.5 years. Tied-up capital amounted to 3.0 years at year-end and

UNREALIZED CHANGES IN VALUE, PROPERTIES



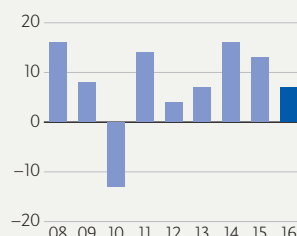
LENDERS



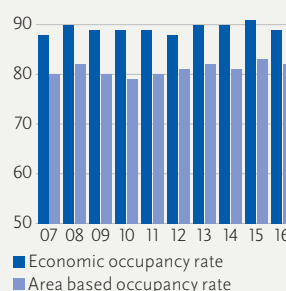
HEAT CONSUMPTION
kWh/sq. m.

Heat consumption has declined by 1.1 per cent during the year and amounted at year-end 2016 to 66.4 kWh/sq.m. (67.1).¹

1) All areas were inspected during the year and concentrated as A-temp with 1 January 2016 as base. To obtain comparable historical data, the previous years' kWh amounts have been adjusted with the new area.

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, Klövern's energy costs change by SEK 2.9 million at current consumption levels.

OCCUPANCY RATE
%**DURATION OF LEASE CONTRACTS, PREMISES, BY CONTRACT VALUE %**

Year expiring, %	
2017	19
2018	18
2019	19
2020	12
2021–	32

is in line with comparable listed real estate companies. No more than 40 per cent of the total interest-bearing liabilities should mature in any single year according to Klövern's financial policy.

Spreading borrowing between many lenders reduces the financing risk. Klövern has loans from nine different credit institutions and its liabilities to any one of them do not exceed the maximum of 50 per cent of Klövern's interest-bearing liabilities. During 2016 Klövern issued bonds for a total of SEK 2,250 million and commercial paper of which the outstanding volume at the end of the year totalled SEK 2,448 million.

Klövern has limited the interest rate risk through interest rate hedge contracts. The total volume of swaps amounted to SEK 9,055 million, interest-rate caps amounted to SEK 5,000 million which, together with fixed-interest loans, means that 60 per cent of Klövern's credit was for fixed interest at the end of 2016. At the same time Klövern is prepared and has approved derivative lines in order to restructure its derivative portfolio if needed.

When the agreed interest for derivatives deviates from the market rate, there is a change in value that affects the company's income statement and balance sheet. However, the change in value has no effect on the cash flow. On maturity, the value of the derivatives used by Klövern is always zero.

FINANCIAL GOALS AND OUTCOME ACCORDING TO FINANCIAL POLICY

	Targets 2016	Outcome 2016	Goals 2017
Interest coverage ratio	Shall amount to at least 2.0.	✓ Achieved, 2.9.	Shall amount to at least 2.0.
Adjusted equity ratio	Shall in the long term amount to 40 per cent.	✗ Not achieved, 36.7 %.	Shall in the long term amount to 40 per cent.
Interest rate risk	At least 40 per cent of total loan volume shall have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.	✓ Achieved, 60 %. ✓ Achieved, 4.1 years.	At least 50 per cent of total loan volume should have fixed interest or be hedged. The average period of fixed interest shall be at least 2.0 years.
Base risk	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, 3.0 years. ✓ Achieved, 28 %.	Tied-up capital is to be at least 2.0 years. At most 40 per cent of the total liability should mature during the same year.
Refinancing risk	No more than 50 per cent of the capital requirement should derive from the same lender.	✓ Achieved, maximum share 21%.	No more than 40 per cent of the capital requirement should derive from the same lender.

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 2016, Klöver had a total of 9,100 lease contracts (9,100) with 5,200 tenants (5,300) operating in many different sectors. The tenant turnover rate has been 8.3 per cent (4.3) during the year. The turnover rate is measured as vacating tenants in SEK during the year in relation to average lease contract value. The average lease contract period in Klöver's stock rose slightly during 2016 and totalled 3.7 years (3.5).

Klöver 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's result. Because of its close dialogue with tenants, Klöver has very low rent losses. These amounted to SEK 3 million (9) or 0.1 per cent (0.3), of Klöver's total income during 2016.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %
Ericsson	196	6.6
WSP Sverige	65	2.2
Tele2 Sverige	61	2.0
KappAhl Sverige	40	1.3
Dagab Inköp & Logistik	31	1.1
PostNord Sverige	31	1.0
Arbetsförmedlingen	30	1.0
Transportstyrelsen (Swedish Transport Agency)	28	0.9
Region Östergötland	27	0.9
Karlskrona Kommun	27	0.9
TOTAL	536	17.9

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. Ericsson's total contract value amounted at year-end 2016 to SEK 196 million, which corresponds to 7 per cent of Klöver'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 65 million at the end of 2016. WSP's largest rental agreement is for its head office in the Globen area but it also rents premises in Karlstad, Linköping, Norrköping, Örebro, Nyköping and Hässleholm.

TAXES**Risk**

Klöver's natural 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, like other companies, cannot always anticipate the tax outcome of its actions.

A government commission is examining certain issues in the areas of property tax and stamp tax and is expected to finalize that process by 31 March 2017. The outcome of this commission may have a negative effect on the tax consequences of property transactions in corporate form. The Ministry of Finance is also reviewing how a EU directive on, inter alia, interest deductions shall be implemented in Sweden, which may lead to a limitation of the right of deduction for interest payments.

Management

Klövern uses tax expertise from a number of reputable firms, among others Svalner.

Exposure

Klövern had one major tax dispute in 2016. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klövern for the 2008 income year, which may entail a tax expense of around SEK 21 million. During 2015, the Supreme Administrative Court decided to refer this case back to the Administrative Court. During the second quarter of 2016, the Administrative Court decided to impose the tax surcharge on Klövern. The judgment has been appealed against to the Administrative Court of Appeal. The company has made a provision for current tax totalling SEK 21 million. Deferred tax is correspondingly decreased by SEK 17 million as the tax value of the properties increases by SEK 77 million. The net total tax effect will thus be SEK 4 million depending on different tax rates. The net amount was charged to income during the second quarter of 2016.

PROPERTY COSTS**Risk**

In properties where maintenance has been neglected there is a risk of large and expensive repair costs. Energy accounts for around 30 per cent of Klövern's property costs and if control is lacking consumption and energy costs can rise sharply. Deviations in the weather 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, Klövern has 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. Klövern 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 tempera-

ture in any one year deviates from the normal year by +/- 10 per cent, Klövern's energy costs change by SEK 2.9 million given the current consumption.

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 operating risks. Klövern works continuously to monitor the company's administrative security and control.

Personnel

Personnel risk is the risk of not being able to meet Klövern'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 one to three months period of notice if given by the employee. This provides sufficient time for recruitment when employees resign.

During 2016, Klövern had a staff turnover of 13 per cent (9).

Sensitivity analysis

The sensitivity analysis is based on the group's earnings capacity and balance sheet on 31 December 2016. 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-term perspective.

	Change +/-	Annual effect on profit, SEKm
Economic occupancy rate	1 percentage point	+/- 34
Rental income	1 per cent	+/- 29
Property costs	1 per cent	-/+ 10
Klövern's average interest rate	1 percentage point	-/+ 239



INVESTOR RELATIONS

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

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

Press releases, 2016

2 Feb. 2016	Klövern acquires in Stockholm for SEK 340 million
11 Feb. 2016	Klövern AB (publ): Year-end report 2015
26 Feb. 2016	Klövern divests a property in Helsingborg for SEK 110 million
29 Feb. 2016	Number of shares in Klövern as of 29 February 2016
8 March 2016	Klövern signs a 15-year lease with Nordic Choice Hotels in Kista
9 March 2016	Klövern acquires a property in central Halmstad for SEK 142 million
18 March 2016	Notice of annual general meeting of shareholders of Klövern AB (publ)
21 March 2016	Klövern's annual report and sustainability report for 2015
19 Apr. 2016	Klövern AB (publ): Interim report January–March 2016
19 Apr. 2016	Decisions at annual general meeting of Klövern AB (publ)
26 May 2016	Klövern issues bond loan of SEK 750 million
29 June 2016	Klövern publishes prospectus and applies for listing of bond loan on Nasdaq Stockholm
8 July 2016	Klövern AB: Klövern continues its streamlining

Klövern has a large number of shareholders. On 31 December 2016, the number of shareholders totaled 46,550 (43,911), after having increased by 6 per cent during the year.

EQUITY ANALYSTS

Company	Analyst
ABG Sundal Collier	Tobias Kaj
Carnegie Investment Bank	Erik Granström
Danske Bank	Henrik Dahlgren
DnB Markets	Simen Mortensen
Handelsbanken	Albin Sandberg
Nordea	Niclas Höglund
Pareto	Johan Edberg
SEB Equities	Svante Krokfors
Swedbank	Jan Ihrfelt

11 July 2016	Klövern AB (publ): Interim Report January–June 2016
31 Aug. 2016	Number of shares in Klövern as of 31 August 2016
19 Oct. 2016	Klövern AB (publ): Klövern acquires properties in Malmö and Lund for SEK 910 million
20 Oct. 2016	Klövern AB (publ): Interim Report January–September 2016
20 Oct. 2016	Klövern AB (publ): Klövern contemplates the issuance of SEK bonds and announces a tender offer for its January 2017 bonds
26 Oct. 2016	Klövern AB (publ): Klövern successfully issues bonds of SEK 1,500 million and announces tender offer results for its outstanding January 2017 bonds
27 Oct. 2016	Klövern AB (publ): Klövern to redeem its bond loan no. 3, 2012/17, prior to final maturity
28 Nov. 2016	Klövern AB (publ): Klövern publishes a prospectus and applies for listing of bond loan on Nasdaq Stockholm
15 Dec. 2016	Klövern divests properties for SEK 894 million and acquires for SEK 150 million
21 Dec. 2016	Klövern signs another large rental contract in Skeppet, Karlstad

CORPORATE GOVERNANCE



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ARTICLES OF ASSOCIATION	79

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

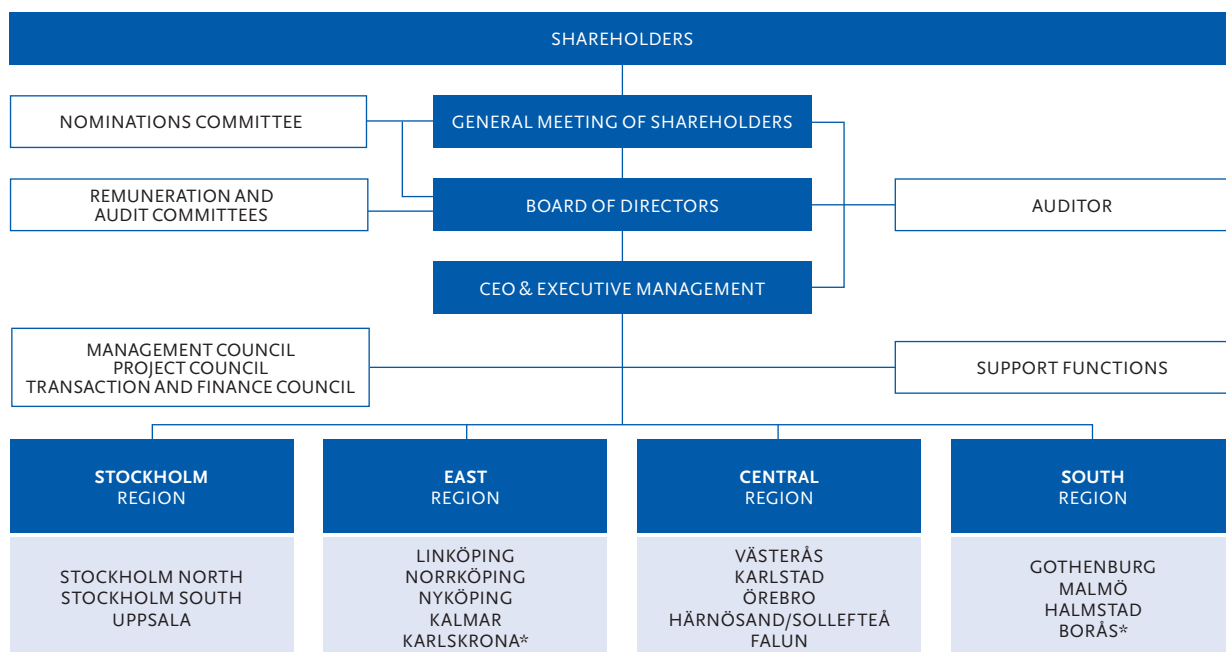
CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

CORPORATE GOVERNANCE REPORT 2016

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



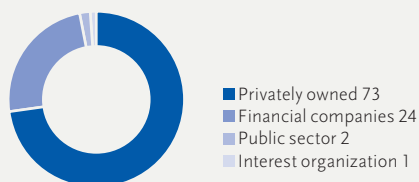
* Contract signed for divestment of the property portfolio.

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

The Code, which is supervised by the Swedish Corporate Governance Board, www.bolagstyrning.se, is based on self-regulation and the principle of Comply or Explain. The intention is to create good prerequisites for active responsible ownership. In 2016, Klöver has complied with the Code and there are accordingly no deviations to explain.

OWNER CATEGORIES

Share of capital
%



SWEDISH CODE OF CORPORATE GOVERNANCE

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

SHAREHOLDERS AND GENERAL MEETINGS

Shares and ownership

At year-end 2016, Klöver had 46,550 (43,911) shareholders and a share capital of SEK 1,865 million (1,865).

The shares consisted of 78,360,480 ordinary shares of Class A, 837,633,500 ordinary shares of Class B and 16,444,000 preference shares, each with a quote value of SEK 2.00. Of the total number of shares 77 per cent (80) are owned by Swedish investors.

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

The twenty largest shareholders represented together 67 per cent (69) of the total share capital at the end of the year. Two shareholders, Corem Property Group AB and Rutger Arnhult via companies, each had a holding at the end of 2016 that exceeded 10 per cent of the capital.

During the year, the share capital has not changed through new issues or similar. However, conversion of Class A ordinary shares has taken place as provided for in the articles of association, whereupon the number of votes in the company has changed. Further information is contained in the section Shares on pages 56–60. There are no warrants or corresponding securities that can lead to additional shares in the company.

Articles of association

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

Klöver has an administrative service office in Nyköping and its head office in Stockholm.

The articles of association are shown in their entirety on pages 79–80.

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

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

2016 ANNUAL GENERAL MEETING

Klöver's 2016 annual general meeting was held on 19 April at Quality Hotel Globe, Stockholm. The meeting was attended by 118 people including shareholders, the Board, the auditor, representatives, assistants, analysts and other guests. They represented together 67 per cent (64) of the votes in the company. In addition to the mandatory items of business stated in the articles of association, decisions were

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2016

Director	Elected	Independent	No. of board meetings attended	No. of meetings of remuneration committee attended	Fee, Board, SEK 000s	Shareholding, % of equity ³	Shareholding, % of votes ³
Pia Gideon, Chairman	2013	Yes	18/18	3/3	350	0.0	0.0
Fredrik Svensson ¹	2005	No	17/18	3/3	150	7.1	11.4
Rutger Arnhult, CEO ²	2009	No	18/18	–	–	13.0	16.0
Ann-Cathrin Bengtson	2011	Yes	18/18	–	150	0.0	0.0
Eva Landén ¹	2011	No	18/18	–	150	–	–

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

2) Rutger Arnhult also owns shares through companies corresponding to 41.8 per cent of the votes in Corem Property Group. Source Corem's year-end report for 2016.

3) Direct or indirect shareholding in the Company as at year-end 2016. Percentages of votes/capital have been rounded down to the nearest tenth of a percentage point. Minutes from all general meetings of shareholders are available at www.klovern.se. The annual general meeting 2017 will be held at Solna Gate, Solna, at 11 a.m. on 26 April 2017.

made, inter alia, on:

- > A dividend of 0.35 per ordinary share of Class A and B and SEK 20.00 per preference share.
- > Re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, Pia Gideon and Eva Landén.
- > Election of Pia Gideon as Chairman of the Board.
- > Re-election of, Fredrik Hävrén, Ernst & Young AB, as auditor.
- > Raising the board fee from a total of SEK 715,000 to SEK 800,000, of which SEK 350,000 (280,000) is paid to the Chairman of the Board and SEK 150,000 (145,000) to each board member. Members of the Board who are at the same time employees of the Company receive no fees. Auditor's 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.
- > Amendment of the articles of association to permit general meetings to be held in Stockholm or Solna.

SHARE REPURCHASE

Klövern has been authorized by the 2016 Annual General Meeting to repurchase its own shares so that the company holds a maximum of 10 per cent on any occasion of the total number of registered shares during the period until the 2017 Annual General Meeting. At the year-end, Klövern had not made use of this authorization and does not hold any repurchased ordinary or preference shares from an earlier date.

NOMINATIONS COMMITTEE

The work of the Nominations Committee

The 2016 Annual General Meeting decided that the Nominations Committee should be appointed annually, and consist of the Chairman of the Board and representatives of each of the four largest shareholders in the Company on the last day of trading in September of the year prior to the annual general meeting. If one of these shareholders when approached does not wish to nominate a member to the committee, the next largest shareholder who has not yet been approached is to be asked to nominate a member.

The Nominations Committee for the 2017 Annual General Meeting consists of Mia Arnhult (Rutger Arnhult via companies), Patrik Essehörn (Corem Property Group), Rikard Svensson (Arvid Svensson Invest), Lars Höckenström (Gårdarika) and Pia Gideon (Chairman of the Board). Mia Arnhult has been Chairman of the Nominations Committee during the year. No remuneration was paid to the members of the Nominations Committee.

Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail to styrelsenominering@klovern.se or by telephone on +46 8-400 500 50. The Nominations Committee has had three minuted meetings in preparation for the 2017 Annual General Meeting and has also been in contact by phone and e-mail.

The members of the Nominations Committee have considered and established that there is no conflict of interest in accepting the commission of member of Klövern's Nominations Committee. The work of the Nominations Committee has consisted of examining the valuation of the Board and analyzing the experience and expertise required for the Board to work well based on the Company's strategy, position and business environment. The Nominations Committee also has the task of taking into account in its work the matters referred to in the Code.

In its work, the Nominations Committee has taken into account that there shall be diversity and an even gender distribution in the board in accordance with the recommendations of the Code. The Nominations Committee has applied the Company's code of conduct as diversity policy, which stipulates that the goal of the Board is for the Board to consist of members of varying age, with varying gender and geographic origin, and with varying educational and professional background which taken together contribute to the independence and critical calling into question of the Board.

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

The tasks of the Nominations Committee

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

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

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

THE BOARD OF DIRECTORS

The responsibility of the Board of Directors

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

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

Composition

According to the Articles of Association, Klövern's Board of Directors shall consist of no less than four and no more than eight members. The Board consists of five directors, Pia Gideon (chairman), Rutger Arnhult (CEO), Ann-Cathrin Bengtson, Eva Landén and Fredrik Svensson.

INDEPENDENCE

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

Three of Klövern's five directors, 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 2016, two of these, Ann-Cathrin Bengtson and Pia Gideon, are also independent in relation to the major shareholders.

Rules of procedure

The work of the Board takes place in accordance with the rules of procedure adopted at the first ordinary board meeting after the annual general meeting. These rules of procedure include directives about the division of duties and reporting between the Board, the Chairman of the Board and the CEO as well as the plan for the year which is followed for the work of the Board.

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, directives 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
- > convene a Nominations Committee as directed by the annual general meeting and participate in its deliberations. inrätta en valberedning, enligt uppdrag från årsstämman, och även delta i densamma.

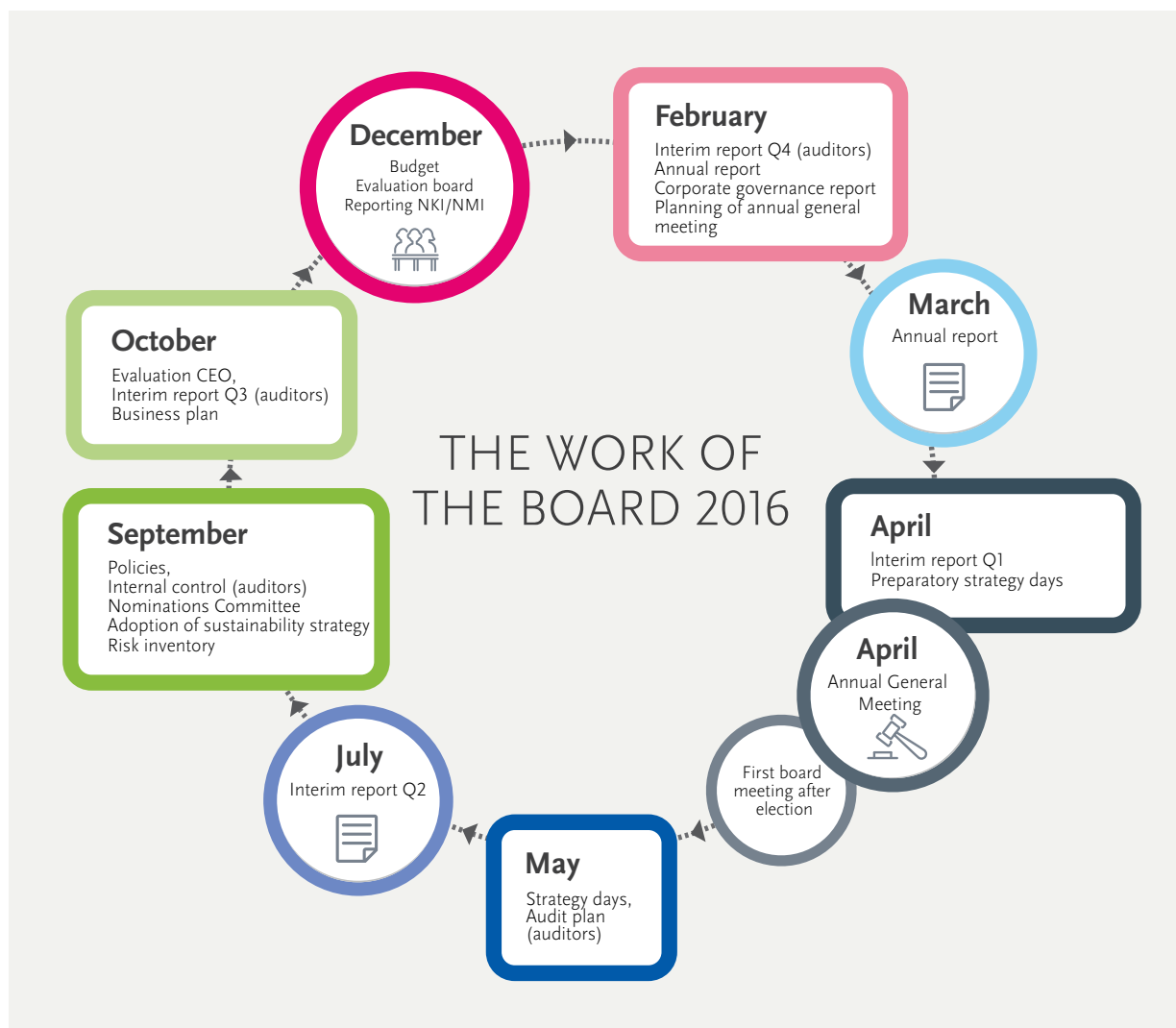
The Board's work during 2016

During 2016, there have been 18 (18) meetings, of which one (1) meeting following its election and one (3) meeting with decisions by circulation. In addition, the Board, the executive management and external lecturers have met for strategy-related work.

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

During the year, a special focus has been placed on developing the Company's work with sustainability and an extensive review and simplification of policies has been undertaken. In the light of the Company's expansion, organizational structure has been a recurrent topic in the Board's work.

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



During the year a whistle-blower function has been established as part of ensuring compliance with the Code.

CURRENT POLICIES

- > Financial policy
- > Communication policy
- > Working environment policy
- > Code of Conduct and Sustainability policy
- > Crisis management and security/safety policy

The work of the Board is continuously evaluated and an annual systematic and structured evaluation is drawn up in writing and the result reported by the Chairman of the Board to the Nominations Committee. The outcome in 2016

showed that the work of the Board functioned well, that the members of the Board had complementary expertise and that the composition of the Board promotes a good and open climate of discussion and collaboration.

THE TASK OF COMMITTEES

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



One of the Board meetings during the year.

Audit committee

In the light of matters concerning financing, financial follow-up and risk management being so important in a real estate company of Klöver's size, the Board has decided that the whole board, with the exception of the CEO, shall constitute the Company's audit committee. The Audit Committee and the board of the company meet the Company's auditor on a number of occasions during the year.

Remuneration Committee

The task of the Remuneration Committee is to prepare items of business concerning remuneration to the CEO and the executive management for decision by the Board. In 2016, the Remuneration Committee has consisted of the Chairman of the Board Pia Gideon and Fredrik Svensson. The Remuneration Committee has had three minuted meetings and in addition continuously consulted on remuneration and incentives.

FREDRIC HÄVRÉN

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

Other assignments: Rodamco Sverige AB, ICA Fastigheter AB, Mengus Stockholm 2005 AB, HSB Bostad AB.

Shareholding in Klöver: no shares.

The work of the Board during 2016

Important decisions

- > In May, issuance of a four-year unsecured bond of SEK 750 million
- > In October, issuance of a four-year unsecured bond of SEK 1,500 million
- > During the fourth quarter, unsecured bonds maturing in January 2017 were repurchased with a total nominal amount of SEK 720 million and other bonds pertaining to the same loan were prematurely redeemed for SEK 430 million.



The Board from the left: Ann-Cathrin Bengtson, Rutger Arnhult, Eva Landén, Fredrik Svensson and Pia Gideon.

BOARD OF DIRECTORS

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

PIA GIDEON

Chairman since the 2016 Annual General Meeting.
Director 2013–2016.
Born in 1954.

Other board assignments: Svevia AB, Qlucore AB, Metria AB, Proact IT Group AB and MinDoktor.se

Education: Graduate in business administration.

Shareholding in Klöver: 11,500 Class B ordinary shares. Independent director.

RUTGER ARNHULT

Director since 2009.
Born in 1967.
CEO of Klöver AB.

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

Education: Graduate in business administration.

Shareholding in Klöver: 15,784,659 Class A ordinary shares, 104,912,540 Class B ordinary shares and 655,284 preference shares, via company, directly and indirectly. Dependent in relation to the Company, the Executive Management and a major shareholder.

ANN-CATHRIN BENGTON

Director since the 2011 Annual General Meeting.
Born in 1962.

Other board assignments: Director of Flyinge AB and Strömsholm AB.

Education: Graduate in business administration.

Shareholding in Klöver: 19,200 preference shares via company. Independent director.

EVA LANDÉN

Director since the 2011 Annual General Meeting.
Born in 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.

FREDRIK SVENSSON

Director since the 2005 Annual General Meeting.
Chairman 2011–2016.
Born in 1961.
CEO of AB Arvid Svensson.

Other board assignments: Director of Fastighets AB Balder (publ.).

Education: Graduate in business administration.

Shareholding in Klöver: 13,299,733 Class A ordinary shares, 52,997,330 Class B ordinary shares and 685,122 preference shares through company, directly and indirectly. Dependent in relation to a major shareholder.

Shareholding as per 31.12.2016



EXECUTIVE MANAGEMENT

The Executive Management consisted during 2016 of Rutger Arnhult (CEO) and three executives with different areas of responsibility.

PEETER KINNUNEN

Head of Transactions
Born in 1973
Employed since 2012.

Education: Master's degree in engineering.

Previous employment: COO Vanir Asset Management 2010–2012, Head of Transactions and Analysis Kungsleden AB 2007–2010.

Board assignments: Director of AB Estrniska Huset.

Shareholding in Klövern: 68,168 Class B ordinary shares, 2,145 preference shares via company and directly.

SUSANNE ESSEHORN*

Head of Stockholm Region
Born in 1964
Employed since 2014.

Education: Graduate in business administration.

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

Board assignments: No external.

Shareholding in Klövern: 29,000 Class A ordinary shares.

*) Left the Executive Management in March 2017.

RUTGER ARNHULT

CEO
Born in 1967
Employed since 2012.

Education: Graduate in business administration.

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

Shareholding in Klövern: 15,784,659 Class A ordinary shares, 104,912,540 Class B ordinary shares and 655,284 preference shares, via company, directly and indirectly.

JENS ANDERSSON

Head of Finance
Born in 1973
Employed since 2013.

Education: Graduate in business administration.

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

Board assignments: No external assignments.

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

Shareholding as per 31.12.2016

AUDITORS

Ernst & Young AB was elected as the Company's auditor at the 2016 Annual General Meeting for the period until the 2017 Annual General Meeting. Fredric Hävrén is auditor-in-charge at Klöver AB. According to the Articles of Association, the auditor is elected annually.

The auditor's mandate includes examination of the Company's accounts and annual financial statements, as well as the management of the Company by the Executive Management and the Board. Unless specifically decided otherwise, the auditor is to examine the Company's corporate governance report, review remuneration to the Executive Management and review the Company's nine-month report.

The fee to the auditor is established, after a proposal from the Nominations Committee, at the Annual General Meeting. The 2016 Annual General Meeting decided that the fee to the auditor should be paid in accordance with approved invoices. The fee for audit commissions amounted to SEK 2.7 million (3.1) in 2016. Other advice has amounted to SEK 0 million (0).

THE GROUP

The Group structure of Klöver AB consists of the parent company Klöver AB and 27 directly owned subsidiaries (26). All operations are in Sweden in 17 business units, grouped in four regions, Stockholm, East, Central, and South. More information about the regions is available in the section Markets on pages 14–21.

THE CEO AND EXECUTIVE MANAGEMENT

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

The CEO leads the work of the Executive Management. As well as the CEO, the Executive Management group in 2016 consisted of the head of transactions, the head of finance and the head of the Stockholm Region.

The work of the Executive Management during 2016

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

The executive management participates in various councils and meetings within the organization.

The executive management has what are known as Management Councils regularly together with the regional managers and other key personnel in Klöver. Management-related issues and reviews of quarterly reports are dealt with there.

The Project Council meets every other week and consists of the CEO, project controllers, project managers, regional managers and the valuation manager. The project council

examines all major projects and is also a preliminary body for projects which are passed on for approval by the board.

The Executive Management also participates continuously in Klöver's Transaction and Financial Council, where current transactions and financing are taken up with the functions concerned.

The executive management and all employees gather once a year for a Klöver conference.

REMUNERATION AND INCENTIVE PROGRAMME**The CEO and Executive Management**

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 add value for the shareholders.

The variable remuneration for Klöver's ordinary members of the Executive Management may amount to three months' basic salary. No variable remuneration is paid to the CEO.

In the event of termination, the period of notice is twelve months if notice is given by the Company and six months if notice is given by the employee. No severance pay is paid.

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

The Board's proposal for remuneration principles and conditions of employment which will be presented to the 2017 Annual General Meeting is essentially unchanged compared with last year. For more information, see Note 3.

During the year, Klöver has complied with the set guidelines for remuneration to senior executives.

Board of directors and committees

Fees for the Board and committees are proposed by the Nominations committee and adopted by the annual general meeting.

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..

INTERNAL GOVERNANCE AND CONTROL

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

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

The control environment

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

- > Financial policy
- > Communication policy
- > Labour environment policy
- > Code of conduct and Sustainability policy
- > Crisis management and security/safety policy

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

Risk assessment and control activities

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

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

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

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

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

Information and communication

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

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

Follow-up

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

Internal audit

Klövern's Board has made the assessment that no separate function for internal audit need be established. The method

of work applied by Klöver for follow-up and control is considered to be sufficient and takes place as follows.

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

Detailed information about Klöver's risk assessment, exposure and management is available in the section Risk and sensitivity on page 62-65.

Whistleblower function

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

REMUNERATION

Amount in SEK 000s	2016	2015
<i>Chairman of the Board</i>		
Fredrik Svensson*	70	280
Pia Gideon	210	0
<i>Other directors</i>		
Ann-Cathrin Bengtson	145	145
Eva Landén	145	145
Pia Gideon	36	145
Fredrik Svensson	109	0
<i>CEO</i>		
Basic salary	4,751	4,379
Variable salary	0	0
Benefits	192	155
<i>Other senior executives, 2.8 individuals (2.0)</i>		
Basic salary	4,780	3,647
Variable salary	704	713
Benefits	285	203
<i>Other employees</i>		
Basic salary	104,918	95,679
Variable salary	289	1,989
Benefits	6,936	6,232
TOTAL	123,570	113,712
<i>Contractual pension costs (including Fora)</i>		
CEO	1,567	1,554
Other senior executives, 2.8 individuals (2.0)	1,423	1,429
Other employees	13,255	11,869
TOTAL	16,245	14,852
<i>Statutory social costs incl. payroll tax</i>		
Chairman of the Board	88	88
Other board members	152	139
CEO	1,933	1,802
Other senior executives, 2.8 individuals (2.0)	2,093	1,779
Other employees	38,221	34,835
TOTAL	42,487	38,643

* Fredrik Svensson was chairman of the board of Klöver during the 2015 financial year.

ARTICLES OF ASSOCIATION

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 Stockholm. General meetings may be held in Stockholm or Solna.

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 total 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 500 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 400 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 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 alternative 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 alternative 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 by the Annual General Meeting of Shareholders on 19 April 2016.

FINANCIAL REPORTS



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

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The property Isaffjord 8 in Kista.

Consolidated Statement of Income

Amount in SEK million	Notes	2016	2015
Income	2, 4, 24	2,876	2,718
Property costs	3, 4, 6	-985	-952
Operating surplus		1,891	1,766
Central administration	3, 5, 6	-100	-92
Financial income	7	2	2
Financial expenses	7	-613	-633
Profit from property management		1,180	1,043
Share in earnings of associated companies	12	-	171
Changes in value, properties	10	1,709	1,252
Changes in value, derivatives	21	-114	91
Changes in value, financial assets		-19	-4
Impairment of goodwill	9	0	-12
Profit before tax		2,756	2,541
Current tax	8	-24	-2
Deferred tax	8	-473	-531
NET PROFIT FOR THE YEAR		2,259	2,008

Consolidated Report of Comprehensive Income

Net profit for the year		2,259	2,008
Other comprehensive income		-	-2
NET COMPREHENSIVE INCOME FOR THE YEAR		2,259	2,006
Attributable to:			
Parent company shareholders	19	2,259	2,006
Minority interest		0	0
		2,259	2,006
Earnings per ordinary share, SEK	19	2.11	1.83
Earnings per preference share, SEK	19	20.00	20.00
Dividend per ordinary share, SEK		0.40 ¹	0.35
Dividend per preference share, SEK		20.00 ¹	20.00

There are no outstanding warrants or convertibles.

1) Proposed dividend.

Income, which amounted to SEK 2,876 million (2,718), has been positively affected by net acquisition and positive net moving-in. Property costs increased to SEK 985 million (952) during the year, mainly attributable to a larger property portfolio. Property costs for a comparable portfolio were largely unchanged. Central administration costs amounted to SEK 100 million (92). Profit from property management increased to SEK 1,180 million (1,043), mainly due to net acquisitions. Financial expenses decreased to SEK 613 million (633), partly due to lower base rates. The

change in value of the properties amounted to SEK 1,709 million (1,252). The foremost reason for the change in value is investments made in connection with new letting, rising market rents, reduced required yields and development of the building rights portfolio. Change in value of derivatives totalled SEK -114 million (91), of which SEK 0 million (-2) was realized changes in value. Net profit for the year increased to SEK 2,259 million (2,008) partly due to a larger property portfolio, lower financial expense and positive changes in the value of properties.

Consolidated Balance Sheet

Amount in SEK million	Notes	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Goodwill	9	233	233
Investment properties	10	39,234	35,032
Machinery and equipment	11	18	12
Financial assets valued at fair value via the income statement	13	99	112
Other long-term receivables		345	1
Total non-current assets		39,929	35,390
Current assets			
Accounts receivable	14	52	42
Other receivables	15	183	234
Prepaid expenses and accrued income	16	234	205
Liquid funds	17	129	12
Total current assets		598	493
TOTAL ASSETS		40,527	35,883
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,865	1,865
Other capital contributed		4,786	4,786
Retained profits including net profit for the year		6,348	4,739
Shareholders' equity attributable to the parent company's shareholders		12,999	11,390
Long-term liabilities			
Deferred tax liability	8	1,978	1,503
Interest-bearing liabilities	20	17,904	17,915
Other liabilities		5	5
Derivatives	21	482	467
Total long-term liabilities		20,369	19,890
Current liabilities			
Interest-bearing liabilities	20	5,965	3,571
Accounts payable		259	250
Income tax liability		11	11
Other liabilities	22	235	172
Accrued expenses and prepaid income	23	689	599
Total current liabilities		7,156	4,603
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		40,527	35,883

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

As at 31 December 2016, Klöver's portfolio consisted of 431 properties (415) and the fair value of the properties was SEK 39,234 million (35,032). Accounts receivable totalled SEK 52 million (42). Established rent losses amounted to SEK 3 million (9), consisting mainly of completed bankruptcies. Prepaid expenses and accrued income of SEK 234 million (205) consisted mainly of prepaid rental discounts, financial expense and receivables from tenants. The Group's total assets increased

to SEK 40,527 million (35,883), the change being mainly attributable to increased property value through acquisitions, investments and positive changes in value. Equity increased to SEK 12,999 million (11,390) due to a strong result for the year. Interest-bearing liabilities increased to SEK 23,869 million (21,486), due to acquisitions. The item Accrued expenses and prepaid income mainly consists of accrued property costs and prepaid rents.

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, 31.12.2014	1,865	4,786	3,337	9,988
Net profit for the year	–	–	2,008	2,008
Other comprehensive income	–	–	–2	–2
Total changes in assets, excluding transactions with the company's owners	–	–	2,006	2,006
Dividend to ordinary shareholders	–	–	–275	–275
Dividend to preference shareholders	–	–	–329	–329
Total transactions with the company's owners	–	–	–604	–604
Shareholders' equity, 31 December 2015	1,865	4,786	4,739	11,390
Net profit for the year	–	–	2,259	2,259
Other comprehensive income	–	–	–	–
Total changes in assets, excluding transactions with the company's owners	–	–	2,259	2,259
Dividend to ordinary shareholders	–	–	–321	–321
Dividend to preference shareholders	–	–	–329	–329
Total transactions with the company's owners	–	–	–650	–650
Shareholders' equity, 31.12.2016	1,865	4,786	6,348	12,999

Consolidated Statement of Cash Flow

Amount in SEK million	Notes	2016	2015
Current operations			
Operating surplus		1,891	1,766
Central administration		–100	–92
Reversal of depreciation		5	4
Interest received		2	2
Interest paid		–502	–520
Income tax paid		–26	–2
Cash flow from current operations before changes in working capital		1,270	1,158
Change in operating receivables		12	–70
Change in operating liabilities		54	–190
Total change in working capital		66	–260
Cash flow from current operations		1,336	898
Investment operations			
Divestment of properties	10	465	411
Acquisition of and investment in properties	10	–3,118	–4,118
Acquisition of machinery and equipment	11	–10	–4
Increase in financial non-current assets		–200	–94
Decrease in financial non-current assets		11	772
Cash flow from investment operations		–2,852	–3,033
Financing operations			
Loans raised		7,919	11,638
Amortization		–5,537	–9,022
Realized changes in value, derivatives		–99	–151
Dividend		–650	–604
Cash flow from financing operations		1,633	1,861
Total cash flow		117	–274
Liquid funds at beginning of year		12	286
Liquid funds at year-end	17	129	12

Parent Company Statement Of Income

Amount in SEK million	Notes	2016	2015
Net sales	2	205	195
Cost of services sold	26	-171	-155
Gross profit		34	40
Central administration	3, 5, 6	-100	-92
Operating profit		-66	-52
Financial income	7	1,228	1,265
Financial expense	7	-485	-504
Profit before tax		677	709
Current tax	8	-	-
Deferred tax	8	15	-24
NET PROFIT FOR THE YEAR		692	685

Parent Company's Report on Comprehensive Income

Items that can be reversed via the income statement

Net profit for the year	692	685
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	692	685

Parent Company Balance Sheet

Amount in SEK million	Notes	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Machinery and equipment	11	6	5
Participation rights in group companies	27	1,875	1,875
Receivables from group companies	26	17,222	16,035
Derivatives		11	–
Deferred tax asset	8	355	340
Total non-current assets		19,469	18,255
Current assets			
Accounts receivable	14	0	0
Receivables from group companies	26	3,477	2,060
Other receivables	15	6	4
Prepaid expenses and accrued income	16	54	54
Cash and bank	17	74	100
Total current assets		3,611	2,218
TOTAL ASSETS		23,080	20,473
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	18	1,865	1,865
Statutory reserve		721	721
Retained earnings		4,105	4,069
Net profit for the year		692	685
Total shareholders' equity		7,383	7,340
Long-term liabilities			
Interest-bearing liabilities	20	9,490	9,916
Liabilities to group companies	26	1,137	1,094
Total long-term liabilities		10,627	11,010
Current liabilities			
Interest-bearing liabilities	20	4,652	1,662
Accounts payable		21	7
Liabilities to group companies	26	143	204
Other liabilities	22	181	179
Accrued expenses and prepaid income	23	73	71
Total current liabilities		5,070	2,123
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,080	20,473

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, 31.12.2014	1,865	721	4,673	7,259
Net profit for the year	–	–	685	685
Other comprehensive income	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	685	685
Dividend to ordinary shareholders	–	–	–275	–275
Dividend to preference shareholders	–	–	–329	–329
Total transactions with company's owners	–	–	–604	–604
Shareholders' equity, 31.12.2015	1,865	721	4,754	7,340
Net profit for the year	–	–	692	692
Other comprehensive income	–	–	–	–
Total change in assets, excluding transactions with the company's owners	–	–	692	692
Dividend to ordinary shareholders	–	–	–321	–321
Dividend to preference shareholders	–	–	–329	–329
Total transactions with the company's owners	–	–	–650	–650
Shareholders' equity 31.12.2016	1,865	721	4,796	7,383

Parent Company Statement of Cash Flow

Amount in SEK million	Notes	2016	2015
Current operations			
Operating profit		–66	–52
Reversal of depreciation		1	1
Interest received		0	1
Interest paid		–410	–439
Income tax paid		–	–
Cash flow from operations before changes in working capital		–475	–489
Change in operating receivables		–1,326	–397
Change in operating liabilities		–117	–127
Total change in working capital		–1,443	–524
Cash flow from current operations		–1,918	–1,013
Investment operations			
Acquisition of machinery and equipment	11	–2	–2
Sale of associated companies	12	–	610
Investment in financial assets	28	–1,198	–3,523
Cash flow from investment operations		–1,200	–2,915
Financing operations			
Dividend from participation rights in associated companies		–	7
Loans raised		5,465	3,216
Amortization		–2,901	–
Change in long-term liabilities		43	491
Dividend/group contribution from subsidiaries		1,135	641
Dividend		–650	–604
Cash flow from financing operations		3,092	3,751
Cash flow for the period		–26	–177
Liquid funds at beginning of year		100	277
Liquid funds at year-end	17	74	100

Notes

Amounts are given in SEK million, unless otherwise stated.

NOTE 1 ACCOUNTING POLICIES GENERAL INFORMATION ABOUT THE COMPANY

Klövern AB (publ), company registration no. 556482-5833 is a Swedish limited company with its registered office in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm. The address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden and the address of the Head Office Bredgränd 4, SE-111 30 Stockholm, Sweden.

The consolidated accounts for 2016 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 20 March 2017. 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 26 April 2017.

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, which come into effect in 2016

New and amended standards that have come into effect in 2016 have not had any material effect on the Group's or the Parent Company's financial reports.

New and amended standards that have not yet come into effect

A number of new and amended IFRSs have not yet come into effect and have not been applied in advance when preparing the Group's and the Parent Company's financial reports. The following section provides a description of the IFRSs which may affect the Group's or the Parent Company's financial reports. None of the other new standards, amended standards or IFRIC interpretations published by the IASB are expected to have any impact on the Group's or the Parent Company's financial statements.

IFRS 9 Financial Instruments. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement. It includes rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard is to be applied from 1 January 2018 and was approved during the autumn by the EU. The executive management's assessment is that application of IFRS 9 may affect the recognized amounts in the financial statements as regards the Group's financial assets and liabilities. The executive management has not yet made a detailed analysis of the effects of application of IFRS 9 and can therefore not yet quantify the effects.

IFRS 15 Revenue from Contracts with Customers. This standard deals with revenue from contracts and from sale of certain non-financial assets. The standard will replace IAS 11 Construction contracts and IAS 18 Revenue and appurtenant interpretations. The standard is to be applied from 2018 and was also approved during the autumn by the EU. Klövern makes the preliminary assessment that the new standard will not have any material effect on the financial standards but may lead to increased disclosure requirements.

IFRS 16 Leases. IFRS 16 Leases replaces IAS 17 as from 1 January 2019. According to the new standard, most leased assets shall be recognized in the balance sheet. The new standard does not entail any major differences for the lessor. No evaluation of the effects of the standard has yet been initiated.

THE PARENT COMPANY'S ACCOUNTING POLICIES Changed accounting policies

The changes to RFR2 Reporting for legal entities which came into effect and apply for the 2016 financial year have not affected the Parent Company's financial statements.

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 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.

CONSOLIDATION POLICIES 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.

NOTE 1 CONTINUED

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

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 unrealized profits and losses corresponding to the group's share of the associated company is eliminated except as regards unrealized 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 2015 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 fair values. Other items have not been revalued. Goodwill is mainly achieved 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 divestments

Income from property divestments is normally reported on the date of transfer of possession unless the risks and benefits have passed to the purchaser at an earlier date. Control over the asset may have been transferred on an earlier occasion than the date of taking possession and, if this has been the case, the property 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 seventeen 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 recognized as accrued acquisition value.

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 val-

NOTE 1 CONTINUED

ues 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 the balance-sheet date.

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

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 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.

Both realized and unrealized changes in value are recognized in the statement of income. Rental income and income from property sales are recognized in accordance with the 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

NOTE 1 CONTINUED

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 may be regarded as defined contribution. Fora pensions are treated as defined contribution as there is insufficient information to report these as defined benefit. Undertakings concerning contributions to defined contribution pension schemes are reported as a cost in the income statement when they arise.

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

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, 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 any write-ups.

Group contributions, dividends and shareholder contribution for legal entities

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

Contingencies

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

NOTE 2 DISTRIBUTION OF INCOME

	2016	2015
Group		
Rental income	2,869	2,705
Insurance indemnification	–	4
Rental guarantees	2	1
Redemption of lease contracts	5	8
Total income	2,876	2,718
Parent company		
Invoiced administration to subsidiaries	205	195

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

Average number of employees	2016	Proportion of women, %	2015	Proportion of women, %
Parent Company	222	39	202	39
Subsidiaries	0	0	0	0
Group total	222	39	202	39

All are employees in Sweden.

Gender distribution in executive management

Average	2016 Proportion of women, %	2015 Proportion of women, %
Parent Company		
Board	60	60
Other senior executives	26	33
Group total		
Board	60	60
Other senior executives	26	33

The average number of senior executives (including the CEO) in the Parent Company during the year was 4 (3), of which one (1) was a woman.

NOTE 3 CONTINUED

Rutger Arnhult is CEO. Other senior executives were Susanne Essehorn, Head of Region Stockholm, Peeter Kinnunen, Head of Transactions, and Jens Andersson, Head of Finance (March-December).

At the end of 2016 the Board of the Parent Company (including the CEO) consisted of five (5) members, of which three women (3). The Chairman of the Board is Pia Gideon. Members were Rutger Arnhult (CEO), Ann-Cathrin Bengtson, Eva Landén and Fredrik Svensson.

Remuneration

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting. Remuneration and benefits to the 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 participation in Klöver's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent

of the basic salary. The retirement age of the CEO is 65. The period of notice for the CEO is 12 months in the event of termination at the company's initiative, and six months in the event of termination at the CEO's initiative. In the event of termination at the Company's initiative, full salary and all benefits are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while the employment continues.

The salary paid to other senior executives is to be at a market level and competitive. Variable salary may amount to at most the equivalent of three months' basic salary. The pension premium for 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 other senior executives is 65. The period of notice for termination at the Company's initiative is 12 months and at the employee's initiative six months. Other senior executives are entitled to a company car, subsistence benefit, health insurance and participation in Klöver's profit-sharing foundation.

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

There are no agreements on severance pay.

Employees and the Board	Group		Parent Company	
Salaries, remuneration and benefits, SEK 000s	2016	2015	2016	2015
Chairman of the Board	280	280	280	280
Other members of the board, 3.0 persons (3.0)	435	435	435	435
CEO				
Basic salary	4,751	4,379	4,751	4,379
Variable salary	–	–	–	–
Benefits	192	155	192	155
Other senior executives, 2.8 persons (2.0)				
Basic salary	4,780	3,647	4,780	3,647
Variable salary	704	713	704	713
Benefits	285	203	285	203
Other employees				
Basic salary	104,918	95,679	104,918	95,679
Variable salary	289	1,989	289	1,989
Benefits	6,936	6,232	6,936	6,232
Total	123,570	113,712	123,570	113,712
Contractual pension costs				
CEO	1,567	1,554	1,567	1,554
Other senior executives, 2.8 persons (2.0)	1,423	1,429	1,423	1,429
Other employees	13,255	11,869	13,255	11,869
Total	16,245	14,852	16,245	14,852
Statutory social security contributions, including wages tax				
Chairman of the Board	88	88	88	88
Other members of the board, 3.0 persons (2.0)	152	139	152	139
CEO	1,933	1,802	1,933	1,802
Other senior executives, 2.8 persons (2.0)	2,093	1,779	2,093	1,779
Other employees	38,221	34,835	38,221	34,835
Total	42,487	38,643	42,487	38,643

Profit-sharing foundation

Klövern has a profit-sharing foundation that covers all employees. Transfers to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klövern's profit, return on equity and dividend to shareholders. SEK 10,810,000 including wages tax has been transferred to the foundation for the 2016 financial year. At year-end, the foundation owned 481,000 Class A ordinary shares and 5,085,000 Class B ordinary shares and 15,012 preference shares in Klövern, corresponding to 0.6 per cent of the share capital and 0.6 per cent of the number of votes.

Defined contribution schemes

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

NOTE 4 EARNINGS PER PROPERTY SEGMENT AND REGION

The upper table shows the operating activities, including properties acquired and investments made during the year. The lower table refers to the situation at the respective year-end. The figures in the two tables are accordingly not wholly comparable.

Ericsson is Klövern's largest tenant and accounted for 7 per cent (10) of Klövern's contract value at year-end 2016. The area leased by Ericsson amounted to 127,000 sq.m. (171,000) and the average remaining contract term was 6.0 years (4.8).

Income statement items and investment per property segment and region

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, SEKm		Investment, SEKm	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Stockholm	1,208	1,106	-393	-371	815	735	67	66	959	879
East	646	646	-224	-221	422	425	65	66	154	150
Central	606	606	-220	-231	386	375	64	62	375	219
South	416	360	-148	-129	268	231	64	64	138	138
Management	2,725	2,604	-895	-872	1,830	1,732	67	67	825	601
Development	151	114	-90	-80	61	34	40	30	801	785
Total	2,876	2,718	-985	-952	1,891	1,766	66	65	1,626	1,386

Key ratios per property segment and region

	Fair value, SEKm		Yield requirement ¹ , SEKm		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Stockholm	19,652	17,316	5.7	6.0	832	809	1,450	1,353	87	90
East	7,021	6,651	6.8	7.0	749	750	721	714	91	91
Central	6,505	6,145	6.9	7.2	694	750	640	680	89	90
South	6,056	4,920	6.4	6.7	668	563	575	435	89	91
Management	36,376	31,625	6.2	6.5	2,636	2,551	3,152	2,978	90	93
Development	2,858	3,407	6.3	6.5	307	321	234	204	75	62
Total	39,234	35,032	6.2	6.5	2,943	2,872	3,386	3,182	89	91

1) Yield requirement is calculated excluding building rights.

NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS

SEK 000s	Group		Parent company	
	2016	2015	2016	2015
Ernst & Young AB				
Audit assignments	2,725	3,101	2,725	3,101
Tax advice	–	–	–	–
Other assignments	57	–	57	–
	2,782	3,101	2,782	3,101

Audit assignments means statutory audit of annual accounts and consolidated accounts and accounting records as well as the administration of the board of directors and the CEO and audit performed by agreement or contract. This includes other work performed by the company auditor

or other assistance occasioned by observations in the course of such audit or performance of other work. All other services provided are other assignments.

NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE

Group	2016	2015
Property-related costs		
Operating costs	–528	–515
Repairs and maintenance	–157	–165
Property tax and site leasehold charges	–178	–162
Personnel costs	–120	–108
Other property costs	–2	–2
Total	–985	–952
Central administration		
Personnel costs	–50	–51
Transfer, profit-sharing foundation	–11	–10
IT, advertising and cost of premises	–14	–12
Audit fees	–3	–3
Other costs	–22	–16
Total	–100	–92

NOTE 7 NET FINANCIAL ITEMS

	2016	2015
Group		
Interest income, other	2	2
Total	2	2
Parent Company		
Income from other securities	–	87
Dividend from associated companies	–	7
Interest income, group companies	31	36
Interest income, other	0	1
Dividend from group companies	750	599
Group contribution, group companies	447	535
Total	1,228	1,265
Group		
Interest expense, other	–551	–588
Other financial expense	–62	–45
Total	–613	–633
Parent Company		
Interest expense, group companies	–3	–1
Interest expense, other	–443	–471
Other financial expense	–39	–32
Total	–485	–504

NOTE 8 TAXES**Consolidated Statement of Income, SEK million**

	2016		2015	
	Basis current tax	Basis, deferred tax	Basis current tax	Basis, deferred tax
Tax calculation for Group				
Profit before tax	2,756		2,541	–
Deductible for tax purposes				
depreciation	–669	669	–653	653
investment	–356	356	–211	211
Change in value of properties not subject to tax	–1,708	1,708	–1,256	1,256
Change in value of derivatives not subject to tax	119	–119	–94	94
Change in value of securities not subject to tax	19	–19	13	–13
Impairment of goodwill not subject to tax	0	–	12	–
Tax effect of company and property divestments	–157	–	–165	–
Non-deductible expenses	8	–	4	–
Other adjustments for tax purposes	24	–	83	–
Total profit from operations	36	2,595	274	2,201
Use of loss carry-forwards	–	–	–266	266
New loss carry-forwards	73	–73	–	–
Adjustment for effect of properties sold	–	–345	–	–56
Adjustment for acquired temporary differences	–	–27	–	2
Total taxable profit	109	2,150	8	2,413
Current tax/deferred tax	–24	–473	–2	–531

NOTE 8 CONTINUED
Consolidated Balance Sheet

	2016		2015	
	Basis	Tax	Basis	Tax
Deferred tax asset				
At beginning of year	1,968	433	2,234	492
Change during the year	73	16	-266	-59
Deferred tax liability at year-end ¹⁾	2,041	449	1,968	433
Deferred tax liability ²⁾				
Temporary difference properties				
At beginning of year	15,866	3,491	12,829	2,822
Change during the year	3,044	670	3,037	668
At year-end	18,910	4,160	15,866	3,491
Acquired temporary differences properties ³⁾				
At beginning of year	-6,586	-1,449	-5,486	-1,207
Change during year due to acquisitions and sales	-779	-171	-1,100	-242
At year-end	-7,365	-1,620	-6,586	-1,449
Temporary differences derivatives and financial assets				
At beginning of year	-481	-106	-661	-146
Changes during the year	-33	-7	180	40
At year-end	-514	-113	-481	-106
Total deferred tax liability				
At beginning of year	8,799	1,936	6,682	1,470
Change during the year	2,232	491	2,117	466
Total deferred tax liability at year-end	11,031	2,427	8,799	1,936

Parent Company	2016	2015
Profit before tax	677	709
Current tax	-	-
Deferred tax	15	-24
Net profit	692	685
Deferred tax asset		
At beginning of year	340	364
Change during the year	15	-24
At year-end	355	340

1) Refers to established deficit of SEK 2,041 million (1,968)

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.

	2015	2014
Business combination	245	255
Impairment attributable to properties sold	0	0
Impairment attributable to change in value of properties	-12	-10
Closing balance	233	245

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 the whole 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 yield requirement 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 been carried out or which are planned and information from the external valuers.

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

Calculation of the fair value of the property

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

Summary

Value date	31 December 2016
Fair value	SEK 39,234 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 3.75 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.70 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent

Property holding and valuation at fair value as at 31 December 2016

	Fair value, SEKm	No. of properties	Rental value, SEKm ¹	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement, average, %
Stockholm	19,652	91	1,450	87	832	5.50 – 10.65	3.75 – 8.75	5.7
East	7,021	123	721	91	749	6.40 – 11.10	4.50 – 9.25	6.8
Central	6,505	96	640	89	694	6.90 – 11.70	5.00 – 9.50	6.9
South	6,056	121	575	89	668	6.30 – 10.95	4.25 – 9.00	6.4
Investment	36,376	375	3,152	90	2,636	5.50 – 11.70	3.75 – 9.50	6.2
Development	2,858	56	234	75	307	6.90 – 11.10	5.00 – 9.25	6.3
Total	39,234	431	3,386	89	2,943			6.2

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

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 valuation is an estimate of the price 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 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 1,962 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	–2,855/3,358
Rental income	SEK 50/sq.m.	+/-2,383
Operating cost	SEK 25/sq.m.	–/+1,192
Vacancy rate	1.0 percentage point	–/+548

**NOTE 10 CONTINUED
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 Klöver'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.

Operating payments

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

Required investment

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

Yield requirement and cost of capital

The yield requirement of the properties has been assessed on the basis of the unique risk of each property. It can be divided into two components, a general market risk and a specific property risk. The market risk is associated with the general development of the economy and is affected, inter alia, by the priority given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, effective use of space, the standard of the premises, the quality of the installations, site leasehold, type of tenant and the 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 10 years or 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.

Inspection of the properties

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

INTERNAL PROPERTY VALUES

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

CHANGES IN VALUE

The fair value of Klöver's properties was SEK 39,234 million (35,032) on 31 December 2016. Changes in value for the full year 2016 amounted to SEK 1,709 million (1,252). The realized changes in value were SEK 0 million (-2) and the unrealized changes in value SEK 1,709 million (1,254). Klöver's property portfolio has been valued at an average yield requirement of 6.2 per cent (6.5) on 31 December 2016.

Group	Properties
Opening fair value, 1 January 2015	30,208
Acquisitions	2,732
Investments	1,386
Divestments	-548
Unrealized changes in value	1,254
Closing fair value, 31 December 2015	35,032
Acquisitions	1,484
Investments	1,626
Divestments	- 617
Unrealized changes in value	1,709
Closing fair value, 31 December 2016	39,234

Tax assessment values

Group	2016	2015
Tax assessment values, buildings	12,226	11,656
Tax assessment values, land	4,596	3,998
Total tax assessment value	16,822	15,654

TAX RESIDUAL VALUE

The residual value of the properties for tax purposes totalled SEK 20,324 million (19,166) on 31 December 2016.

NOTE 11 MACHINERY AND EQUIPMENT

	2016		2015	
	Parent Group Company		Parent Group Company	
Accumulated acquisition cost				
Opening balance	46	13	41	12
Purchases	10	2	4	3
Reclassifications	–	–	–	–
Acquisition of subsidiaries	–	–	2	–
Sales and disposals	–3	0	–1	–1
Total	53	15	46	13
Accumulated scheduled depreciation				
Opening balance	–34	–8	–29	–8
Reclassifications	–	–	–	–
Acquisition of subsidiaries	–	–	–2	–
Sales and disposals	3	0	1	1
Scheduled depreciation on acquisition values for the year	–5	–2	–4	–2
Total	–35	–10	–34	–8
Carrying amount at end of period	18	6	12	5

NOTE 12 PARTICIPATION RIGHTS IN ASSOCIATED COMPANIES

Company name	Tribona AB (publ)
Classification	Associated company
Registration no.	556870-4646
Registered office	Helsingborg

Klövern sold its entire shareholding in Tribona in 2015.

Dividend payments are reported in the Parent Company under Financial income while they are eliminated in the consolidated accounts.

NOTE 13 FINANCIAL ASSETS AT FAIR VALUE VIA THE INCOME STATEMENT

	2016	2015
Group		
Other securities	98	110
Other items	1	2
Total	99	112

SEK 76 million of the other securities has been valued in accordance with Level 1. The remaining SEK 22 million and other items in accordance with Level 3, i.e. non-observable input data. Where the fair value is approximately calculated to amount to the reported value.

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. A credit rating of the tenant is always carried out 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 2.9 million (9.3) with a deduction of SEK 0.7 million (0.7) for reversed rent losses, which corresponds to 0.10 per cent (0.34) of sales. Established rent losses amounted to SEK 1.1 million (9.1) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

Accounts receivable by age

Days	2016	2015
0–29	34	25
30–89	11	12
90–	18	14
Doubtful claims	–11	–9
Total	52	42

	2016	2015
Doubtful claims		
Doubtful claims at beginning of year	9	9
Provisions for anticipated rent losses	4	10
Claims collected	–1	–1
Established losses	–1	–9
Doubtful claims at year-end	11	9

NOTE 15 OTHER RECEIVABLES

	2016	2015
Group		
Settlement taxes and fees	151	156
Receivable from previous property owner	1	–
Blocked account	16	64
Dividend	–	1
Other current receivables	15	13
Total	183	234
Parent Company		
Settlement taxes and fees	5	1
Dividend	–	1
Other current receivables	1	2
Total	6	4

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	2016	2015
Group		
Accrued property costs	19	20
Prepaid rent discounts	67	42
Prepaid site leasehold charges	10	9
Prepaid financial expense	58	55
Accrued income	15	10
Receivables from tenants	53	53
Prepaid insurance	9	10
Other prepaid expenses	3	6
Total	234	205
Parent Company		
Prepaid financial expense	41	39
Prepaid insurance	8	9
Property acquisition in process	1	0
Accrued income	0	0
Other prepaid expenses	4	6
Total	54	54

NOTE 17 LIQUID FUNDS

	2016	2015
Group		
Cash and bank	129	12
Total	129	12
Parent Company		
Cash and bank	74	100
Total	74	100

NOTE 18 SHAREHOLDERS' EQUITY

Klövern manages capital consisting of the Group's shareholders' equity. The goal is that return on equity in the long term shall amount to at least ten per cent, which is the goal set in the business plan for 2017. Return on equity amounted to 18.6 per cent (18.9) in 2016. During the past ten years, the average return on equity has been 11.7 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 adjusted equity ratio to be 40 per cent in the long term. The outcome as at 31 December 2016 was 36.7 per cent (35.8). 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 shares, 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 for the financial year 2016 that a dividend be paid of SEK 0.40 per ordinary share (0.35) and SEK 20.00 per preference share (20.00), totaling SEK 695 million (649).

Development of share capital

Date	Number of ordinary shares A	Number of ordinary shares B	Number of ordinary shares A + B	Number of preference shares	Accumulated share capital, SEK
01.01.2010	166,544,326		166,544,326		832,721,630
13.01.2012 Cash new issue	166,544,360		166,544,360		832,721,800
13.01.2012 Bonus issue	166,544,360		166,544,360	4,163,609	853,539,845
06.03.2012 New issue	166,544,360		166,544,360	11,708,140	891,262,500
10.04.2012 New issue	166,544,360		166,544,360	11,774,778	891,595,690
19.04.2012 New issue	166,544,360		166,544,360	11,775,363	891,598,615
29.06.2012 New issue	166,544,360		166,544,360	12,238,363	893,913,615
09.07.2012 New issue	166,544,360		166,544,360	12,686,363	896,153,615
14.09.2012 New issue	166,544,360		166,544,360	13,598,863	900,716,115
17.09.2012 New issue	166,544,360		166,544,360	13,731,338	901,378,490
08.10.2012 New issue	166,544,360		166,544,360	17,314,688	919,295,240
08.10.2012 New issue	166,544,360		166,544,360	18,419,688	924,820,240
17.10.2012 New issue	166,544,360		166,544,360	18,536,338	925,403,490
24.03.2014 New issue	166,544,360		166,544,360	18,836,338	926,903,490
11.04.2014 New issue	166,544,360		166,544,360	19,823,806	931,840,830
28.05.2014 New issue	166,544,360		166,544,360	20,388,000	934,661,800
11.11.2014 Reduction of share capital	166,544,360		166,544,360	20,388,000	186,932,360
25/27.11.2014 New issue	166,544,360		166,544,360	32,888,000	199,432,360
05.12.2014 Bonus issue	166,544,360	1,665,443,600	1,831,987,960	32,888,000	1,864,875,960
22.12.2014 Reverse split	83,272,180	832,721,800	915,993,980	16,444,000	1,864,875,960
20.01.2015 Conversion	82,187,432	833,806,548	915,993,980	16,444,000	1,864,875,960
03.02.2015 Conversion	81,871,406	834,122,574	915,993,980	16,444,000	1,864,875,960
16.07.2015 Conversion	81,862,506	834,131,474	915,993,980	16,444,000	1,864,875,960
05.08.2015 Conversion	81,862,397	834,131,583	915,993,980	16,444,000	1,864,875,960
04.02.2016 Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960
09.08.2016 Conversion	78,360,480	837,633,500	915,993,980	16,444,000	1,864,875,960

NOTE 19 EARNINGS PER SHARE

The calculation of earnings per ordinary share and preference share for 2016 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 2,259 million (2,008). Earnings per preference share have been calculated on the basis of the year's dividend to the preference shares of SEK 329 million allocated to 16.4 million outstanding preference shares. The remaining part of the year's earnings, SEK 1,930 million, has been distributed to 916.0 million outstanding ordinary shares.

Net profit attributable to the Parent Company's shareholders

	2016	2015
Net profit attributable to the Parent Company's shareholders	2,259	2,008
Earnings per ordinary share, SEK	2.11	1.83
Earnings per preference share, SEK	20.00	20.00

NOTE 20 INTEREST-BEARING LIABILITIES

Group	2016	2015
Long-term liabilities		
Long-term interest-bearing liabilities	17,904	17,915
Total	17,904	17,915
Current liabilities		
Current interest-bearing liabilities	5,965	3,530
Utilized overdraft facility	–	41
Total	5,965	3,571
Unused overdraft facility	400	359

Parent Company	2016	2015
Long-term liabilities		
Long-term interest-bearing liabilities	9,490	9,916
Total	9,490	9,916
Current liabilities		
Current interest-bearing liabilities	4,652	1,662
Utilized overdraft facility	–	–
Total	4,652	1,662
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 5,965 million current interest-bearing liabilities on 31 December 2016, Klöver has already re-financed SEK 440 million at the beginning of 2017. The current interest-bearing liabilities also include SEK 2,448 million of commercial paper with long-term back-up facilities.

NOTE 21 FINANCIAL RISKS AND FINANCIAL POLICY

Through its operations, the Group is exposed to different kinds of financial risks. Financial risks mean fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. 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 50–53, Bonds on page 54–55 and in Risk and sensitivity on pages 62–65.

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 should be at least 2.0 years, and at most 40 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities should be kept at an average level that corresponds to the due date of the tied-up capital during a quarter.

As at 31 December 2016, the average remaining maturity on the loan stock was 3.0 years (2.8).

At the same time, liquid assets were available totalling SEK 129 million (12) and granted, but not utilized credit facilities of SEK 2,638 million (1,877), SEK 400 million (359) of which were unutilized overdraft facilities. Furthermore, there were unutilized loan frames of SEK 563 million (1,077), 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
2017	6,666	5,866
2018	8,652	6,693
2019	6,494	6,052
2020	2,250	2,250
2025–	3,008	3,008
Total	27,070	23,869

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 23,869 million (21,486), 61 per cent (50) had variable interest and the average fixed-interest period was 2.6 years (2.1) at year-end.

Interest maturity structure

Maturity year	Average interest rate, %	Interest due, SEKm	Proportion, %
Variable	2.1	14,529	61
2017	3.1	1,015	4
2018	2.1	315	1
2019	2.1	1,415	6
2020	2.8	1,815	8
2021	2.7	2,400	10
2022	5.3	1,280	5
2023	4.4	1,100	5
Total	2.5	23,869	100

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

At least 50 per cent of the total loan volume should have fixed interest or be covered by interest hedging. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining period of fixed interest, according to the financial policy, should be at least 2.0 years; at the year-end it was 2.6 years (2.1). The strike level for the interest caps may when taken be equivalent to at most the five-year government bond rate plus 3.0 percentage points.

At year-end, Klöver had a volume of SEK 5,000 million (0) interest rate caps and SEK 9,340 (10,820) million fixed interest loans (mainly through swaps), totalling SEK 14,340 million, corresponding to 60 per cent, compared with SEK 11,934 million, 50 per cent, which was a minimum requirement according to the policy.

During 2016, changes in value of interest caps amounted to SEK –6 million (0). The fair value amounted to SEK 11 million (0) at year-end. At year-end, Klöver had 21 interest rate swap agreements maturing between 2017 and 2023. The fair value of the swaps amounted to SEK –493 million (–467) and changes in value totalled SEK –108 million (91) during the year, of which SEK 5 million (–3) were realized. Interest caps and swaps both increase Klöver's price risk. The interest caps have been valued by Nordea and Swedbank based on the current interest rate curve and the volatility of the respective maturity. The interest rate swaps have been valued by Danske Bank, Handelsbanken, Nordea, SEB and Swedbank by future cash flows being discounted to present value.

Derivatives

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
Nominal interest rate swaps				
Nordea	30	0.8	4.0	–1
Handelsbanken	200	1.0	0.5	–2
SEB	500	1.0	1.6	–10
Danske Bank	315	1.5	0.2	–3
Swedbank	100	2.0	1.8	–4
Nordea	1,000	2.4	–0.1	–3
Danske Bank	315	2.5	0.5	–6
Swedbank	100	3.0	1.9	–6
Nordea	500	3.4	0.1	–2
Danske Bank	500	3.4	0.1	–2
Danske Bank	315	3.5	0.7	–9
Swedbank	400	4.0	2.4	–38
Swedbank	1,000	4.0	0.2	–7
Swedbank	900	4.4	0.3	–7
Swedbank	300	4.7	2.5	–33
Swedbank	200	5.0	2.5	–23
Swedbank	320	5.1	3.3	–51
Swedbank	960	5.1	3.3	–151
Swedbank	500	6.0	2.2	–52
Swedbank	100	6.3	2.2	–11
Swedbank	500	7.0	2.7	–72
Total swaps	9,055	3.9	1.2	–493
Interest rate caps				
Nordea	2,500	4.0	2.5	4
Swedbank	2,500	5.0	3.0	7
Total interest rate caps	5,000	4.5	2.8	11

Credit risks

Credit risks mean the risk of counterparty or issuer not being able to comply with its undertakings to Klöver. Klöver 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 caps and floors, FRA and interest rate and currency forwards. To the extent that options are used, these should minimize risk. The time 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 limited given the use of advance rents.

Covenants and risk-taking

Klöver'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 often set limit values, known as covenants, in the credit agreements with the banks and credit institutions, specifically for these three key ratios. Klöver's own goals accord well with the banks' requirements. Klöver's goal is for the adjusted equity ratio to be 40 per cent in the long term. The banks usually set 25 per cent as a lower limit for the equity ratio. Klöver's goal is for the interest coverage ratio to be at least 2.0, while the banks' requirements are usually 1.25 to 1.50. Klöver has not set its own goal for leverage although the banks usually have a limit of 50–75 per cent.

Klöver meets all goals and requirements for 2016 by a good margin.

The equity ratio was 32.1 per cent, the adjusted equity ratio 36.7 per cent and the interest coverage ratio 2.9. Leverage was 60 per cent and the leverage ratio for properties 44 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 Klöver's average borrowing rate would have changed by +0.5 percentage points, which would have been equivalent to a change in interest expense of SEK +125 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2.9 to 2.4.

The calculations of the sensitivity analysis are based on the group's earnings capacity and balance sheet as at 31 December 2016. 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 full impact in one particular year but only over a longer period.

	Change +/-	Annual effect on profit, SEK m
Economic occupancy rate	1 percentage point	+/- 34
Rental income	1 per cent	+/- 29
Property expenses	1 per cent	-/+ 10
Klöver's average interest rate	1 percentage point	-/+ 239

NOTE 21 CONTINUED

	2016				2015			
	Financial income	Financial expense	Changes in value	Net financial income	Financial income	Financial expense	Changes in value	Net financial income
Financial assets and liabilities valued at fair value via the statement of income								
Securities	–	–	–19	–19	–	–	–4	–4
Interest rate swaps relating to cash flow hedges	–	–	–114	–114	–	–	91	91
Total	–	–	–133	–133	–	–	87	87
Loan receivables and accounts receivable								
Accounts receivable	–	–	–	–	–	–	–	–
Accrued income and other receivables	2	–	–	2	2	–	–	2
Liquid funds	0	–	–	0	0	–	–	0
Total	2	–	–	2	2	–	–	2
Total financial income	2	–	–133	–131	2	–	87	89
Financial liabilities valued at accrued acquisition value								
Liabilities to credit institutions	–	–613	–	–613	–	–633	–	–633
Accounts payable	–	0	–	0	–	0	–	0
Accrued expenses and other liabilities	–	0	–	0	–	0	–	0
Total financial expense	–	–613	–	–613	–	–633	–	–633

Fair value of financial assets and liabilities

	2016			2015		
	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
Other long-term securities holdings	98	–	–	110	–	–
Long-term receivable	1	345	–	2	1	–
Accounts receivable	–	52	–	–	41	–
Accrued income and prepaid expense	–	234	–	–	205	–
Other receivables	–	31	–	–	77	–
Liquid funds	–	129	–	–	12	–
Total	99	446	–	112	335	–
Long-term interest-bearing liabilities	–	–	17,904	–	–	17,915
Derivatives	482	–	–	467	–	–
Current interest-bearing liabilities	–	–	5,965	–	–	3,571
Accounts payable	–	–	258	–	–	250
Other liabilities	–	–	229	–	–	166
Accrued expenses and prepaid income	–	–	616	–	–	526
Total	482	–	24,972	467	–	22,428

There is no important difference between book value and fair value for loans with variable interest. Otherwise, the reported 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.

Klöver 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

	2016	2015
Other current liabilities		
Group		
Personnel's withholding tax and social security contributions	7	6
Dividend shares	164	164
Liabilities to previous property owners	35	–
Liabilities to purchasers	29	–
Other items	–	2
Total	235	172
Parent Company		
Personnel's withholding tax and social security contributions	7	6
Dividend shares	164	164
Value-added tax	10	7
Other items	–	2
Total	181	179

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	2016	2015
Group		
Prepaid rents, first quarter 2017/2016	520	434
Accrued property costs, properties	68	75
Accrued interest expense	57	57
Accrued personnel costs	28	27
Other items	16	6
Total	689	599
Parent Company		
Accrued interest costs	39	38
Accrued personnel costs	17	17
Accrued costs, profit-sharing foundation	11	10
Other items	6	6
Total	73	71

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. Klöver's average lease term is 3.7 years (3.5).

Maturity year	Contract value, SEKm	Proportion of contract value, %	Area, sq.m.
2017	652	22	569
2018	516	17	461
2019	540	18	436
2020	357	12	289
2021	231	8	164
2022	198	7	149
2023	100	3	66
2024	47	2	41
2015–	357	12	225
Total	2,998	100	2,399

The Group's leased assets including site leaseholds consist of operational lease contracts and amount to SEK 47.1 million (40.9). 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	
	2016	2015	2016	2015
Assets pledged				
Property mortgages	22,744 ¹⁾	21,090	–	–
Total assets pledged	22,744	21,090	–	–
Contingencies				
Guarantees in favour of subsidiaries	–	–	9,753	9,872
Other contingencies	28	15	–	–
Total contingencies	28	15	9,753	9,872

1) Refers to assets pledged for bank loans in Danske Bank, Handelsbanken, Nordea, Nykredit, Realkredit, SBAB, SEB, Swedbank and Sörmlands Sparbank, and for secured bond.

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.

NOTE 26 CLOSE ASSOCIATES

	Year	Services sold	Services purchased	Receivable	Liability
Group					
Other close associates	2016	7	192	0	12
Other close associates	2015	9	270	0	28
Parent Company					
Subsidiary	2016	204	9	20,699	1,280
Subsidiary	2015	195	10	18,095	1,298
Other close associates	2016	–	1	–	–
Other close associates	2015	–	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 the M2 Group and has ownership in Wästbygg AB through companies in the M2 Group. During the year, Klövern has signed contracts with Wästbygg for around SEK 205 million of construction projects. During the year, Wästbygg invoiced Klövern a total of SEK 192 million (excluding value-added tax), which also includes a number of smaller projects. Lease contracts with Wästbygg have an annual contract value of SEK 2 million (2). Klövern AB has entered into a lease contract with the M2 Group with an annual contract value of SEK 1 million (1). Pia Gideon is a board member of Svevia AB, Metria AB, Proact IT Group AB and is the chairman of Klövern's board. A lease contract with Proact IT Group AB has an annual contract value totalling SEK 4 million (4) and with Metria of SEK 0.2 million (0.2). The lease contract for letting to Svevia AB has been terminated during 2016 and had an annual contract value of SEK 0.2 million (0.2). Services have been purchased for SEK 4.0 million (4) from Svevia AB mainly relating to snow clearance. Fredrik Svensson is CEO of Arvid Svensson AB and a board member of Klövern. Eva Landén is CEO of Corem Property Group and a board member of Klövern. Rutger Arnhult is Klövern's CEO and a board member of Klövern. Payments to the CEO, senior executives and the Board of Directors are shown in Note 3.

NOTE 27 PARTICIPATION RIGHTS IN GROUP COMPANIES

SEK 000s	31.12.2016	31.12.2015
Accumulated acquisition values		
Opening balance	1,728,527	1,728,527
Acquisitions	500	250
Divestments	–400	–250
Reported closing balance	1,728,627	1,728,527
Accumulated shareholders' contributions		
Opening balance	146,551	146,551
Shareholders' contributions for the year	–	–
Closing balance	146,551	146,551
Total	1,875,178	1,875,078

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	No. of shares	No. of shares
Klövern Strand AB ¹ , 556442-0098, Nyköping	80,000	100	126,395
Klövern Ström AB ¹ , 556603-1067, Nyköping	104,000	100	53,631
Klövern Komp Ström AB ² , 556688-5256, Nyköping	1,000	100	100
Klövern Adam AB ³ , 556494-9699, Nyköping	1,000	100	107,700
Klövern Komp Adam AB ² , 556643-6647, Nyköping	1,000	100	100
Klövern Barkenlund AB ² , 556554-8772, Nyköping	1,000	100	1,766
Klövern Bobby AB ³ , 556594-9780, Nyköping	1,000	100	8,138
Klövern Komp Bobby AB ² , 556678-9938, Nyköping	100,000	100	100
Klövern Charbel AB ³ , 556594-9814, Nyköping	1,000	100	100
Klövern Dante AB ³ , 556594-9830, Nyköping	1,000	100	100
Klövern Efraim AB ³ , 556594-9855, Nyköping	1,000	100	100
Klövern Frippe AB ² , 556634-5657, Nyköping	1,000	100	100
Klövern Ett AB ³ , 556610-3106, Nyköping	1,000	100	15,974
Klövern Komp Ett AB ² , 556613-4085, Nyköping	1,000	100	100
Klövern Karl AB ² , 556708-7985, Nyköping	1,000	100	5,139
Klövern Love Holding AB ² , 556797-0602, Nyköping	100,000	100	100
Klövern Gerhard AB ² , 556634-5723, Nyköping	1,000	100	100
Klövern Helmut AB ² , 556634-5731, Nyköping	1,000	100	100
Klövern Ingmar AB ² , 556634-6598, Nyköping	1,000	100	100
Dagon AB ² , 556431-0067, Nyköping	23,580,999	100	1,519,055
Klövern Linus AB ² , 556896-7409, Nyköping	50,000	100	50
Klövern Verner AB ² , 556896-7474, Nyköping	50,000	100	10,050
Klövern Nord AB ² , 556072-3024, Nyköping	250,000	100	25,630
Klövern Mari AB ² , 556944-2196, Nyköping	50,000	100	50
Klövern Valdemar AB ² , 559003-2446, Nyköping	50,000	100	50
Klövern Gabriella AB ² , 556983-7544, Nyköping	50,000	100	50
Klövern Jonathan AB, 556634-6606, Nyköping	1,000	100	100
Other subsidiaries, dormant			200
Total			1,875,178

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

2) Holding company

3) Real estate company

NOTE 28 CASH FLOW ANALYSIS

	Parent Company	
	2016	2015
Investment in non-current financial assets		
Participation rights in group companies	0	–
Derivatives	–11	–
Receivables from group companies	–1,187	–3,523
Total	–1,198	–3,523

NOTE 29 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

In January 2017, Klöver AB acquired the property Klädeshandlaren 15 in Nyköping. The underlying property value is approximately SEK 190 million. The lettable area is 12,225 sq.m., consisting of office and retail space. Transfer of possession took place on 7 March 2017.

In February 2017, a contract was entered into for acquisition of nine properties in Mölndal/Partille and divestment of all of Klöver AB's 14 properties in Borås. Transfer of possession takes place on 1 April 2017. The underlying value of the acquired properties amounted to SEK 498 million, while the corresponding value of the divested properties was SEK 478 million.

During the month of February 2017, a total of 3,573,279 Class A ordinary shares were converted to Class B ordinary shares. Thereafter, the total number of shares in Klöver AB amounts to 932,437,980, of which 74,787,201 constitute Class A ordinary shares, 841,206,779 constitute Class B ordinary shares and 16,444,000 constitute preference shares.

NOTE 30 IMPORTANT ESTIMATES AND ASSESSMENTS

Preparing the financial statements in compliance with IFRS requires that the Board and the Executive Management make assessments and estimates and assumptions that affect the application of the accounting policies and the amounts reported of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experiences and a number of other factors that would appear to be reasonable in present circumstances. The result of these estimates and assumptions is then used to assess the reported values of assets and liabilities which are not otherwise evident from other sources. The actual outcome may vary from these estimates and assessments. Estimates and assessments are regularly reviewed.

Investment properties

In the 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 loss carryforwards is made when valuing the 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 liability.

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 surplus, profit from property management and profit before tax. 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 Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head office is Bredgränd 4, SE-111 30 Stockholm and the address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden. The consolidated accounts for 2016 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 32 PROPOSED APPROPRIATION OF PROFITS

SEK

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

Amount brought forward	4,105,459,802
Net profit for the year	692,333,351
Total	4,797,793,153

The Board proposes that profits be allocated as follows:

Dividend to shareholders	
SEK 0.40 per ordinary share, total	366,397,592
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,102,515,561
Total	4,797,793,153

APPROPRIATION OF PROFITS

DIVIDEND

The dividend shall in the long term amount to at least 50 per cent of the profit from property management. The profit from property management shows how the real estate operations develop, including financial and central administration costs. When assessing the size of the dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.

The proposal of the Board of Directors to the 2017 Annual General Meeting is that a dividend of SEK 0.40 per ordinary share be paid in four instalments of SEK 0.10 and a dividend of SEK 20.00 per preference share be paid in four instalments of SEK 5.00.

Together, this proposal for dividend in 2017 constitutes 59 per cent of the profit from property management for 2016. During the past ten years, this would correspond to an average dividend of 63 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	4,105,459,802
Net profit for the year	692,333,351
Total	4,797,793,153
Dividend to ordinary shareholders	366,397,592
Dividend to preference shareholders	328,880,000
To be carried forward	4,102,515,561
Total	4,797,793,153

At 31 December 2016, 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 2016 financial year, the Board of Directors proposes to the Annual General Meeting on 26 April 2017 that a dividend be paid of SEK 0.40 per ordinary share, distributed equally over four quarters, and SEK 20.00 per preference share, distributed equally over four quarters. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 30 June 2017, 29 September 2017, 29 December 2017 and 29 March 2018 as the record days for dividend on ordinary and preference shares.

If the AGM votes according to the proposal, the associated payment days are estimated to be 5 July 2017, 4 October 2017, 4 January 2018 and 5 April 2018.

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

Amount brought forward	4,105,459,802
Net profit for the year	692,333,351
Total	4,797,793,153

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders

SEK 0.40 per ordinary share, total	366,397,592
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,102,515,561
Total	4,797,793,153

The above calculation is based on the total number of registered ordinary shares, 915,993,980 and the total number of registered preference shares, 16,444,000.

The Board further proposes that the Annual General Meeting decides that all new shares – a total of 91,599,397 ordinary shares and 1,644,400 preference shares – which may be issued by virtue of the Annual General Meeting's authorization, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 0.10 per ordinary share and SEK 5.00 per preference share on the next following record day as above.

In the event of a maximum use of the authorization for the Board to decide on new issues, a dividend for additional ordinary shares of at most SEK 36,639,759 and preference shares of at most SEK 32,888,000 will be paid. At least SEK 4,032,987,802 of the amount available for distribution will remain after dividends totalling at most SEK 764,805,351.

Klövern AB's financial position

Klövern's financial goals for 2016 were:

- > Return on equity shall in the long term amount to the risk-free interest rate plus at least 9 percentage points.
- > Dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management.
- > Dividend to the preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.
- > The adjusted equity ratio shall in the long term be 40 per cent.
- > The interest coverage ratio is to be at least 2.0.
- > The period of tied-up capital shall be at least 1.5 years.

All the financial goals were achieved in 2016, with the exception of the goal for the adjusted equity ratio. However, this is

a long-term goal. According to the annual report, Klöver's equity ratio is 32.1 per cent in the Group and 32.0 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 30.9 per cent in the Group and 29.9 per cent in the Parent Company. The proposed dividend constitutes 5.3 per cent of shareholders' equity in the Group and 9.4 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 Board considers that the proposed dividend will not affect the ability of Klöver to comply with its commitments in the short and long term or to make 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 overview of the development of the Group and the company's business operations, its position and earnings, and describes the important risks and uncertainty factors facing the companies belonging to the Group.

Stockholm, 20 March 2017
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

Pia Gideon
Chairman

Rutger Arnhult
CEO

Ann-Cathrin Bengtson
Board member

Eva Landén
Board member

Fredrik Svensson
Board member

Our audit report was submitted on 21 March 2017
Ernst & Young AB

Fredric Hävrén
Authorized public accountant

AUDIT REPORT

To the Annual General Meeting in Klöver AB (publ)
Reg. no. 556482-5833

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and the consolidated accounts of Klöver AB (publ) for the 2016 financial year, with the exception of the Corporate Governance Report on pages 68–78. The annual report and consolidated accounts of the company are on pages 12–109 of this document.

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 2016 and of its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and are a fair presentation in all material respects of the financial position of the group as at 31 December 2016 and of its financial performance and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 68–78. 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.

Grounds for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise complied with our professional responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate for its purpose to provide a basis for our opinions.

Areas of particular importance

Areas of particular importance for the audit are the areas which, in our professional judgment, were the most important for the audit of the annual accounts and the consolidated accounts for the current period. These areas are also treated within the framework of the audit of, and in our position on, the annual report and the consolidated report as a whole, although we make no separate assessments on these areas.

Valuation of investment properties

On 31 December 2016, the fair value of Klöver's properties was SEK 39,234 million and changes in value amounted to SEK 1,709 million. In terms of amount, investment properties are the most important item in the consolidated balance sheet. Valuation at fair value is by nature associated with subjective assessments and a change in assumptions made on which valuations are based may have an important effect on the reported amounts.

The values are yield-based in accordance with the cash flow method, which means that future cash flows are forecast. The property's yield

requirement is assessed on the basis of the unique risk of each property and transactions made in the market. Changes in non-observable input data which are applied in valuations are analysed at every accounting date by the executive management in relation to internally available information, transactions carried out or planned and information from the external valuers. Due to the many assumptions and assessments that take place in conjunction with the valuation, we make the assessment that this area is to be regarded as being of particular importance. A description of the valuation of the property portfolio is contained in the section Property Value on page 38 and in Note 10.

In our audit, we have evaluated and tested the executive management's process for property valuation, inter alia, by evaluating the valuation method and input data in the valuations. We have made comparisons with known market information. With the support of our valuation specialists, we have examined the company's model for property valuation. With the support of our valuation specialists, we have examined the reasonableness of the assumptions made for a selection of the properties as yield requirements, vacancy rate, rental income and operating expense. We have assessed whether the information provided in the Annual Report serves its purpose.

Deferred tax liability

Klöver reports deferred tax liability of SEK 449 million, which is primarily attributed to tax-loss carryforwards of SEK 2,041 million, see Note 8. Valuation of tax-loss carryforwards is based on the executive management's assumptions of future utilization in relation to the expected development of the property portfolio and economic development. As this is an important item in terms of value and that its valuation is covered by a number of different takings of position and assessments by the company, it is a particularly important area for our audit. The accounting and valuation policies are stated in note 1.

We have examined and assessed the estimates, documentation and analyses of deferred tax prepared by the company. The assumptions and assessments made by the executive management on future utilization of the tax-loss carryforwards have been examined in relation to the business plans and budgets adopted. We have obtained support from our tax specialists when performing examinations.

Other information than the annual accounts and the consolidated financial accounts

This document also contains other information than the annual accounts and the consolidated financial accounts and can be found on pages 0–11 and 113–144. The Board of Directors and the CEO are responsible for this information.

Our statement on the annual accounts and the consolidated financial accounts does not include this information and we make no statement certifying this other information.

In connection with our audit of the annual accounts and the consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is incompatible to a significant extent with the annual accounts and the consolidated accounts. In this review, we also take into account the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to contain material misstatements.

The responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for preparing the annual accounts and the consolidated accounts and for it containing a fair picture in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in compliance with the IFRS as adopted by the EU. The Board and the CEO are also responsible for the internal control that they believe necessary to prepare annual accounts and consolidated accounts that do not contain any material misstatements, regardless of whether these are wilful or due to error.

When preparing the annual accounts and the consolidated accounts, the Board and the CEO are responsible for the assessment of the company's ability to continue as a going concern. They notify, when appropriate, circumstances that may affect the ability to continue as a going concern and to apply the assumption of a going concern. The assumption of a going concern is not applied, however, if the Board and the CEO intend to liquidate the company, cease the activity, cease business or have no realistic alternative to doing one of these.

The auditor's responsibility

Our goal is to obtain a reasonable degree of assurance that the annual accounts and the consolidated accounts as a whole do not contain any material misstatements, whether due to fraud or error and to produce an audit report containing our opinions. Reasonable assurance is a high degree of assurance but not absolute assurance that an audit performed in compliance with ISA and generally accepted auditing standards in Sweden will always detect material misstatement if such exists. Misstatements may arise due to fraud or error and are considered to be material if these misstatements individually or taken together may reasonably be expected to affect the financial decisions made by the user on the basis of the annual accounts and consolidated accounts.

As part of an audit in compliance with ISA, we apply our professional judgment and have a professionally sceptical approach throughout the audit.

Furthermore:

- > we identify and assess the risk of material misstatement in the annual accounts and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures, inter alia, on the basis of these risks and obtain audit evidence which is sufficient and appropriate for its purpose to serve as a basis for our opinions. The risk of not detecting material misstatement due to fraud is higher than for material misstatement due to error, as misstatements may include action in collusion, counterfeiting, deliberate omission, incorrect information or setting aside internal control.
- > we obtain an understanding of the company's internal control, which is important for our audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- > we assess the suitability of the accounting policies applied and the reasonableness of the Board and the CEO's estimates in the accounts and supplementary disclosures.
- > we draw a conclusion on the suitability of the Board and the CEO applying the assumption of a going concern when drawing up the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, whether there is any material uncertainty factor, concerning such events or circumstances that may lead to considerable doubt about the company's ability to continue as a going concern. If we draw the conclusion that there is a significant uncertainty factor, we must draw attention in the Audit Report to the disclosures about the significant uncertainty factor or, if such disclosures are insufficient, modify the statement about the annual accounts and the consolidated accounts.

Our conclusions are based on the audit evidence obtained until the date of the audit report. However, future events or circumstances may mean that the company is unable to continue as a going concern.

- > we evaluate the overall presentation, structure and content of the annual accounts and the consolidated accounts, including the supplementary disclosures and, whether the annual accounts and the consolidated accounts reproduce the underlying transactions and circumstances in a way that provides a fair picture.
- > we obtain sufficient audit evidence that is appropriate for its purpose concerning the financial information for the units or business operations in the group to make a statement on the consolidated accounts. We are responsible for control, monitoring and drawing up of the audit for the group. We bear sole responsibility for our opinions.

We must notify the Board about, inter alia, the planned extent and direction of the audit, and on the date for it. We must also inform about important observations during the audit, including important deficiencies in internal control that we have identified.

We must also provide the Board with a statement that we have complied with the relevant professional ethical requirements and taken up all relationships and other circumstances that may affect our independence as well as in appropriate cases appropriate countermeasures.

Of the areas communicated with the Board, we establish which areas have been most important for the audit of the annual accounts and the consolidated accounts, including the most important assessed risks for material misstatements, and which therefore constitute particularly important areas for the audit. We describe these areas in the audit report unless laws or other regulatory requirements prevent disclosure on the matter or when, in extremely rare cases, we consider that a matter shall not be communicated in the audit report due to the negative consequences of so doing reasonably being greater than the public interest in this communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinions**

In addition to our audit of the annual accounts, we have also performed an audit of the management by the Board of Directors and the CEO of Klövern AB (publ) for the 2016 financial year and of the proposals for the appropriation of the company's profit or loss.

We approve the annual general meeting appropriating the profit in accordance with the proposal in the Administration Report and granting the members of the Board and the CEO release from liability for the financial year.

Grounds for our opinions

We have performed the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in compliance with good auditing standards in Sweden and have otherwise complied with our professional ethical responsibility in accordance with these requirements.

We consider that the audit evidence obtained is sufficient and fit for its purpose as a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. In connection with proposed dividend, this includes an assessment of whether the dividend is defensible taking into consideration the requirements made by the company's and the group's type of operations, the extent and risks made on the size of the

parent company's and group's equity, consolidation requirements, liquidity and position otherwise.

The Board is responsible for the company's organization and administration of the company's business. This includes, inter alia, making a continuous assessment of the company's and the group's financial situation, and ensuring that the organization of the company's is designed in such a way that the accounting, management of funds, and the company's financial concerns are otherwise controlled satisfactorily. The CEO shall take care of the day-to-day management in accordance with the Board's guidelines and instructions and, inter alia, undertake the measures necessary for the company's accounts to be drawn up in compliance with the law and that management of funds has been satisfactorily taken care of.

Auditor's responsibility

Our responsibility with regard to the audit of the management, and thus our opinion on discharge from liability, is to obtain audit evidence in order with a reasonable degree of assurance to be able to assess whether any board member or CEO has in any important respect:

- > undertaken any measure or become liable to any neglect which may lead to a duty of compensation to the company
- > in any other way acted in conflict with the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective as regards the audit of the proposal for appropriation of the company's profit or loss, and thus our opinion on this, is to assess with reasonable degree of assurance whether the proposal complies with the Companies Act.

Reasonable assurance is a high extent of assurance, but not absolute assurance that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect procedures or neglect which may lead to an obligation to compensate the company or that a proposal on appropriation of the company's profit or loss is not compatible with the Companies Act.

As part of the audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and have a professional sceptical approach throughout our audit. Scrutiny of the management and the proposal for appropriation of the company's profit or loss are based primarily on audit of the accounts. The additional audit procedures performed are based on our professional assessment based on risk and importance. This means that we focus the examination on such

procedures, areas and circumstances that are important for the company's situation. We go through and assess decisions made, the basis for decisions, measures undertaken and other circumstances that are relevant for the business and where deviations and breaches are of particular importance for the company's situation. We review and test decisions made, bases for decision, measures undertaken and other circumstances that are relevant for our statement on discharge from liability. As a basis for our opinion on the Board's proposal for appropriations of the company's profit or loss, we have examined the Board's reasoned statement as well as a selection of documentation for this to be able to assess whether the proposal complies with the Companies Act.

The auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report on pages 68–78 and for it being drawn up in accordance with the Annual Accounts Act.

Our review has been performed in accordance with FAR's statement RevU 16 The Auditor's review of the Corporate Government Report. This means that our review of the Corporate Governance Report has another direction and considerably less scope than the direction and extent of an audit in accordance with the International Standards of Auditing and generally accepted auditing standards in Sweden. We believe that this review is sufficient for our opinions.

A corporate governance report has been drawn up. Disclosures in accordance with Chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, section 31, second paragraph, of the same Act are compatible with the other parts of the annual accounts and the consolidated accounts and in compliance with the Annual Accounts Act.

Stockholm, 21 March 2017

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

PROPERTY LIST



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Tenants in the new building at the property Isafford 8 in Kista.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

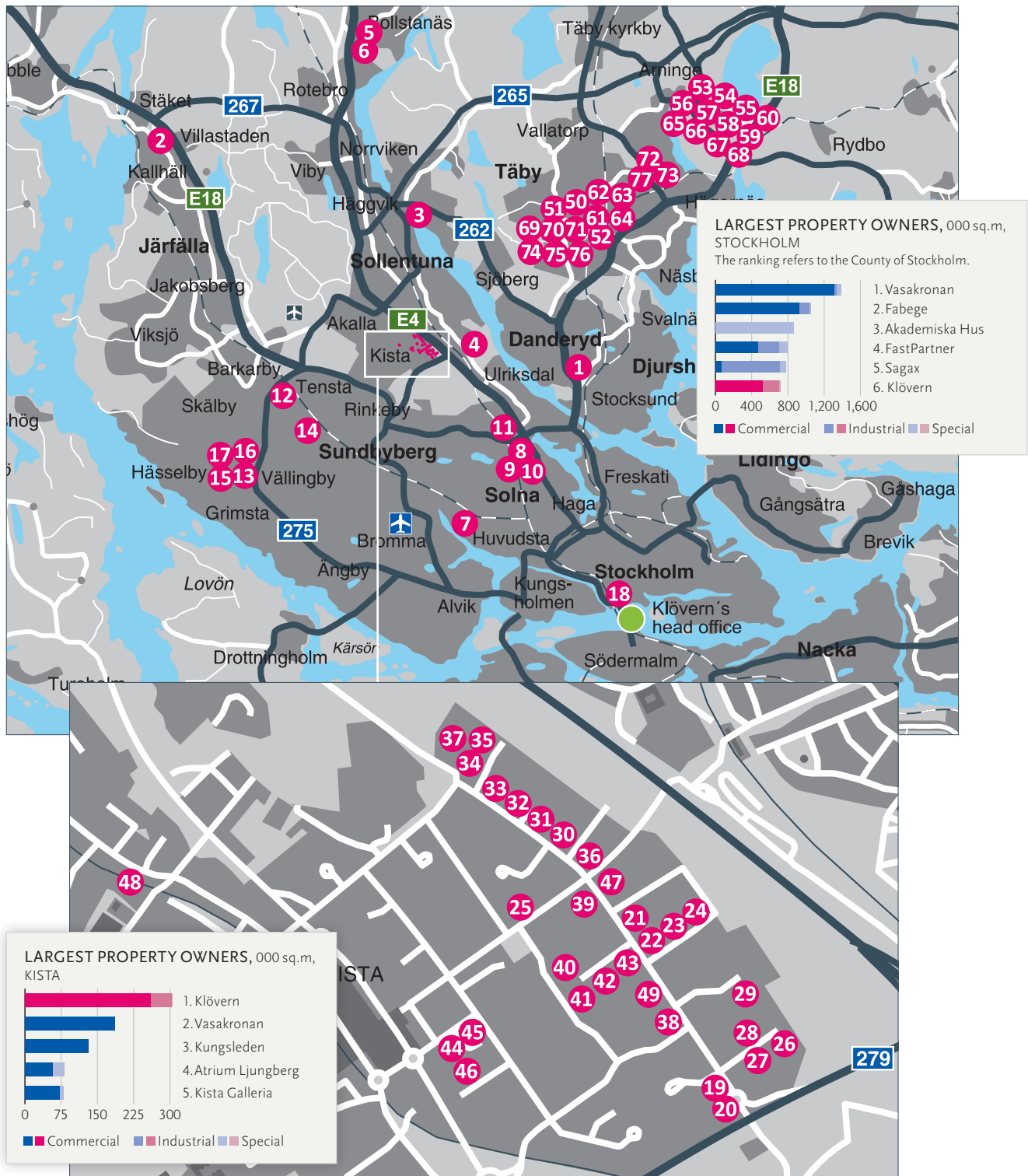
CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND REVIEW

STOCKHOLM REGION

Stockholm North



STOCKHOLM NORTH

						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
1	Timmerhug-garen 2	Vendev. 90, Danderyd		1969/1969	Office	6,034	1,947	1,225	1,400	10,606	16.8	95	76.8
2	Kallhäll 9:36	Galgbacken 3, Järfälla		1993/1993	Warehouse/logistics		5,150			5,150	4.4	100	–
3	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna		1988/1988	Office	2,600				2,600	1.6	0	6.7
4	Malten 1	Vetenskapsv. 10, 12, 14, Sollentuna		2005/2005	Office	12,279	481	650	283	13,693	25.9	100	164.0
5	Revisorn 3	Bergkällav. 31C, Sollentuna		1988/1988	Office	1,108	30			1,138	0.7	42	6.0
6	Ringpärmen 6	Bergkällav. 36, Sollentuna		1990/1990	Warehouse/logistics	3,692	4,010			7,702	7.2	83	42.4
7	Aprikosen 2	Hemvärnsg. 5, 7, 9, Solna		1975/1992	Office	26,614	3,076	1,875	3,593	35,158	79.0	98	428.0
8–10	Hilton 3	Gustav III:s Boulevard 40-46, Solna		2003/2003	Office	17,416	669	261	6	18,352	42.2	55	373.5
11	Startboxen 3	Vallg. 5-9 Solna		1985/1985	Office	11,311	762	7,172		19,245	38.2	89	202.0
12	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778			3,673	4.1	100	26.5
13	Johannelund 7	Krossg. 10, 12, 14, 16, 18, Sorterarg. 23, Stockholm	S	1969/1969	Office	16,448	4,438	505	709	22,100	23.3	71	62.9
14	Mandel-blomman 1	Kronofogdev. 54, Stockholm		1983/1983	Warehouse/logistics	762	3,493	969	1,681	6,905	6.8	99	27.0
15	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,132	2,221			11,353	9.0	64	35.6
16	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Other**	919	326	1,776	2,110	5,131	5.1	72	27.1
17	Stenmjölet 2	Siktg. 3A-3B, Stockholm	S	1960/1960	Warehouse/logistics	393	2,338	2,094		4,824	5.2	54	10.8
18	Orgelpipan 4	Klarabergsg. 33, 35, Stockholm	S	1957/1957	Office	3,490	343	525	159	4,517	19.1	98	185.0
19	Alptanäs 2	Torshamnsg. 7, 7A, 9, Haukadalsg. 1, Kista	S	1981/1981	Office	2,783	247			3,030	3.5	48	19.3
20	Alptanäs 3	Torshamnsg. 1, 3, 5, Kista	S	Site	Other*					0	1.7	84	1.2
21	Borg 1	Torshamnsg. 16, Kista	S	1977/1977	Office	1,411				1,411	2.0	86	10.2
22	Borg 2	Strömög. 3, Kista	S	1981/1981	Warehouse/logistics		4,655			4,655	5.2	100	27.4
23	Borg 3	Strömög. 5, Kista	S	1978/1978	Warehouse/logistics		1,837			1,837	2.1	100	11.9
24	Borg 6	Strömög. 7, Vågög. 8, Kista	S	1980/1980	Warehouse/logistics	1,487	4,930			6,417	6.8	94	41.6
25	Borgarfjord 4	Kistagången 12, Torshamnsg. 31-33, Kista	S	1983/1983	Office	12,633	213	654	6	13,506	24.7	82	94.9
26	Geysir 1	Österög. 4, Kista	S	1979/1979	Warehouse/logistics		5,110			5,110	5.6	100	34.8
27	Geysir 2	Österög. 2, Kista	S	1980/1980	Warehouse/logistics	2,350	5,097	165		7,612	7.4	30	42.6
28	Gullfoss 3	Österög. 1, 3, Kista	S	1979/1983	Office	4,822	2,696			7,518	11.2	62	59.4
29	Gullfoss 5	Viderög. 6, Kista	S	1979/1983	Office	3,508				3,508	5.1	100	14.4
30	Helgafjäll 1	Torshamnsg. 22, 24 A-D, 26 A-B, Kista	S	1979/1979	Office	10,673	1,592			12,265	24.4	98	123.0
31–32	Helgafjäll 2	Torshamnsg. 28 A-B, 30 A-E, 32 A-D, 34 A-B, Kista	S	1981/1981	Office	18,329	1,058	7,507	53	26,947	47.7	90	194.0
33	Helgafjäll 3	Torshamnsg. 36, 38, 40, Kista	S	1980/1990	Warehouse/logistics	3,965	10,502			14,467	17.0	71	91.6
34–35	Helgafjäll 4	Torshamnsg. 42, 44, 46, Kista	S	1998/1998	Office	16,778	225			17,003	23.7	1	228.0
36	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Kista	S	1978/1988	Office	13,987	262	1,567	269	16,085	26.2	100	190.0
37	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Kista		2001/2002	Office	24,414	30		6	24,450	39.8	0	344.0
38	Isafjord 1	Skaftåg. 2A-B, Kista		Site	Other*					0	2.4	100	–
39	Isafjord 4	Torshamnsg. 21, 23, Torshamnsg. 2, 4, 6, Grönlandsg. 10, Kista		1976/2008	Office	62,231			8,847	71,078	133.6	100	770.0
40	Isafjord 5	Grönlandsg. 8, Kista		Site	Other*					0	–	0	–
41	Isafjord 6	Grönlandsg. 6, Torshamnsg. 9, Kista		1976/2008	Other*				3,222	3,222	3.7	100	–
42	Isafjord 7	Hans Werthéns Gata 19, Kista		Site	Other*					0	0.9	100	–
43	Isafjord 8	Torshamnsg. 17, Hans Werthéns Gata 19, Torshamnsg. 3, Skaftåg. 14, 16, Kista		2016/2016	Office	19,835		1,230		21,065	50.2	100	301.0
44	Knarrarnäs 3	Färög. 5, 7, Kista	S	1985/1985	Office	6,113	234		808	7,155	15.3	99	89.7
45	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Kista	S	1985/1985	Office	6,543	1,054	488		8,085	5.7	10	52.0
46	Knarrarnäs 9	Knarrarnäsg. 15, Kista	S	1984/1986	Kontor	4,748	119		3	4,870	9.4	75	63.2

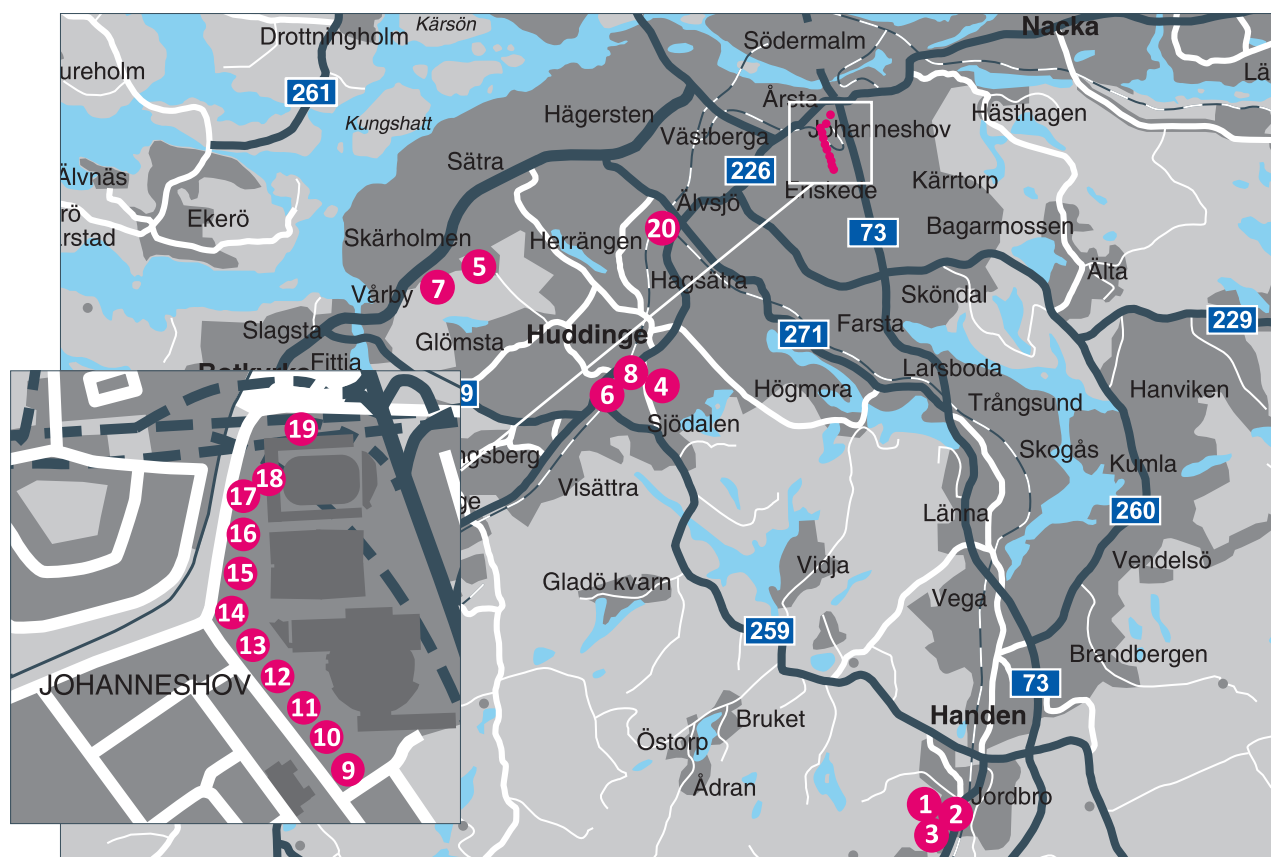
STOCKHOLM NORTH CONT.

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Ware-house/ logistics	Retail	Other*				
47	Lidarände 1	Torshamnsg. 18, Kista		1979/2008	Other*	3,007	126	533	16,280	19,946	32.6	97	168.0
48	Röros 1	Norgeg. 1, Kista	S	1985/1985	Office	3,312	7		1	3,320	5.4	88	23.4
49	Skaftå 1	Torshamnsg. 19, Kista		Site	Other*					0	3.4	64	–
50	Kannringen 1	Enhagsslingan 2, 4, Täby		1988/1988	Office	4,101				4,101	5.0	91	32.8
51	Kannringen 2	Enhagsslingan 6, 8, Täby		1991/1991	Office	1,972	34			2,006	2.5	90	16.1
52	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,541	319		1,374	14,234	18.5	98	95.8
53	Linjalen 60	Mättbandsv. 12, Täby		1991/1991	Office	2,873	950			3,823	4.2	98	23.6
54	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Warehouse/logistics		778			778	0.8	100	6.7
55	Linjalen 65	Mättbandsv. 8, 10, Täby		1989/1989	Retail		600	750		1,350	1.1	100	6.8
56	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Warehouse/logistics		3,815	108		3,923	4.3	100	19.4
57	Linjalen 7	Mättbandsv. 4, Täby		1989/1989	Warehouse/logistics		800			800	0.7	100	4.4
58	Linjalen 8	Mättbandsv. 6, Täby		1989/1989	Warehouse/logistics		600			600	0.4	0	3.2
59	Lodet 2	Tumstocksv. 9, 11, Täby		1990/1990	Office	5,082	3,321	70	6	8,479	8.7	95	47.4
60	Mätstången 2	Linjalv. 6 A-B, Kundv. 5, Täby		1991/1991	Office	3,844				3,844	4.2	97	24.0
61	Roslags-Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Retail								–
62	Roslags-Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Retail								–
63	Roslags-Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Retail		530	2,181		2,711	3.0	100	11.3
64	Roslags-Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Retail								–
65	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Warehouse/logistics	197	630			827	0.5	28	5.4
66	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Warehouse/logistics		1,634	258		1,892	1.5	63	11.9
67	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	850	714			1,564	1.6	100	17.4
68	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Warehouse/logistics		960			960	0.4	0	5.0
69	Svånghjulet 1	Enhagsslingan 23, 25, Täby		1990/1990	Other*	591	424	445	2,731	4,191	4.9	99	–
70	Svånghjulet 2	Enhagsslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12		1,323	2,995	3.9	99	22.4
71	Svånghjulet 3	Enhagsslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579			4,908	5.7	94	32.2
72–73	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Warehouse/logistics	1,385	2,131			3,516	3.6	87	15.9
74	Ventilen 1	Enhagsslingan 1A-B, Täby		1987/1987	Office	1,984	675	296		2,955	3.3	93	17.7
75	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,407	390			2,797	3.5	95	15.7
76	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,210	353	337		1,900	1.4	65	9.2
77	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	941	12		254	1,207	1.5	100	8.2
TOTAL STOCKHOLM NORTH						382,988	91,316	33,641	45,124	553,068	890.7	83	5,122.1

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
A property can consist of a number of jointly administered properties or several large buildings.



Stockholm South

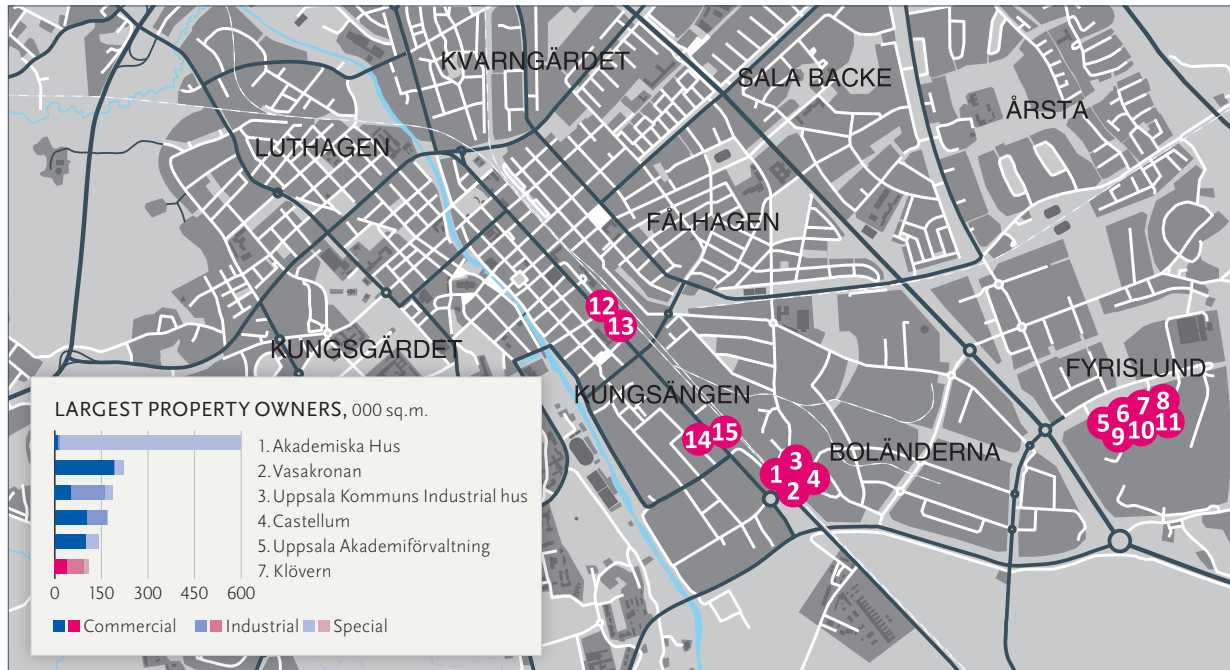


STOCKHOLM SOUTH

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	Warehouse/logistics	Retail	Other*			
1	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics							101.6
2	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics		26,617		1,008	27,625	18.8	28.6
3	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics							6.6
4	Brynjan 5	Solfagrav. 33, 35, Huddinge		1965/1965	Warehouse/logistics	758	1,795			2,553	2.7	11.0
5	Ellipsen 5	Ellipsv., Huddinge		1997/1997	Office	2,800				2,800	2.6	16.3
6	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600				1,600	3.2	20.5
7	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Other		477		2,459	2,936	7.2	22.7
8	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232			4,480	7.8	48.6
9-12	Arenan 2	Arenaslingan 1-3, Arenav. 49, 55-63, Johanneshov		1989/1989	Office	32,524	3,605	17,858	298	54,285	150.4	1 051.0
13-14	Arenan 3	Arenav. 39-47, Johanneshov		1989/1989	Office	13,812	992		1,799	16,603	46.8	276.0
15-18	Arenan 6	Arenav. 17, 21-35, Johanneshov		1991/1993	Office	16,962	2,617	3,852	7,297	30,728	83.4	269.3
19	Arenan 8	Arenav. 7-13, Johanneshov		2001/2001	Office	14,150				14,150	37.0	219.0
20	Konsumenten 3	Konsumentv, Varuv. 7, Älvsjö	S	1966/1966	Warehouse/logistics	700	9,488		31	10,219	9.8	48.0
TOTAL STOCKHOLM SOUTH						87,554	45,823	21,710	12,892	167,979	369.7	2,119.3

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
A property can consist of a number of jointly administered properties or several large buildings.

Uppsala



UPPSALA

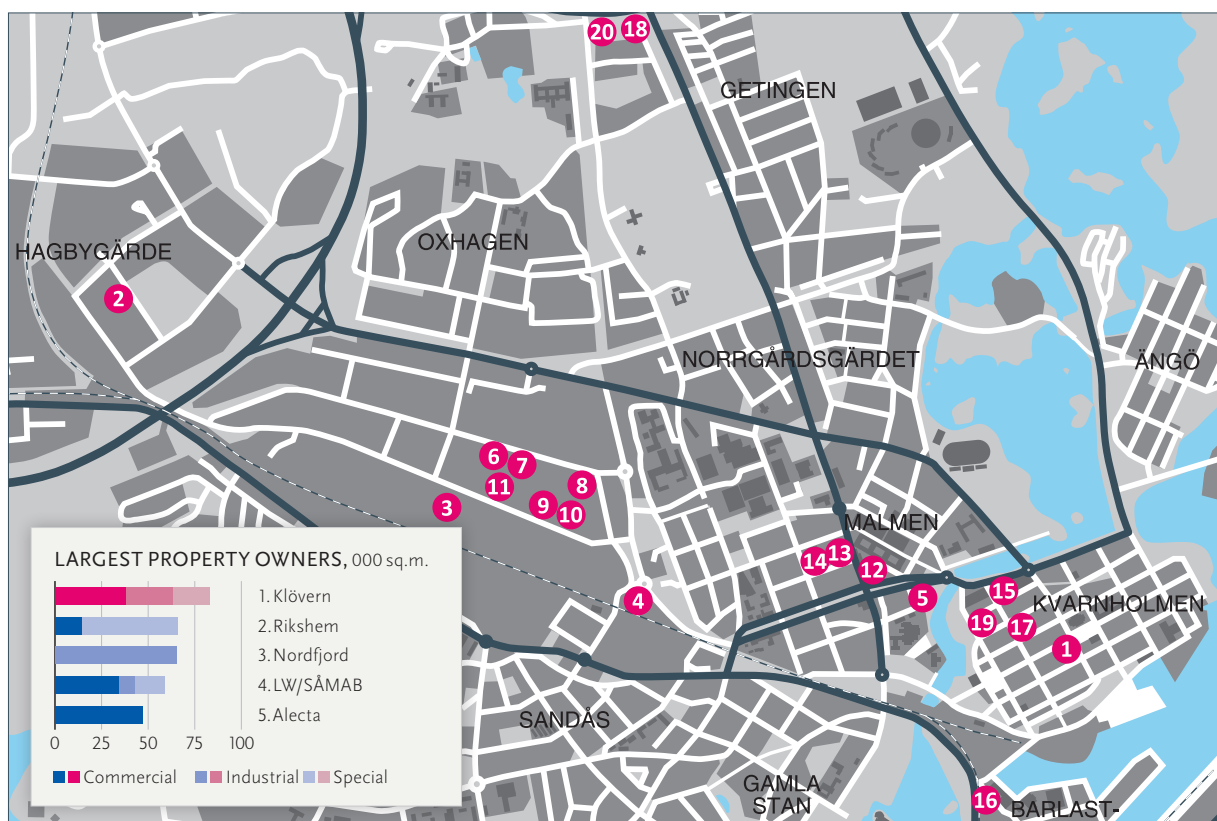
No.	Property	Address	Site leasehold	Building year/value	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Ware-house/logistics	Retail	Other*			
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	18,286	373	86	337	29.1	93	169.0
5-11	Fyrislund 6:6	Rapsg. 7, Uppsala		1921/2003	Other*	22,359	18,975	2,023	26,725	120.5	88	453.6
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office	10,149	37	846		25.1	92	139.0
13	Kungsängen 10:2	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office					–		56.4
14	Kungsängen 24:3	Kungsängsv. 70-74, Uppsala		1998/1998	Retail	696		5,665		9.2	94	62.4
15	Kungsängen 29:1	Kungsg. 70A-E, Uppsala		1985/1985	Office	2,428	342	1,707		6.2	100	36.2
TOTAL UPPSALA						53,918	19,727	10,327	27,062	190.0	90	916.6

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016. A property can consist of a number of jointly administered properties or several large buildings.

	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
	Office	Ware-house/logistics	Retail	Other*			
TOTAL STOCKHOLM REGION	524,460	156,865	65,678	85,078	1,450.4	87	8,158.0
TOTAL KLÖVERN	1,378,349	937,697	281,114	345,529	3,386.2	89	16,821.5

EAST REGION

Kalmar

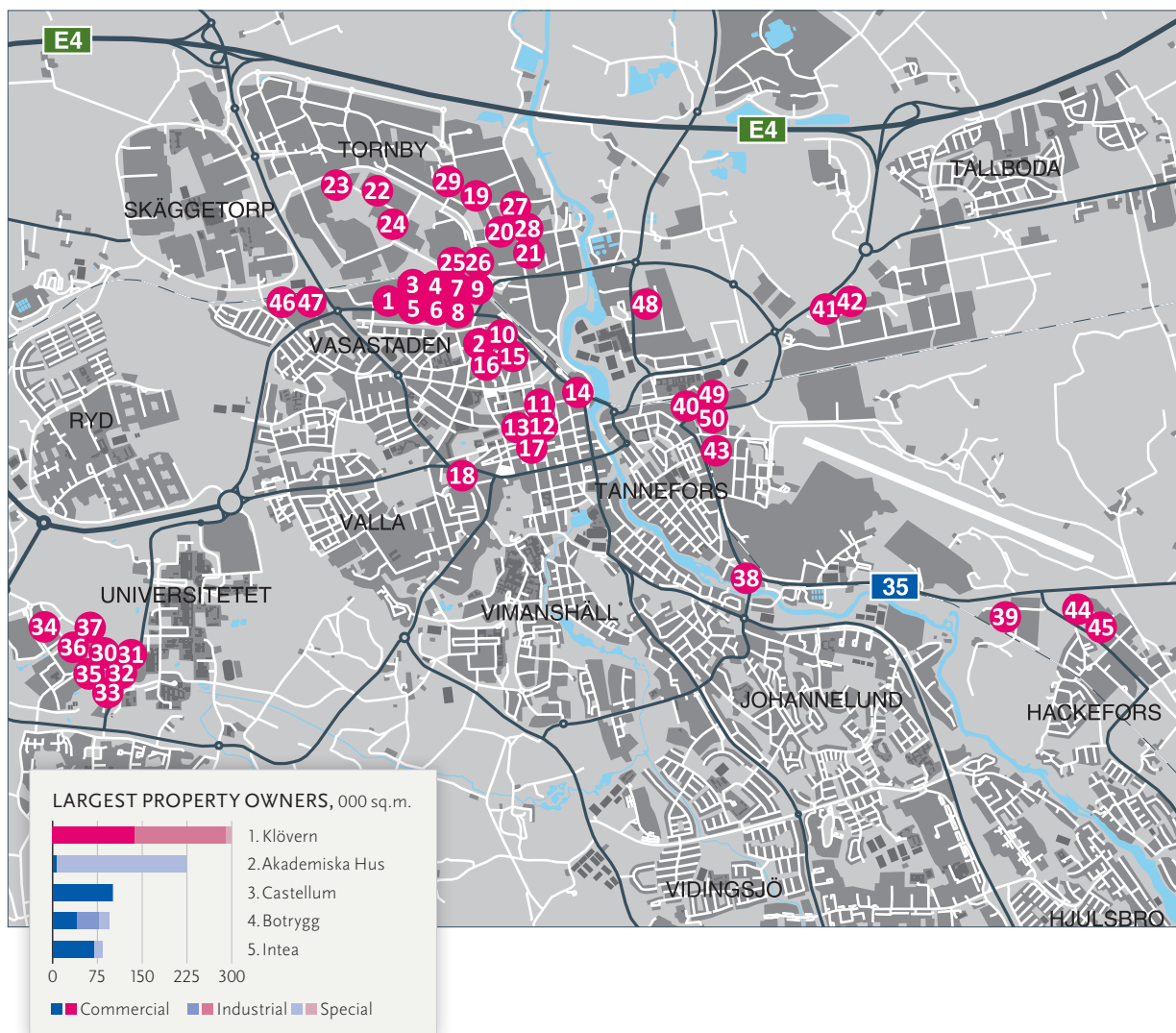


KALMAR

KALMAR						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Retail	771	101	817	182	1,871	3.1	99	21.0
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Warehouse/logistics	1,035	9,863			10,898	6.8	98	21.7
3	Elefanten 3	Torsåsg. 9, Kalmar		1970/1971	Office	3,912	2,000	2,500		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	–
5	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Other*	396	404		2,229	3,029	2.3	98	16.6
6–10	Gumsen 31	Verkstadsbg. 3, Kalmar		1950/1960	Warehouse/logistics	5,842	11,657	1,153	6,545	25,197	15.9	97	41.6
11	Gumsen 41	Torsåsg. 16, Kalmar		1975/1975	Office	2,042				2,042	1.4	100	5.2
12	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Other*	1,752	1,094	615	3,302	6,762	7.3	90	14.5
13	Korpen 18	Fabriksg. 31, Kalmar		1976/1976	Office	2,072	192		1,402	3,666	4.3	99	23.8
14	Korpen 20	Fabriksg. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,351	121		3,910	6,382	7.4	91	–
15	Lärlingen 5	Kaggensg 40, 42, 44, Strömg. 7, Kalmar		1960/1960	Office	2,586	265	375	1,387	4,612	5.3	97	29.6
16	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Office	1,253			1,006	2,259	3.4	100	10.4
17	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Retail	568	21	748		1,337	2.1	99	14.6
18	Rybsen 1	Dagöv. 1B, Kalmar		2000/2000	Office	1,112				1,112	1.3	100	6.9
19	Tenngjutaren 1	Strömg. 2, Larmg. 40, Kalmar		1974/1979	Office	1,272	82		297	1,651	1.9	67	12.8
20	Timotejen 1	Öselv. 1, Kalmar		1991/1991	Office	902		650		1,552	1.4	100	4.6
–	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.3	100	44.7
–	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Warehouse/logistics		5,300			5,300	3.4	100	19.5
TOTAL KALMAR						36,815	32,207	6,858	21,900	97,779	85.0	96	310.0

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
A property can consist of a number of jointly administered properties or several large buildings.

Linköping

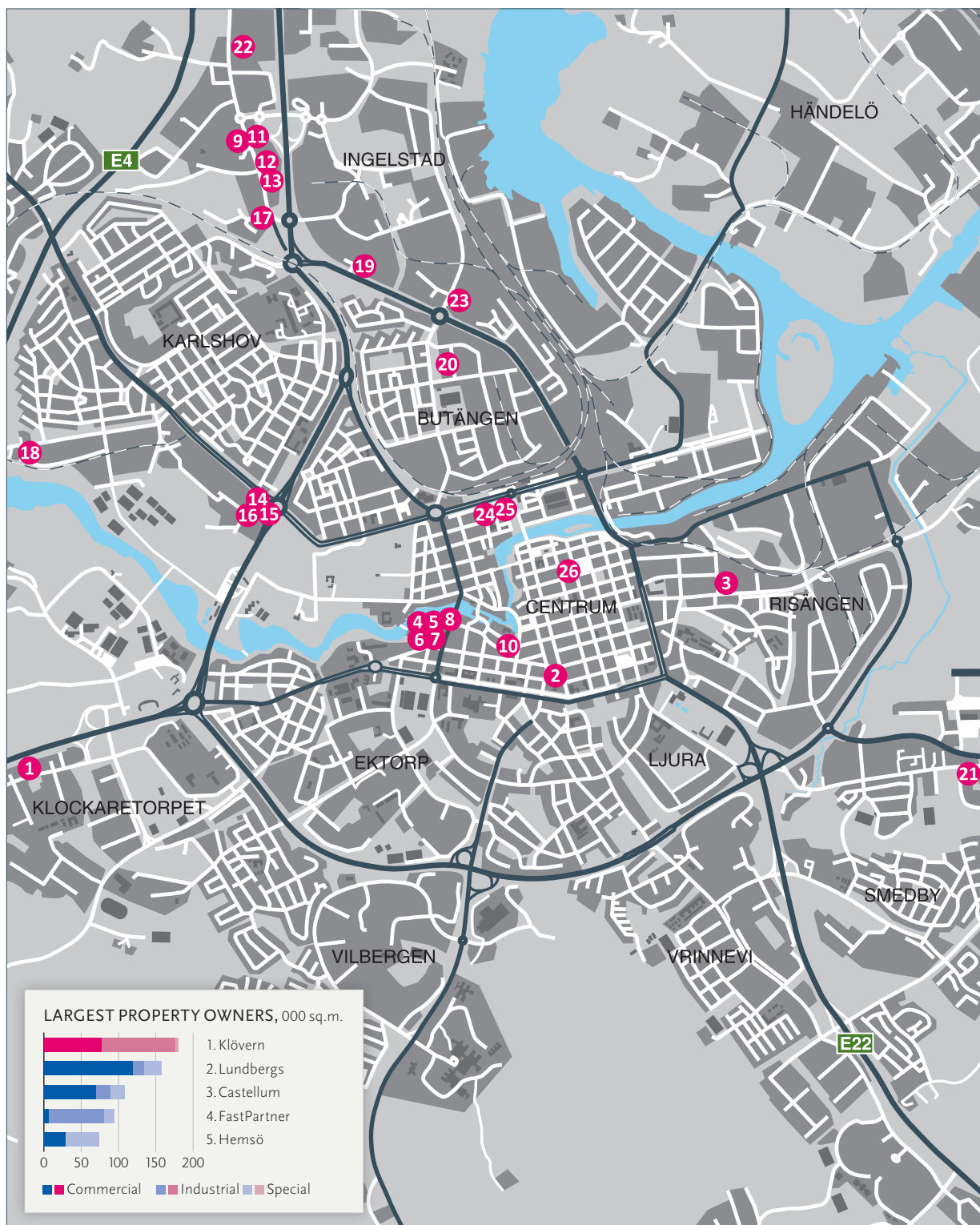


LINKÖPING

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	Ware-house/ logistics	Retail	Other*				
1	Ackordet 10	Industrial g. 15, Linköping		1954/1954	Retail	904	199	3,269		4,372	4.5	88	24.4
2	Amor 1	Platensg. 26, Linköping		1929/1990	Office	3,292				3,292	6.6	100	38.6
3	Antennen 15	Mellang. 9, Linköping		1986/1986	Office	7,511	2,518	972	464	11,465	7.5	66	56.9
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office								–
5	Antennen 23	Industrial g. 11A-C, Linköping		1986/1986	Office								–
6	Antennen 24	Industrial g. 11A-C, Linköping		1947/1972	Office								–
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	Industry/warehouse	928	1,016			1,944	1.0	94	8.8
8	Antennen 6	Industrial g. 9, Linköping		1954/1988	Industry/warehouse								–
9	Antennen 9	Alkag. 4-6, Linköping		1948/1988	Office	2,814	2,356		138	5,308	3.9	48	21.1
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A-D, Linköping		1929/1959	Office	3,725	361	112	271	4,469	6.4	98	27.4
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,328	584			7,912	12.5	97	57.9
12	Brevduvan 20	Åg. 31, S:t Larsg. 24, Linköping		1990/1990	Office	3,298	223	509	38	4,068	6.6	93	46.4
13	Brevduvan 21	Klosterg. 19, Åg. 33-37, Linköping		1991/1991	Office	8,938	68	348	234	9,588	12.8	100	100.0
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1-3, Linköping		1958/1992	Office	5,757	151	1,528	3,047	10,483	14.5	88	96.0
15	Bävern 13	Hertig Karlsg. 2 A-C, 4 A-B, Linköping		1981/1981	Office	5,441	395		55	5,891	8.0	99	44.2
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				996	996	0.8	98	–
17	Dahlian 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Retail	1,828	319	2,249	298	4,694	8.5	97	52.8
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,310				6,310	9.5	99	43.8
19	Galgen 3	Gillbergag. 23, 25, Linköping		1975/1975	Office	1,553	846	1,409	96	3,904	2.7	82	16.8
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	Industry/warehouse	5,149	9,298	440	472	15,359	7.5	75	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A-D, Roxeng. 18, Linköping		1946/1960	Office	3,751	599			4,350	3.4	85	21.0
22	Glasberget 1	Attorpsg. 7-23, Linköping		1989/1992	Office	7,030	1,003		1,575	9,608	8.9	94	43.5
23	Glasbitten 1	Attorpsg. 2, Linköping		1977/1977	Industry/warehouse		4,160			4,160	4.2	100	16.4
24	Glasbitten 7	Roxtorpsg. 9, Linköping		1973/1989	Other*	2,021	3,551		6,040	11,612	13.2	95	42.2
25–26	Glasblåsaren 7	Tornbyv. 1, Linköping		1929/1929	Retail	3,449	744	5,784	264	10,241	11.5	78	72.4
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	Industry/warehouse	954	1,867		360	3,181	1.7	91	10.0
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,772		310		2,082	2.1	99	10.8
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,373	99			1,472	1.9	100	10.9
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,946	66			4,012	4.6	98	27.0
31–33	Idéläran 1	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping		1986/1999	Office	15,683	934		22	16,639	23.1	96	127.3
34	Idéskaparen 2	Datalinjen 4, Linköping		1999/2002	Office	23,650				23,650	24.0	100	150.6
35	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5.1	100	–
36–37	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping		1990/2001	Office	21,535	102	670	345	22,652	28.1	93	160.8
38	Kvarnen 4	Nya Tanneforsv. 96, 96A-B, Linköping		1935/1955	Retail	2,036	1,028	2,084		5,148	3.4	87	19.6
39	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	Industry/warehouse	450	14,440			14,890	4.7	88	32.3
40	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	Industry/warehouse		635			635	0.2	100	2.9
41	Magneten 2	Finnög. 12, Linköping	S	1980/1980	Industry/warehouse	54	6,175			6,229	3.5	94	20.5
42	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	Industry/warehouse						–		–
43	Mekanikern 22	G Tanneforsv. 17A, Vemarkg. 1, 3, 5, 7, 9, Linköping		1947/1998	Industry/warehouse	4,067	12,296		4,593	20,956	13.5	95	44.4
44	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	Industry/warehouse	655	10,535		21	11,212	5.9	66	30.1
45	Navhålet 3	Låsblecksg. 5, Linköping		1991/1991	Industry/warehouse	2,778	3,684			6,462	3.2	54	19.8
46–47	Oboisten 2	Barhällsg. 1, 10, Linköping		1952/1952	Industry/warehouse	73	8,993	568		9,634	3.4	82	21.1
48	Paletten 1	Gumpekullav. 8, Ottarg. 3, Linköping		1980/1980	Office	5,343	341		8	5,692	6.0	97	26.6
49	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	Industry/warehouse		1,071			1,071	0.5	100	4.4
50	Tannefors 1:90	Hagalundsv. 3B, Linköping		Site	Other*					0	–	0	–
TOTAL LINKÖPING						165,396	90,657	20,252	24,063	300,368	289.3	92	1,590.8

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Norrköping



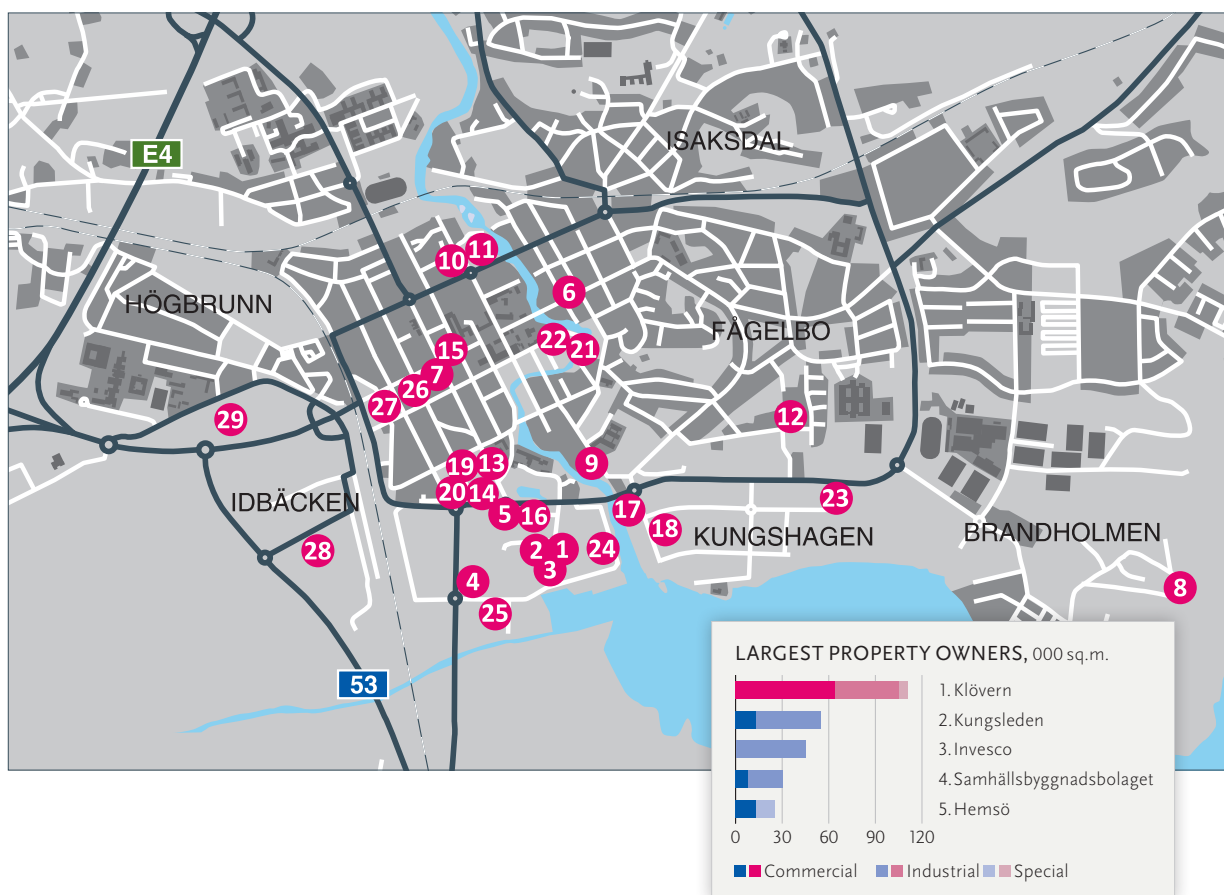
NORRKÖPING

						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58			1,204	1.2	100	3.6
2	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	2,369	164	1,364	1,016	4,913	8.6	100	51.8
3	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	2,659	1,698		530	4,887	4.6	98	12.6
4-7	Kopparham-maren 2	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	27,809	1,299	1,096	8,629	38,833	48.5	88	184.3
8	Kopparham-maren 7	Kungsg. 56, N Grytsg. 2,4,6, Norrköping		1929/1929	Office	3,377	113		990	4,480	8.9	98	-
9	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	3,956	3,234			7,190	6.1	100	42.3
10	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.6	100	82.0
11	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Warehouse/Logistics	755	2,623	610		3,988	2.9	84	15.9
12	Malmen 6	Kopparg. 10, Norrköping		1963/1963	Warehouse/Logistics		6,900			6,900	2.1	0	19.7
13	Malmen 8	Kopparg. 10, Norrköping		Site	Other*					0	0.9	100	2.0
14-16	Omformaren 7	Hagag. 10, Norrköping		1951/1968	Warehouse/Logistics		4,960	4,178	3,065	12,203	7.1	79	21.3
17	Platinan 1	Platinag. 1, Norrköping		1988/1988	Retail			4,375		4,375	2.9	100	14.4
18	Regulatern 3	Kabelv. 15, Norrköping		1996/1996	Warehouse/Logistics	1,365	2,287	580	473	4,705	2.8	53	14.9
19	Reläet 9	Ståthögav. 48, Norrköping		1960/1993	Warehouse/Logistics	5,520	22,088	1,621	2,961	32,190	19.5	71	82.7
20	Ritsaren 10	Industrial g. 7-9, Masking. 23, Norrköping		1964/1986	Retail		151	4,851	696	5,698	5.2	100	17.3
21	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	4,621	2,308			6,929	6.7	95	28.7
22	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Warehouse/Logistics		6,866			6,866	2.7	100	31.8
23	Statorn 10	Malmg. 4, Norrköping		1938/1978	Warehouse/Logistics	1,747	1,758	1,085	61	4,651	4.3	100	16.6
24	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,586	243	2,878	810	12,517	14.3	88	78.0
25	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office								-
26	Svärdet 8	Hospitalsg. 17 mfl, Norrköping		1967/1976	Office	7,638	15	365		8,018	12.5	100	61.4
TOTAL NORRKÖPING						79,697	56,765	23,003	20,847	180,312	177.4	89	781.3

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A property can consist of a number of jointly administered properties or several large buildings.




Nyköping



NYKÖPING

						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
1-3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,919	12,490		5,018	31,427	22.7	71	91.3
4	Ana 12	Spelhagsvägen 1, Nyköping		1984/1984	Warehouse/Logistics		2,710	520	10	3,240	3.0	96	9.6
5	Ana 13	Nyckelv. 14, Nyköping		Site	Other*					0	0.0	0	0.9
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Retail	400		802	681	1,883	2.3	100	15.2
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping		1929/1987	Retail	175	19	1,531	856	2,581	3.7	94	25.8
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Warehouse/Logistics	251	7,464		97	7,812	3.8	86	23.2
9	Brädgården 3	Folkkungav. 1, Nyköping		Site	Other*					0	0.2	92	0.0
10-11	Fors 11	Repslagareg. 43, Nyköping		1929/1987	Office	8,857	2,114	506		11,477	13.9	91	53.0
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.4	100	0.0
13	Glödlampen 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Retail	229		570		799	1.0	100	4.3
14	Glödlampen 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535				535	1.0	100	3.9
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Retail	475		691		1,166	1.7	98	11.5
16	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	0.9	100	4.7
17	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg. 4, 6, Nyköping		1929/1989	Office	1,167		450		1,617	2.2	87	11.4
18	Lansen 13	Gasverksv. 2, Ö Längdg. 5, 7, Nyköping		1977/1991	Office	4,003	150	2,120		6,273	7.0	90	36.9
19-20	Mjölklaskan 8	Bagareg. 3 A-C, Fruängsg. 4, Kungsg. 16, Nyköping		1929/1940	Other*	3,782	346	157	3,792	8,077	10.5	95	0.0
21	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,854	20	270		2,144	3.0	85	14.5
22	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,626	217			1,843	1.9	80	11.1
23	Skölden 2	Gasverksv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.8	100	8.5
24	Spelshagen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Warehouse/Logistics	190	4,613		1,200	6,003	1.6	33	7.8
25	Spänten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Retail			1,280		1,280	1.3	100	10.6
26-27	Standard 17	V Storg. 2-6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping		1969/1993	Office	3,057	44	2,975	550	6,626	9.5	97	60.5
28	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Retail	173	1,460	3,285		4,918	3.6	100	13.4
29	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.0	100	0.0
-	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Warehouse/Logistics	647	1,943	644	1,423	4,657	4.0	72	13.7
-	Fabrikatet 4	Materialv. 3, Nyköping		Site	Other*					0	0.0	0	0.5
-	Fabrikatet 5	Materialv. 3, Nyköping		Site	Other*					0	0.0	0	0.3
TOTAL NYKÖPING						43,947	33,680	15,801	19,287	112,715	107.1	87	432.5

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities.  Acquisitions during 2016.
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Karlskrona

Contract signed for divestment of the property portfolio.

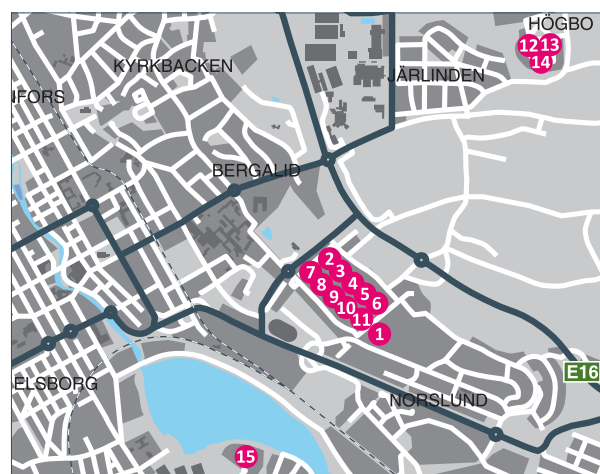
						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
	Fregatten 16	Långg. 7, Karlskrona		1980/1980	Other*				5,935	5,935	6.0	100	0.0
	Gullbernahult 1	Koloniv. m.fl, Gullberna Park, Karlskrona		Site	Other*					0	0.0	100	0.0
	Gullbernahult 12	Adoniv. Gullberna Park, Karlskrona		2016/2016	Other*				640	640	1.9	100	0.0
	Gullbernahult 21	Storören, Måsskär, Gullberna Park, Karlskrona		1961/1961	Other*	650	174		5,322	6,146	5.8	100	6.7
	Gullbernahult 26	Ljungskär, Tvegölja, Gullberna Park, Karlskrona		1956/1956	Other*	1,597	1,791	650	8,736	12,774	11.5	90	20.0
	Gullbernahult 31	Koloniv. 58, 60, 62, Karlskrona		1993/1993	Other*		109		4,198	4,307	4.4	100	30.8
	Gullbernahult 82	Flaggskär, Söderskär, Gullberna Park, Karlskrona		1958/1958	Office	3,068	1,552	657	2,053	7,330	4.7	61	20.7
	Pimpinellan 1	Väderg. 9, Karlskrona		2009/2009	Other*				960	960	2.4	100	0.0
	Psilander 60	Ölandsg. 1, Karlskrona		1939/1995	Office	14,470				14,470	13.6	100	104.0
	Skeppsbron 1	Skeppsbrokajen 4a, 4b, 6, Karlskrona		2012/2012	Office	2,114		280		2,394	6.4	100	51.7
	Skeppsbron 2	Skeppsbrokajen 10, Karlskrona		2013/2013	Office	200			200	400	0.9	100	4.4
	Skeppsbron 3	Skeppsbrokajen 8, Karlskrona		2015/2015	Office	1,795			140	1,935	4.7	100	24.9
TOTAL KARLSKRONA						23,894	3,626	1,587	28,184	57,290	62.4	95	263.2

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
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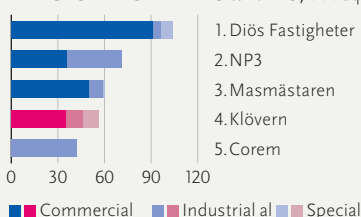
	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Ware-house/ logistics	Retail	Other*	Area, sq.m.			
TOTAL EAST REGION	349,748	216,933	67,501	114,280	748,462	721.2	91	3,377.8
TOTAL KLÖVERN	1,378,349	937,697	281,114	345,529	2,942,689	3,386.2	89	16,821.5

CENTRAL REGION

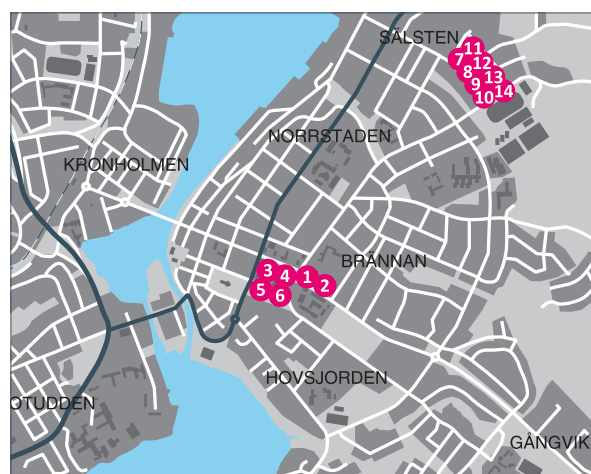
Falun



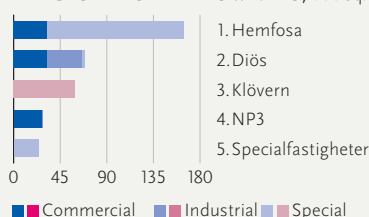
LARGEST PROPERTY OWNERS, 000 sq.m.



Härnösand



LARGEST PROPERTY OWNERS, 000 sq.m.



FALUN

FALUN						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site leasehold	Building year/value year	Type of property	Office	Warehouse/ logistics	Retail	Other*				Area, sq.m.
1	Falun 8:31	Surbrunnsv. 28, Falun		1941/1941	Warehouse/Logistics		449			449	0.1	100	3.7
2-11	Falun 8:9	Bataljonsv., Soldatv. m.fl, Falun		1908 m.fl	Office	15,996	10,481	1,209	10,140	37,827	29.3	90	97.6
12-14	Högbo 1:22	Högbo 5, 6, 11, 13, 15, Falun		1929/1929	Other*		202		5,499	5,701	5.6	99	28.6
15	Kvarnberget 1:6	Pelle Bergs Backe 3, Falun		1977/1977	Office	8,693	3,001	568	245	12,507	8.8	72	33.1
TOTAL FALUN						24.689	14.133	1.777	15.884	56.484	43.7	87	163.0

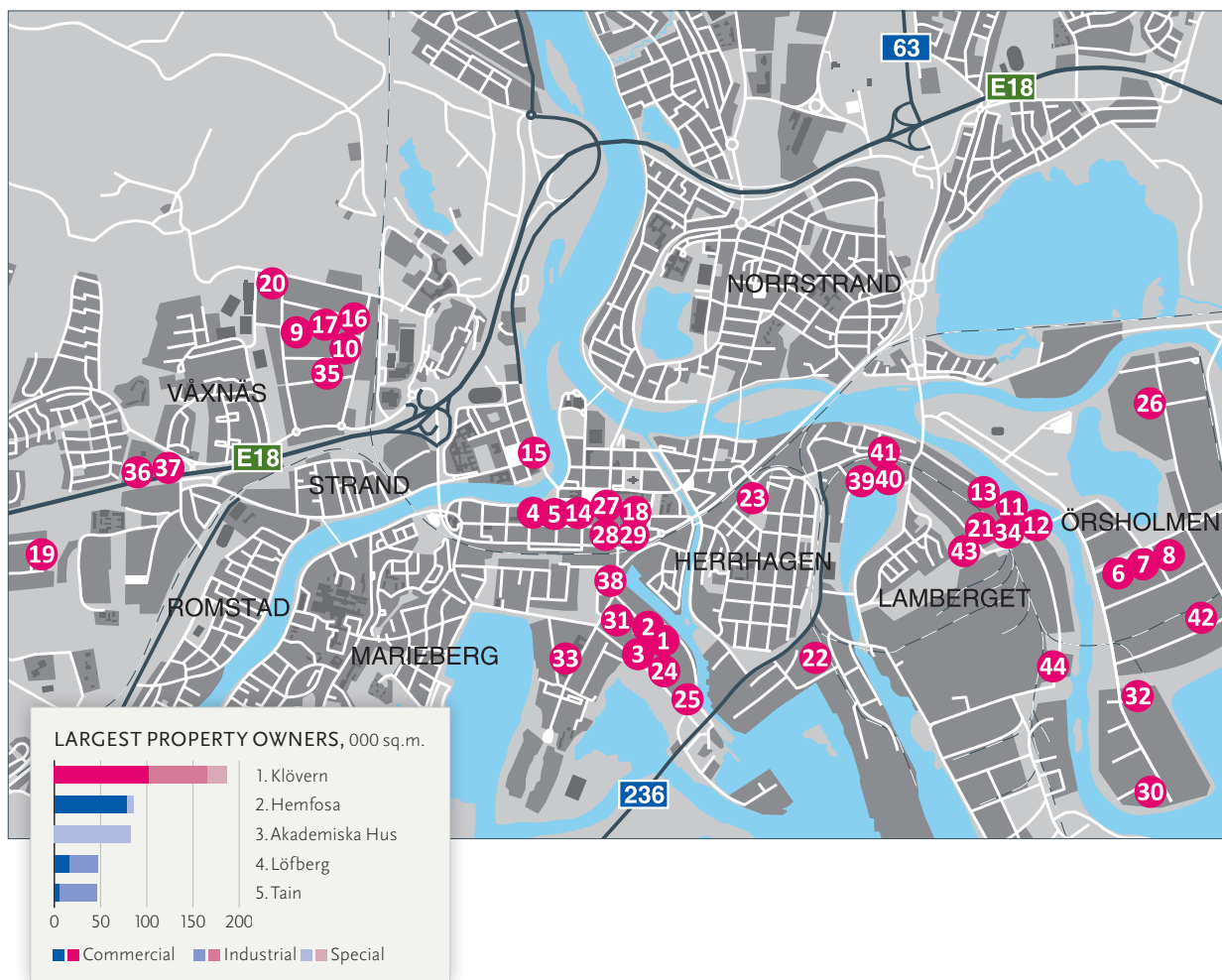
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HÄRNÖSAND/SOLLEFTEÅ

HÄRNÖSAND/SOLLEFTEÅ						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site leasehold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
1-2	Seminariet 16	Kastellg., Gångsviksv., Härnösand		1912/1960	Other*	1,796	53		2,503	4,352	2.3	42	–
3-6	Ädelstenen 6	Brunnshusg, Nybrog, Trädgårdsg, Gångsviksv, Härnösand		1912/1947	Other*	8,854	2,242		14,362	25,458	22.4	78	–
7-14	Ön 2:41	Kusthöjden, Sälstensgränd, Officersgränd, Härnösand		1944/1975	Office	20,568	7,455	315	1,276	29,614	24.9	92	33.1
–	Remsle 13:64	Nipån, Sollefteå		1929/1929	Office	14,774	9,124	2,282	3,153	29,333	20.8	98	47.2
TOTAL HÄRNÖSAND/SOLLEFTEÅ						45,992	18,874	2,597	21,294	88,757	70.5	88	80.2

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
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Karlstad

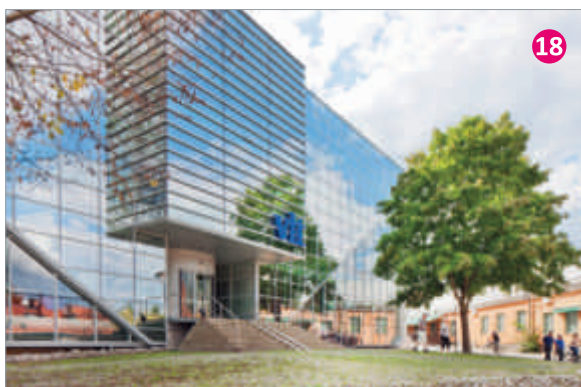
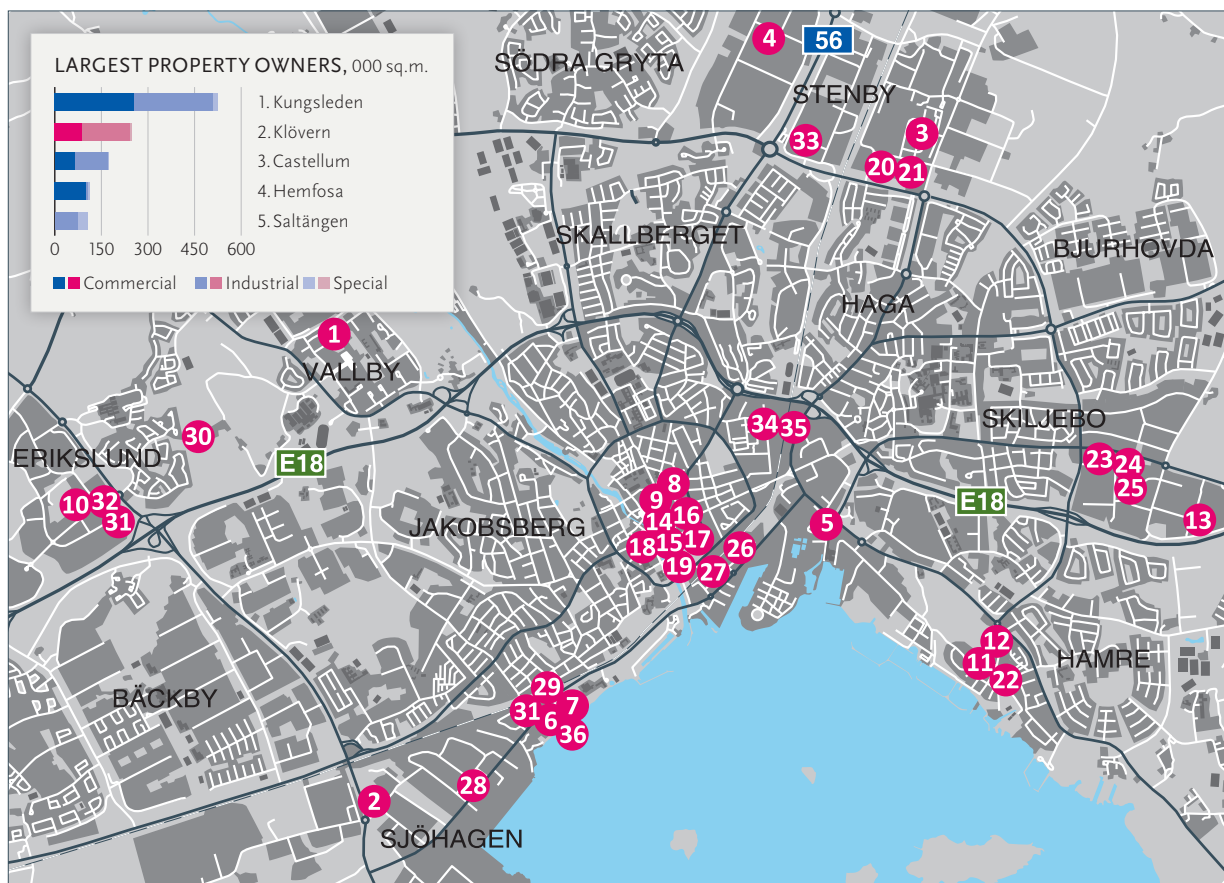


KARLSTAD

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	Ware- house/ logistics	Retail	Other*				
1–2	Barkassen 7	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	11,715	53	569		12,337	17.3	106.4	
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,876	169			7,045	10.6	58.8	
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,741	3,672		40	7,453	7.5	34.2	
5	Björnen 7	Järnvägsg. 7, Karlstad		1965/1965	Office	1,380	216	398	1,330	3,324	5.4	37.9	
6	Blåsten 3	Stormg. 6, Karlstad		1975/1975	Industry/warehouse	473	1,615			2,088	1.3	3.8	
7	Blåsten 4	Stormg. 8, Karlstad		1975/1979	Office	1,936	405			2,341	1.2	5.4	
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	5.4	
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Retail	359		861		1,220	0.9	5.8	
10	Bromsen 6	Ramg. 7, Karlstad		1967/1977	Industry/warehouse	1,660	1,742	204		3,606	3.2	8.1	
11	Bälgen 10	Sågverksg. 35, Karlstad		1959/1988	Office							–	
12	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office							11.6	
13	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	2.2	3.2	
14	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Retail	1,755	44	2,105	348	4,252	6.5	99	
15	Ekorren 11	Malmtorgsg. 6, Karlstad		1929/1992	Office	4,051	501		2 068	6,620	8.1	90	
16	Fjädern 14	Kolvig. 1, Karlstad		1966/1971	Retail	1,323	29	2,780		4,132	3.5	96	
17	Fjädern 16	Bromsg. 4, Karlstad		1991/1991	Office	2,679		1,653		4,332	3.9	89	
18	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	492	2,059	958	6,826	8.9	88	
19	Grästegen 2	Stråg. 3, Karlstad		1990/1990	Office	2,515	24			2,539	2.5	88	
20	Gångjärnet 2	Blockg. 29, Karlstad	S	1964/1974	Industry/warehouse	255	2,814			3,069	2.0	100	
21	Hammaren 21	Gjuterig. 27, 29, Karlstad		1990/1990	Industry/warehouse	774	1,172			1,946	1.4	100	
22	Herrhagen 1:10	Hamnpirsg. 4, Karlstad	S	1986/1987	Office*		475		1,040	1,515	2.0	100	
23	Hybelejen 17	Verkstads g. 20, Karlstad		1929/1985	Office	2,823	98			2,921	3.0	94	
24	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,830	765	477		10,072	13.3	76	
25	Kanoten 9	Kanikenäsbanken 12, Karlstad		1990/1990	Office	8,894				8,894	9.3	100	
26	Kulingen 4	Östanvindsg. 17, Karlstad		1976/1976	Industry/warehouse		7,715	450		8,165	4.8	99	
27–28	Mercurius 3	V Torgg. 10-12, Karlstad		1929/1939	Retail	711	74	1,820		2,605	4.7	94	
29	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	3,009	104	344		3,457	6.4	97	
30	Passadvinden 3	Regnvinds g. 17, Karlstad		1990/1990	Industry/warehouse	309	3,375			3,684	2.8	100	
31	Pinassen 2	Tullhusg. , Karlstad		Site	Other*					0	0.2	100	
32	Regnvinden 1	Dagvindsg. 7, Karlstad		1981/2005	Industry/warehouse	4,166	5,817			9,983	7.1	91	
33	Skepparen 15	Orrholmsg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,537	310		19,202	22,049	21.3	79	
34	Släggan 13	Sågverksg. 20, Karlstad		1981/1981	Industry/warehouse	302	882	566		1,750	1.0	91	
35	Spärren 7	Rattg. 6, Karlstad		1968/1968	Office	834	598	476		1,908	1.5	90	
36	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	4,049	73			4,122	4.0	87	
37	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	598				598	0.8	100	
38	Styrmannen 5	Hamntorget 1-3, Karlstad		1991/1991	Office	6,866	422			7,288	9.5	93	
39	Sågen 1	Faktorig. 13, Industrial g. 1, Karlstad	S	1986/1986	Office	3,213				3,213	2.7	76	
40	Sågen 2	Faktorig. 15, Karlstad		1988/1988	Office	1,611				1,611	1.5	100	
41	Sågen 9	Lantvärnsg. 8, Karlstad		1972/1972	Office	1,214	1,087			2,301	2.1	93	
42	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Industry/warehouse	303	12,854			13,157	8.1	94	
43	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Office	984	490	500		1,974	1.4	92	
44	Ugnen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.2	93	
–	Uroxen 14	Kungsg. 28, Kristinehamn		1954/1954	Office	1,675	231		1,100	3,006	2.7	96	
TOTAL KARLSTAD						102,484	49,125	15,262	26,086	192,957	198.8	91	1,011.9

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Västerås

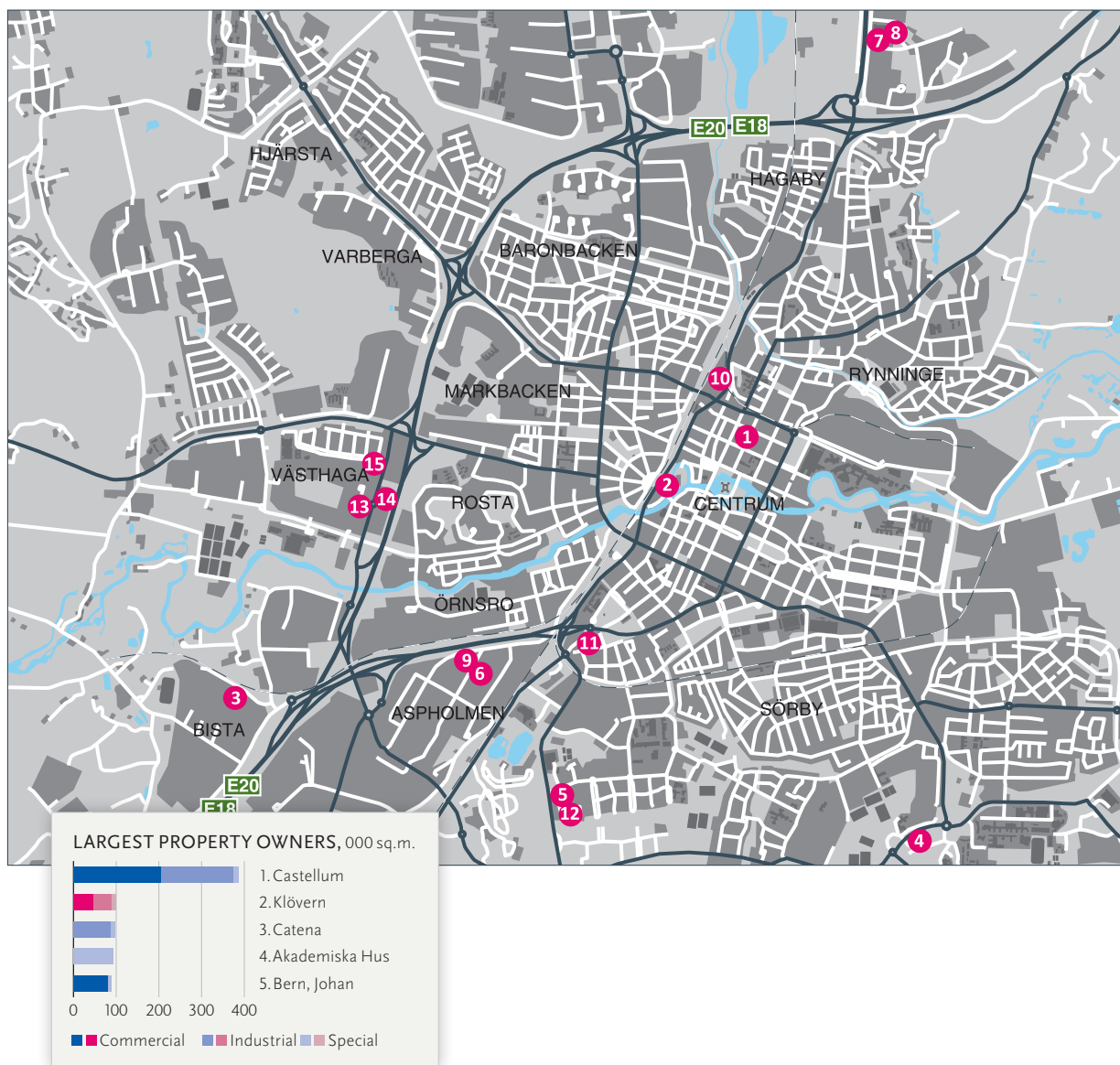


VÄSTERÅS

						Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Office	Ware- house/ logistics	Retail	Other*				Area, sq.m.
1	Allmogekultu- ren 5	Svalgången, Västerås		1966/1991	Office	5,296	553	3,841	5,242	14,932	12.6	79	54.6
2	Bogserbåten 1	Saltängsv. 22, Västerås		Site	Other*					0	–	0	1.0
3	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås		1966/1990	Office	4,328			1,617	5,945	5.5	100	25.6
4	Friedningen 18	Elledningsg. 5B, Västerås		1988/1988	Warehouse/Logistics		940			940	0.4	100	4.2
5	Gastuben 5	Björnv. 8, Västerås		1943/1943	Retail			2,442		2,442	2.0	92	13.0
6	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås		1957/1962	Office	12,871	11,482	450	5,053	29,856	18.1	85	72.8
7	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Retail			2,992	8	3,000	0.9	2	11.1
8	Inge 10	Smedjeg. 8, Västerås		1939/1960	Retail	528	265	3,532	1,550	5,875	6.6	87	48.5
9	Klas 8	Smedjeg. 13, Västerås		1956/1956	Retail	1,322	183	2,196	1,774	5,475	8.9	99	48.4
10	Kranlinan 1	Traversg. 13, Västerås		2009/2009	Warehouse/Logistics		2,582	2,423		5,005	5.6	100	27.5
11–12	Kryssen 3	Regattag. 7-31, 33-53, Västerås		1940/1980	Warehouse/Logistics	5,602	9,449	220	4,193	19,464	12.7	84	44.3
13	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås		1984/1984	Retail			16,742		16,742	18.7	76	77.7
14–17	Leif 19	Hantverkarg. 2, Västerås		1929/1964	Retail	4,775	733	12,492	2,937	20,937	34.3	92	216.7
18	Livia 16	Skomakarg. 2, Västerås		1992/1992	Office	4,989	378	595		5,962	11.8	98	66.2
19	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	2,016	183		2,076	4,275	5.6	95	40.9
20–21	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Office	5,729	4,032			9,761	5.5	50	33.6
22	Regattan 46	Regattag. 8-28 etc, Västerås		1940/1970	Warehouse/Logistics	3,087	8,418	111		11,616	6.8	89	40.7
23	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627				1,627	1.2	100	6.5
24–25	Ringborren 15	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Warehouse/Logistics	8,277	9,775	1,179	378	19,609	15.9	92	60.3
26	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Retail	2,317	2,640	3,417	1,743	10,117	10.1	84	34.2
27	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Warehouse/Logistics		3,213			3,213	0.5	0	2.5
28	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Warehouse/Logistics	329	6,729			7,058	4.8	95	17.3
29	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	755	134			889	0.9	67	3.9
30	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*		18		1,526	1,544	1.1	0	-
31	Traversfö- aren 1	Traversg. 2, Västerås		1988/1996	Retail			2,500		2,500	1.3	37	20.6
32	Traversfö- aren 3	Traversg. 4, Västerås		1990/1990	Retail			2,572		2,572	2.4	64	22.8
33	Turbinen 1	Stenbyg. 2-4, Västerås		1968/1986	Warehouse/Logistics		17,757			17,757	7.9	100	54.0
34–35	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Warehouse/Logistics	3,728	13,281	2,660	778	20,447	15.6	86	37.5
36	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450				1,450	1.5	86	7.5
–	Valpen 3	Björkg. 5, 7, Eskilstuna		1992/1992	Other*				4,308	4,308	4.2	100	–
TOTAL VÄSTERÅS						69,026	92,745	60,364	33,183	255,318	223.5	87	1,093.8

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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	Ware-house/ logistics	Retail	Other*			
1	Bageriet 2	Storg. 24, Örebro		1929/1979	Retail			3,109		3,109	4.6	27.8
2	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302			2,819	4.4	24.5
3	Bleckslagaren 3	Handelsg. 5, Örebro		1969/2007	Warehouse/Logistics		18,842			18,842	10.7	53.9
4	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,267	47	136		5,450	6.8	35.8
5	Fåraherden 1	Riag. 1,3, Örebro		1992/1992	Office	2,191	5		752	2,948	3.7	19.8
6	Importören 2	Skvadronv. 5, Örebro		1970/1970	Warehouse/Logistics	1,055	1,510			2,565	0.7	7.4
7	Karossen 19	Bettorpsg. 10, Örebro		1975/2006	Warehouse/Logistics	3,647	4,159	1,525	3,388	12,719	10.8	38.8
8	Karossen 5	Bettorpsg. 12 B-C, Örebro		2004/2009	Office	2,768	206		2,153	5,127	6.9	20.3
9	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Warehouse/Logistics	1,222	4,898	3,036	1,324	10,480	6.7	27.1
10	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	1,964	2,357	9	4,491	8,821	8.1	–
11	Oxbacken 7	Krontorpsg. 1, Örebro		1981/1988	Office	2,942				2,942	4.5	17.8
12	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931				931	0.8	–
13	Vindhjulet 3	Tunnlandsg. 1, 3, 5, Örebro		1970/1970	Office	18,522	875		18	19,415	28.9	85.6
14	Vindrutan 1	Västhagag. 3, Örebro		1975/1992	Retail		85	1,230		1,315	2.3	10.2
15	Vindtunneln 1	Skäpplandsg. 1A-C, Örebro		1989/1989	Office	3,318	37			3,355	3.4	17.1
TOTAL ÖREBRO						46,344	33,323	9,045	12,126	100,838	103.4	386.4

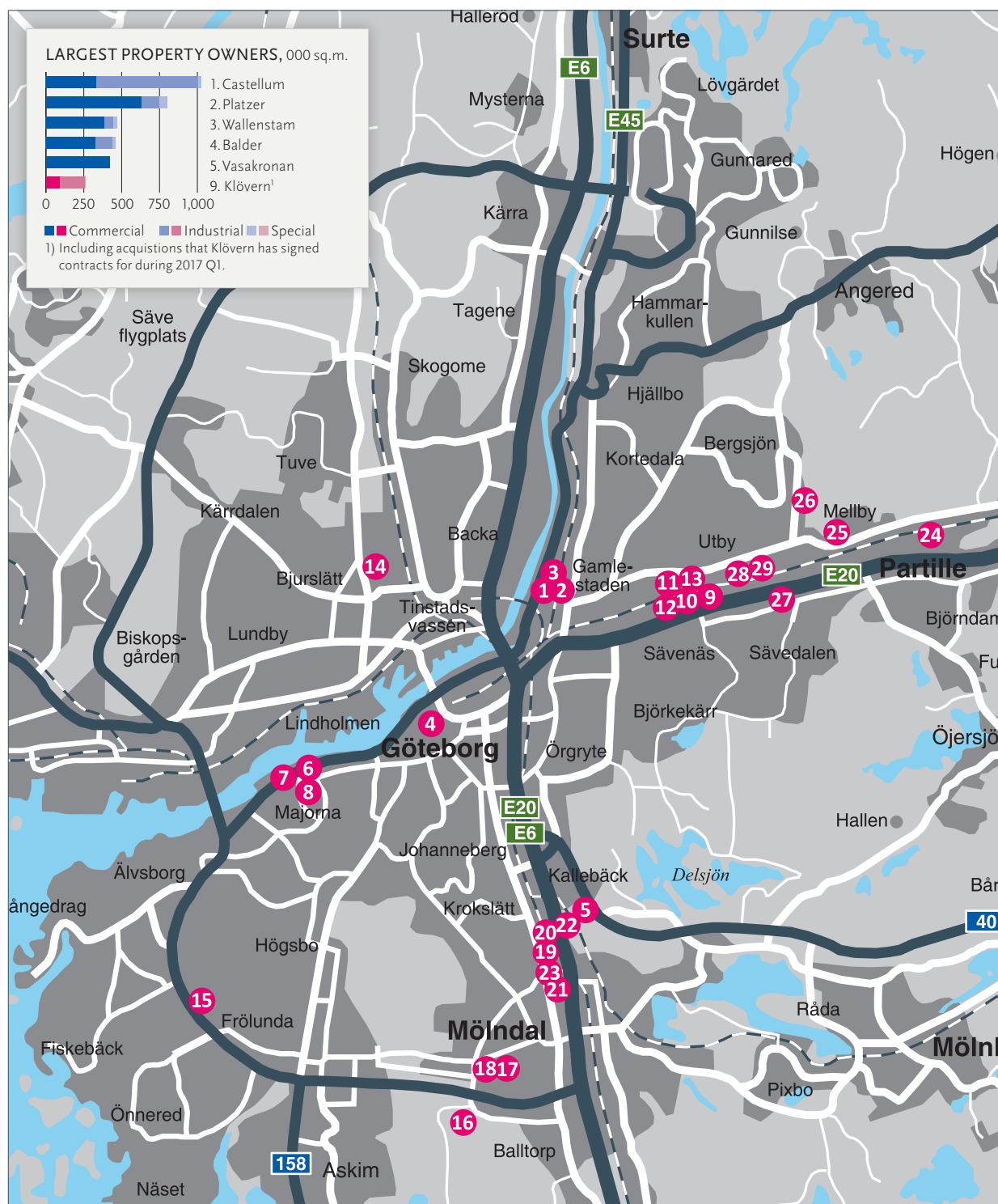
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	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Ware-house/ logistics	Retail	Other*			
TOTAL CENTRAL REGION	288,535	208,200	89,045	108,573	640.0	89	2,735.3
TOTAL KLÖVERN	1,378,349	937,697	281,114	345,529	2,942,689	89	16,821.5

SOUTH REGION

Gothenburg



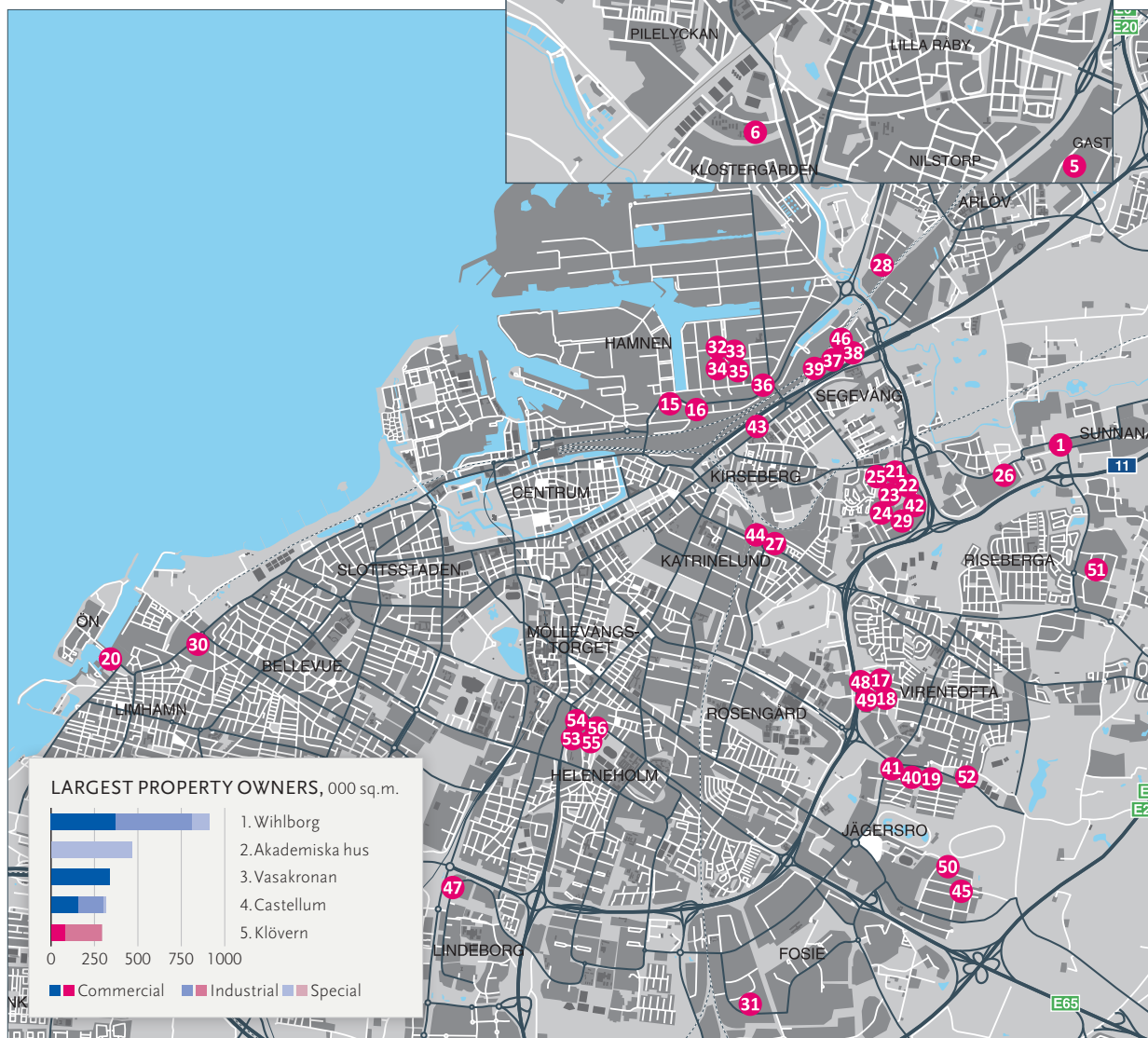
GOTHENBURG

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	Ware-house/ logistics	Retail	Other*				
1-2	Gamlestaden 39:13	Slakthusg. 8, Gothenburg		1963/1963	Warehouse/Logistics	3,990	6,872	328		11,190	12.3	90	36.8
3	Gamlestaden 39:14	Slakthusg. 6, Gothenburg		1905/1952	Warehouse/Logistics		1,000			1,000	0.5	0	2.7
4	Inom Vallgraven 15:2	Drottningg. 28, Södra Hamng. 27, Gothenburg		2003/2003	Office	4,123		217		4,340	13.1	100	104.6
5	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	21,897			200	22,097	22.1	100	93.8
6	Majorna 219:7	Fiskhammsg. 6A-C, Skärgårdsg. 1, Gothenburg	S	2002/2002	Office	11,679	1,933	1,897	201	15,710	26.3	100	164.0
7	Majorna 220:4	Fiskhammsg. 2, Gothenburg		1986/1986	Office	5,745				5,745	9.1	98	53.2
8	Majorna 220:5	Skärgårdsg. 4, Gothenburg		1990/1990	Other*	579	16		3,815	4,410	7.5	100	–
9	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	Warehouse/Logistics	169	7,409			7,578	5.3	99	18.4
10	Sävenäs 170:12	von Utfallsg. 18, 20, Gothenburg		1990/1990	Warehouse/Logistics	950	3,112			4,062	3.2	100	12.1
11	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,624	465			2,089	1.7	93	8.4
12	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg		1991/1991	Office	4,700	509	250		5,459	5.2	87	25.2
13	Sävenäs 170:17	von Utfallsg. 18, 20, Gothenburg		1990/1990	Warehouse/Logistics								1.2
14	Tuve 86:2	Hildedalsg. 1, Gothenburg	S	2007/2007	Warehouse/Logistics		5,301			5,301	4.6	100	24.7
15	Tynnered 1:15	Femvågsskålet 4, Gothenburg	S	1979/1979	Warehouse/Logistics		2,600			2,600	2.5	100	16.6
16	Gastuben 3	Argong. 2D, Mölndal		1991/1994	Office	5,990				5,990	8.5	87	47.1
17-18	Hästägaren 3	Idrottsg. 14-16, Mölndal		2002/2002	Warehouse/Logistics	9,022	39,042			48,064	39.8	100	173.4
19	Spinnaren 5	Göteborgsv. 44, Mölndal		1973/1973	Warehouse/Logistics					0	–	0	5.1
20	Stockrosen 2	Norra Äg. 40, Mölndal		1988/1988	Retail	1,102		1,937		3,039	4.1	100	10.3
21	Stockrosen 7	Norra Äg. 32, Mölndal		1947/1997	Office	3,618	1,007	97		4,722	4.8	91	30.0
22	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	3,263	197			3,460	4.4	100	13.1
23	Violen 1	Göteborgsv. 40, Mölndal		1958/1980	Retail		238	718		956	1.3	100	8.5
24	Lexby 11:236	Laxfiskev. 4B, Partille		2007/2007	Warehouse/Logistics		14,756			14,756	10.0	100	70.2
25	Mellby 3:198	Mellbyv. 21, 23, Partille		1967/1983	Other*				2,576	2,576	3.1	100	–
26	Mellby 5:120	Ögärdesv. 19, Partille		1990/1990	Office	3,862	1,230			5,092	5.4	94	27.4
27	Ugglum 1:76	Göteborgsv.88, Tillfällav. 27-29, Partille		1988/1988	Retail	1,029	270	2,572	421	4,292	5.1	100	24.8
28	Ugglum 9:242	Industrial v. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,827	4,510	365	1,270	15,972	15.3	86	60.6
29	Ugglum 9:243	Industrial v., Partille		Site	Other*					0	–	0	3.3
–	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	0.8	100	–
–	Tollestorp 7:6	Tollestorp sv. 2A-F, Lerum		1990/1990	Warehouse/Logistics		3,197			3,197	1.9	100	9.0
–	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*			121	3,358	3,479	3.1	100	–
–	Ölslanda 10:81	Hantverk sv. 21, Lerum		1990/1990	Warehouse/Logistics		1,716			1,716	0.8	100	4.1
TOTAL GOTHEBURG						93.670	95.440	8.502	12.736	210.348	221.6	97	1.048.6

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2016.
A property can consist of a number of jointly administered properties or several large buildings.



Malmö



The ranking refers to Greater Malmö.

MALMÖ

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*			
1	Sunnanå 12:26	G:a Staffanstopsv., Burlöv			Site					0	—	1.2
2	Annedal 9	Annedalsv. 2B, Lund		1990/1990	Warehouse/Logistics		1,296			1,296	1.5	6.1
3	Gustavshem 2	Gustavshemsv. 9, Lund		1972/1972	Warehouse/Logistics		2,164			2,164	1.7	10.7
4	Gustavshem 6	Gustavshemsv. 1, Lund		1990/1990	Other*	296		751	3,556	4,603	6.4	—
5	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Warehouse/Logistics		4,650			4,650	4.3	20.1
6	Nordanvinden 3	Nordanv. 5,7,9, Östansv. 2, Lund		1966/1966	Retail	595		1,996		2,591	2.9	14.3
7	Rivan 1	Odlarev. 5, Åkergränd 8, Lund		1978/1988	Office	1,484				1,484	2.0	12.3

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	Ware-house/ logistics	Retail	Other*				
8	Traktorn 2	Traktorv. 11, Lund		1975/1986	Office								68.7
9–10	Traktorn 4	Traktorv. 13, Lund		1983/1983	Office	6,974	1,346	5,165	485	13,970	15.9	19	7.2
11	Trumlan 1	Traktorv. 19, Lund		1991–1994/ 1991–1994	Warehouse/Logistics	350	1,263	904		2,517	2.8	100	12.5
12	Välten 4	Traktorv. 8, Lund		2004/2004	Warehouse/Logistics		3,100			3,100	3.3	100	18.9
13	Välten 5	Traktorv. 10, Lund		1974/1987	Warehouse/Logistics		3,645			3,645	3.4	100	12.1
14	Årdret 12	Höstbruksv. 14, Lund		1991/1991	Warehouse/Logistics	281	1,768			2,049	2.2	96	7.9
15	Betongen 11	Krang. 4, Malmö	S	1992/1992	Office	4,872	37			4,909	7.0	80	22.0
16	Bjälken 3	Skruv. 6, Malmö		1963/1963	Warehouse/Logistics	448	2,183			2,631	1.3	0	6.5
17	Brandnåvan 1	Stenbärg. 3, Malmö	S	Site	Other*					0	–	0	3.3
18	Brandnåvan 2	Stenbärg. 1, Malmö	S	1989/1989	Office	2,822				2,822	3.1	87	14.8
19	Brudbuketten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.7	94	7.4
20	Dragör 1	Öv. 6, Malmö		2014/2014	Office	1,692	130	536		2,358	5.5	95	31.6
21–22	Flygfynen 1	Höjdroderg. 29, Flygfältsv. 1, Malmö		1955–2004/ 1955–2004	Warehouse/Logistics	360	8,355	3,325		12,040	11.4	88	50.9
23	Flygfynen 3	Höjdroderg. 25, Malmö		1990/1990	Office	3,478	1,151	595		5,224	5.5	90	26.0
24	Flygledaren 3	Höjdroderg. 18, Malmö	S	1990–2000/ 1990–2000	Warehouse/Logistics	745	852			1,597	2.0	100	8.0
25	Flygvärdinnan 4	Vattenverk. 47, Höjdroderg. 30–34, Malmö	S	1940–2001/ 1978–2001	Office	6,519	2,739			9,258	14.0	84	60.8
26	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Warehouse/Logistics		3,975			3,975	3.5	100	20.0
27	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	S	1962/1962	Warehouse/Logistics		5,455	2,890		8,345	4.2	99	18.1
28	Haken 3	Vinkelg. 5, Malmö	S	1972/1972	Warehouse/Logistics	100	3,341			3,441	1.7	97	10.7
29	Höjdrodret 3	Kabing. 11, Malmö		1990/1990	Office	1,182	162			1,344	1.7	74	6.8
30	Kajan 33	Limhamnsv. 104, Malmö		Site	Other*					0	0.0	100	1.1
31	Krukskärvan 9	Stenyxg. 32, Malmö	S	1981/1981	Warehouse/Logistics		2,680			2,680	2.1	100	11.2
32–35	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Warehouse/Logistics	4,598	79,617	1,285		85,500	31.3	70	165.9
36	Lillgrund 5	Borrg. 31, Malmö		1952/1989	Warehouse/Logistics		4,430			4,430	3.7	100	15.6
37	Murman 7	Murmansg. 124 A-C, Kruseg. 25, Malmö	S	1959/1959	Warehouse/Logistics	2,186	4,324			6,510	4.9	87	18.7
38	Murman 8	Murmansg. 126, Kruseg. 27, Malmö		1960/1968	Office	4,627	2,571			7,198	7.9	65	25.7
39	Murman 11	Murmansg. 118–120, Kruseg. 21, Malmö	S	1960/1960	Warehouse/Logistics	2,851	5,540		46	8,437	6.2	64	23.1
40	Nejlikebuketten 4	Derbyv. 6, Malmö		1991/1991	Office	5,948			617	6,565	10.0	76	43.8
41	Nejlikebuketten 6	Derbyv. 4, Malmö		1987/1987	Office	1,765				1,765	2.1	0	9.5
42	Skevrodret 1	Kabing. 9, Malmö		1978/1978	Office	2,158				2,158	1.6	0	9.4
43	Skjutstallslyckan 3	Rosendalsv. 31, Lundav. 62, Malmö		1958/1958	Warehouse/Logistics		1,705	1,391		3,096	2.2	100	6.8
44	Spindeln 2	Singelg. 2A-D, Stålkuleg. 2, Malmö	S	1968/2001	Warehouse/Logistics	2,334	3,304		1,594	7,232	5.5	97	23.6
45	Stiggläddret 10	Sadelg. 16, Betselg. 6A-B, Malmö	S	1978/1978	Warehouse/Logistics	387	2,598			2,985	2.7	100	16.2
46	Stillman 40	Kruseg. 34, Malmö		1961/1975	Warehouse/Logistics	479	1,308			1,787	1.9	100	7.0
47	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270			843	5,113	6.8	99	22.5
48	Svedjenävan 3	Stenbärg. 4–6, Malmö		1991/1991	Office	4,291		614		4,905	7.6	94	29.7
49	Svedjenävan 4	Stenbärg. 2, Malmö	S	Site	Other*					0	–	0	2.0
50	Tränsbattet 2	Travbaneg. 4, Malmö		1989/1989	Warehouse/Logistics	982	2,730			3,712	1.7	83	14.4
51	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	Warehouse/Logistics	621	1,771			2,392	2.3	100	12.4
52	Vårbuketten 3	Husiev. 21, Malmö		1992/1997	Other*	1,595			1,722	3,317	3.6	78	22.3
53–54	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	5,113	892	6,571	14,735	14.2	91	13.1
55–56	Västerbotten 9	Ystads. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Retail	3,903	2,208	10,249	4,137	20,497	22.1	96	53.3
–	Piken 4	Kabing. 38, Helsingborg		1980/1980	Office	2,509				2,509	2.2	100	6.4

MALMÖ FORTS.

						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Office	Ware- house/ logistics	Retail	Other*				Area, sq.m.
–	Ekstaven 2	Industrial g. 4, Spång. 1, Hässleholm		1979/1979	Retail	794	2,417	4,493		7,704	4.5	92	24.8
–	Urmakaren 10	Herrestadsg. 8, Ystad		1893/1929	Other*					0	–	0	1.9
–	Urmakaren 13	Fridhemsg. 43, Ystad		1909/1929	Other*				90	90	–	0	1.4
–	Urmakaren 16	Industrial g. 1A, Ystad		1959/1959	Other*					0	–	0	1.2
–	Urmakaren 17	Industrial g. 1B, Ystad		1970/1970	Warehouse/Logistics		841			841	0.2	100	2.0
–	Urmakaren 18	Herrestadsg. 10, 12, Ystad		1974/1974	Retail			1,672		1,672	–	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	Warehouse/Logistics		936			936	0.0	100	2.6
–	Urmakaren 22	Disponentg. 13, Fridhemsg. 41, Ystad		1956/1956	Warehouse/Logistics		420			420	0.0	100	–
–	Urmakaren 23	Herrestadsg. 6, Disponentg. 3, 5, Ystad		1965/1965	Warehouse/Logistics		3,527		480	4,007	–	0	1.7
–	Urmakaren 6	Disponentg. 7, Ystad		1952/1952	Warehouse/Logistics		100		100	200	–	0	2.4
–	Urmakaren 7	Herrestadsg. 2, Ystad		1957/1957	Warehouse/Logistics		686			686	–	0	0.5
–	Programmeraren 9	Metallg. 23, Ängelholm		Site	Other*					0	0.0	100	8.0
TOTAL MALMÖ						82,001	176,438	36,758	20,381	315,578	256.3	82	1,084.3

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Borås

Contract signed for divestment of the property portfolio.

						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Area, sq.m.
	Ekholma 7	Hultag. 15-17, Borås		2000/2001	Warehouse/Logistics	854	4,296			5,150	3.3	90	20.9
	Gjutaren 10	Norrby Tvärg. 7, Norrby Långg. 18, Borås		1966/1966	Warehouse/Logistics	837	6,079		2,024	8,940	4.4	87	14.7
	Grävlingen 5	Skaraborgsv. 21, 21 A, Borås		1887/1990	Office	5,813	112	536	919	7,380	7.3	95	45.6
	Katrinedal 2	Katrinedalsg. 14, 16, 18, 20, Åsboholmsg. 12, Borås		1955/1988	Other*	1,907	2,645	280	3,806	8,638	7.1	99	–
	Katrinehill 8	Åsboholmsg. 16, Borås		1959/1959	Office	5,018	1,396			6,414	5.0	83	23.8
	Laxöringen 1	Tullkammareg. 1,3,5,7, Borås		1943/1960	Office	1,442	1,335			2,777	1.4	78	7.9
	Milen 7	Solvarvsg. 4, 6, Borås		1969/1989	Warehouse/Logistics	2,405	7,543			9,948	5.2	63	24.7
	Muttern 2	Verkstadsg. 12, Borås		1963/1989	Warehouse/Logistics	595	1,656			2,251	1.7	99	7.2
	Muttern 3	Verkstadsg. 14, Borås		1992/1996	Warehouse/Logistics		2,322			2,322	1.4	100	8.8
	Niten 6	Verkstadsg. 2-4, Borås		1974/1974	Retail		1,847	2,211		4,058	3.0	94	8.3
	Näckrosen 3	Katrinedalsg. 1, 3, Åsboholmsg. 25, Borås		1990/1990	Office	3,908	1,360			5,268	5.6	90	25.9
	Raklinjen 2	Källbäcksväds. 6, 8, Borås		1968/1970	Warehouse/Logistics		7,876			7,876	3.8	80	15.3
	Rotorn 3	Masking. 4, Borås		1972/1975	Warehouse/Logistics		3,037			3,037	1.4	97	7.7
	Uranus 16	Bryggareg. 18, 20, Borås		1949/1960	Warehouse/Logistics		4,586	110	2,494	7,190	3.3	98	11.2
TOTAL BORÅS						22,779	46,090	3,137	9,243	81,249	53.9	89	221.8

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A property can consist of a number of jointly administered properties or several large buildings.

Halmstad



HALMSTAD

No.	Property	Address	Site leasehold	Building year/value	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*			
1	Eketånga 24:37	Kristinebergsv. 18-20, Halmstad		1989/1990	Warehouse/Logistics	746	972			1,718	0.8	62
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Warehouse/Logistics	1,808	3,449			5,257	2.7	72
3	Eketånga 5:417	Industrial v. 1, Halmstad		1962/1962	Warehouse/Logistics	352	3,200			3,552	1.7	82
4	Fläkten 1	Svetsareg. 16, Halmstad	S	1974/1974	Warehouse/Logistics		12,200			12,200	4.5	94
5	Fotbollen 17	Bolmeng 11, Halmstad		1929/1929	Office	480				480	0.4	100
6	Fregatten 7	Svetsareg. 8, Halmstad		1978/1978	Office	1,517				1,517	1.1	100
7	Halmstad 2:25	Stationsg. 37, Halmstad			Other*					0	–	0
8-10	Halmstad 2:28	Stationsg. 37, Halmstad		1920/1929	Warehouse/Logistics	2,145	9,648	1,915	200	13,908	15.5	99
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Kontor	3,025				3,025	6.0	100
12	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Warehouse/Logistics	183	1,223			1,406	0.5	36
13	Orkanen 2	Stationsg. 50, Halmstad		1948/1948	Warehouse/Logistics		1,300			1,300	0.4	0
14	Ostkupan 3	Stålverksg. 1, Halmstad		1950/1950	Office	6,901	5,739			12,640	5.4	91
15	Slättern 2	Kundv. 15, Halmstad		2008/2008	Retail			3,616		3,616	3.7	58
TOTAL HALMSTAD						17,157	37,731	5,531	200	60,619	42.8	89

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	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
	Office	Warehouse/logistics	Retail	Other*				
TOTAL SOUTH REGION	215,607	355,699	53,928	42,560	667,794	574.6	89	2,550.5
TOTAL KLÖVERN	1,378,349	937,697	281,114	345,529	2,942,689	3,386.2	89	16,821.5

FIVE-YEAR REVIEW AND KEY RATIOS

Statement of Income, SEK m	2016	2015	2014	2013	2012
Income	2,876	2,718	2,521	2,220	1,948
Property costs	-985	-952	-878	-828	-733
Operating surplus	1,891	1,766	1,643	1,392	1,215
Central administration	-100	-92	-84	-78	-86
Net financial income	-611	-631	-770	-678	-605
Profit from property management	1,180	1,043	789	636	524
Shares of profit in associated companies	-	171	-126	5	-
Change in value, properties	1,709	1,252	1,207	-28	-33
Change in value, derivatives	-114	91	-565	337	-175
Change in value, financial assets	-19	-4	-	71	10
Impairment of goodwill	0	-12	-10	-34	-95
Profit before tax	2,756	2,541	1,295	987	231
Current tax	-24	-2	-2	-1	-2
Deferred tax	-473	-531	-129	-178	110
Net profit	2,259	2,008	1,164	808	339
Other comprehensive income	-	-2	4	-2	-
Comprehensive income	2,259	2,006	1,168	806	339

Balance Sheet, SEKm	2016	2015	2014	2013	2012
Goodwill	233	233	245	255	289
Investment properties	39,234	35,032	30,208	24,059	22,624
Machinery and equipment	18	12	12	12	14
Participation rights in associated companies	-	-	448	488	-
Financial assets at fair value via statement of income	99	112	35	30	330
Other receivables	814	482	424	302	163
Liquid funds	129	12	286	84	375
Total assets	40,527	35,883	31,658	25,230	23,795
Shareholders' equity	12,999	11,390	9,988	7,198	6,696
Deferred tax liability	1,978	1,503	978	861	681
Interest-bearing liabilities	23,869	21,486	18,870	16,163	15,229
Derivatives	482	467	709	144	432
Accounts payable	259	250	197	193	158
Other liabilities	251	188	206	132	140
Accrued expenses and deferred income	689	599	710	539	459
Total shareholders' equity and liabilities	40,527	35,883	31,658	25,230	23,795

Statements of Cash Flow, SEKm	2016	2015	2014	2013	2012
Cash flow from current operations	1,336	898	843	657	712
Cash flow from investment operations	-2,852	-3,033	-5,041	-1,625	-2,457
Cash flow from financing operations	1,633	1,861	4,400	677	2,109
Cash flow for the year	117	-274	202	-291	364
Liquid funds at beginning of year	12	286	84	375	11
Liquid funds at year-end	129	12	286	84	375

	2016	2015	2014	2013	2012
Property					
Number of properties	431	415	408	402	387
Lettable area, 000 sq.m.	2,943	2,872	2,792	2,624	2,529
Rental value, SEKm	3,386	3,182	2,983	2,570	2,468
Fair value of properties, SEKm	39,234	35,032	30,208	24,059	22,624
Yield requirement, valuation, SEKm	6.2	6.5	6.9	7.2	7.2
Operating margin	66	65	65	63	62
Economic occupancy rate, %	89	91	90	90	88
Area-based occupancy rate, %	82	83	81	82	81
Average lease contract period, years	3.7	3.5	3.3	3.5	3.4
Financial					
Return on equity, %	18.6	18.9	14.5	11.6	5.8
Equity ratio, %	32.1	31.7	31.5	28.5	28.1
Adjusted equity ratio, %	36.7	35.8	35.9	31.4	31.9
Leverage, %	60	61	60	65	64
Leverage, properties, %	44	47	51	57	59
Interest coverage ratio	2.9	2.6	2.0	1.9	1.9
Average interest, %	2.5	2.7	3.5	4.3	4.3
Average period of fixed interest, years	2.6	2.1	2.1	2.7	3.0
Average period of tied-up capital, years	3.0	2.8	2.1	2.0	2.2
Interest-bearing liabilities, SEKm	23,869	21,486	18,870	16,163	15,229
Share¹					
Equity per ordinary share, SEK	9.01	7.38	5.20	4.83	4.69
EPRA NAV, SEK	11.70	9.53	7.05	5.93	5.94
Equity per preference share, SEK	288.50	281.50	317.50	300.00	273.50
Profit from property management per ordinary share, SEK	0.93	0.78	0.61	0.49	0.43
Earnings per ordinary share, SEK	2.11	1.83	1.02	0.68	0.23
Share price, ordinary share Class A at end of period, SEK	9.38	9.45	8.20	5.18	4.65
Share price ordinary share Class B at end of period, SEK	9.55	9.50	7.60	–	–
Share price preference share at end of period, SEK	288.50	281.50	317.50	300.00	273.50
Market capitalization, SEKm	13,479	13,327	12,232	7,527	6,670
Number of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0
Number of outstanding ordinary shares at end of period, million	916.0	916.0	916.0	916.0	888.5
Number of registered preference shares at end of period, million	16.4	16.4	16.4	9.3	9.3
Number of outstanding preference shares at end of period, million	16.4	16.4	16.4	9.3	9.3
Dividend per ordinary share, SEK	0.40 ²	0.35	0.30	0.27	0.27
Dividend per preference share, SEK	20.00 ²	20.00	20.00	20.00	20.00
Dividend ordinary and preference shares in relation to profit from property management, %	59 ²	62	77	68	83
Dividend preference shares in relation to profit from property management, %	28 ²	32	42	29	35

1) Historical statistics have been adjusted for the bonus issue and the reverse split that took place during the fourth quarter of 2014.

2) Proposed dividend

DEFINITIONS

PROPERTY

CHANGES IN VALUE PROPERTIES, REALIZED Divestments after deduction of properties' most recent fair value and selling expenses.

CHANGES IN VALUE PROPERTIES, UNREALIZED Change in fair value excluding acquisitions, divestments, investments and realized changes in value.

CONTRACT VALUE Rent of premises, index and rent supplement according to lease.

DEVELOPMENT PROPERTIES Properties where conversion or extension projects are in process or planned, which lead to a higher standard or changed use of the premises.

INCOME Rental income and other income.

INVESTMENT PROPERTIES Properties currently being actively managed.

NET MOVING-IN Lease value of tenants moving in less lease value of vacating tenants.

OCCUPANCY RATE, AREA-BASED Let area in relation to total lettable area.

OCCUPANCY RATE, ECONOMIC Contract value in relation to rental value.

OPERATING MARGIN Operating surplus in relation to income.

OPERATING SURPLUS Income less property costs.

OTHER COSTS Costs which are not directly attributable to normal property operation.

OTHER INCOME Income from rental guarantees and redemption of leases.

PROFIT FROM PROPERTY MANAGEMENT Profit before changes in value and tax.

PROPERTY COSTS Operating costs, repairs and maintenance, property tax, site leasehold charges, and property administration.

PROPERTY TYPE The principal use of a property with respect to type of premises.

RENTAL INCOME Charged rents including additions such as compensation for media costs and property tax.

RENTAL VALUE Lease value plus assessed market value for space not rented.

TURNOVER RATE Contract value of vacating tenants during the year in relation to the average contract value during the year.

VALUE ADDED FROM IMPROVEMENT Sale price less invested capital.

YIELD REQUIREMENT The required yield of property valuations on the residual value.

FINANCE

EQUITY RATIO Reported shareholders' equity in relation to reported total assets.

EQUITY RATIO, ADJUSTED Reported equity adjusted for the value of derivatives, goodwill and deferred tax liabilities exceeding 5 per cent of the difference between tax value and fair value of the properties in relation to reported total assets adjusted for goodwill.

INTEREST COVERAGE RATIO Profit from property management plus financial costs in relation to financial costs.

LEVERAGE Interest-bearing liabilities after deduction of the market value of listed share portfolio and liquid funds in relation to the fair value of the properties.

LEVERAGE, PROPERTIES Interest-bearing liabilities with secured financing in properties in relation to the fair value of the properties.

RETURN ON EQUITY Net profit in relation to average equity.

SHARE

DIVIDEND YIELD Dividend during the respective year in relation to the share price at the end of the same financial year.

EARNINGS PER ORDINARY SHARE Net profit, after deduction of earnings to preference shares in relation to the average number of outstanding ordinary shares.

EARNINGS PER PREFERENCE SHARE Accumulated share of the annual dividend of SEK 20.00 per preference share based on the number of outstanding preference shares at the end of each quarter.

EPRA NAV Equity after deduction for equity attributable to preference shares adding back derivatives and deferred tax liability in relation to the number of outstanding ordinary shares.

EQUITY PER ORDINARY SHARE Equity after deduction of equity attributable to preference shares in relation to the number of outstanding ordinary shares.

EQUITY PER PREFERENCE SHARE Based on the share price of the preference share at the end of each period.

PROFIT FROM PROPERTY MANAGEMENT PER ORDINARY SHARE Profit from property management after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

TURNOVER RATE Total number of traded shares in relation to the average number of outstanding shares.

TOTAL RETURN The share price development and paid dividend in relation to the share price at the beginning of the year.

Klövern shows some key figures in this annual report which are not defined under IFRS. The company considers that these key figures provide essential additional information.

For additional information about these key figures see Klöverns website under the heading Financial statistics.

2017 ANNUAL GENERAL MEETING

Shareholders of Klöver AB are warmly welcomed to the Annual General Meeting at 11 am on Wednesday, 26 April 2017 at Solna Gate, Stockholm. The notice of the meeting, proposed dividend and information about notification of participation is available on Klöver's website, www.klovern.se.

CALENDAR

Interim report Jan to Mar	Wed, 26 April 2017
Interim report, Jan to Jun	Wed, 12 July 2017
Interim report, Jan to Sep	Thu, 19 October 2017
Year-end report 2017	Wed, 14 February 2018

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The latest information about vacant premises, the share, financial statistics and a lot more can be found on Klöver's website, www.klovern.se

Cover pictures

Front page: The property Isafjord 8, Kista.

Back page: The property Kungshagen 1:6, Nyköping.

Klöver's annual report has been produced by Klöver in collaboration with Intellecta Corporate. The photographs have mainly been taken by Per-Erik Adamsson. Byggstatistik AB has contributed with charts on the largest property owners in each business unit. The charts are based on property taxations.



2016 During the year, Klöver acquired 32 properties for SEK 1,484 million and divested 15 properties for SEK 630 million. The largest transaction was the acquisition of 28 properties in Malmö and Lund. Klöver intends to expand its product portfolio with residential projects and has during the year launched the concept under the name Klöver Living. Property value: SEK 39,234 million.

2015 During the year, 19 properties were acquired for SEK 2,732 million. The largest acquisition was Apikosen 2, more known by the name Solna Gate. The lettable area encompasses 35,200 sq.m. and consists mainly of office space. 14 properties were sold for a total of SEK 546 million. Property value: SEK 35,032 million.

2014 Klöver acquired 19 properties during the year for a total of SEK 4,452 million. Among other properties, Klöver acquired and took possession of Globen City, encompassing 115,000 sq.m. During the year, Klöver launched its business centre operations under the brand name of First Office. The self-storage operations were also launched under a separate brand name: Big Pink. During 2014, 13 properties were sold for a total of SEK 531 million. The property value was SEK 30,208 million.

2013 During 2013, Klöver took possession of 23 properties for a total of SEK 1,020 million. 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. Klöver also announced that it intends to conceptualize the business centres under the brand name of First Office. During the year Klöver sold 12 properties for SEK 387 million. The property value was SEK 24,059 million.

2012 During the year, Klöver acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon. With the purchase of Dagon, Klöver became established in new expansive markets, among others in the Öresund region and Gothenburg. Eleven properties were divested for a total of SEK 543 million. The property value was SEK 22,624 million.

2011 During the year, Klöver 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). The property value was SEK 14,880 million.

2010 Klöver 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. Klöver sold a total of nine properties to a value of SEK 368 million. The property value was SEK 13,493 million.

2009 Kistamässan was completed and the first sod was cut for the adjacent Victoria Tower. Klöver 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 Klöver 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 SEK 989 million. The property value was SEK 12,154 million.

2006 Klöver'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, Klöver 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. Klöver acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. The property value was SEK 5,968 million.

2004 In January, Klöver 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 Klöver was 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 Klöver AB with the focus on real estate. Klöver 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, The property value was SEK 1,876 million.



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