

KLÖVERN  
ANNUAL REPORT 15



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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



# 2015 IN BRIEF



## 16 JANUARY

A 20-year lease contract is entered into with Elite Hotels in Uppsala.



## 27 APRIL

Contract signed for acquisition of Solna Gate for SEK 1,200m.

## 5 JUNE

A 20-year lease contract is entered into with StayAt for an apartment hotel in Kista.



## 6 JULY

Contract signed for acquisition of a centrally located property in Gothenburg for SEK 233m.

## 20 OCTOBER

Contract signed to divest all shares in Tribona for SEK 604m.

## 18 FEBRUARY

Issue of bond loan for SEK 1,000m.

## 4 JUNE

Two financial targets are adjusted upwards in the direction of even greater financial strength.

## 4 JUNE

A commercial paper programme is created with a framework amount of SEK 1,500m.



## 3 JULY

Contract signed for acquisition of a property in Sollentuna for SEK 300m.

## 28 AUGUST

Two large lease contracts in Kista are extended to 31 December 2025, while notice to terminate some contracts in Kista is given at the same time.



## 1 OCTOBER

Taking possession of Solna Gate.

## 17 DECEMBER

A 15-year lease is signed with Nordic Choice Hotels in Västerås.

NUMBER OF PROPERTIES

415

PROPERTY VALUE, SEK BILLION

35.0

RENTAL VALUE, SEK BILLION

3.2

EQUITY RATIO, ADJUSTED, %

35.8

PROFIT FROM PROPERTY MANAGEMENT, %

+32

EARNINGS PER ORDINARY SHARE, SEK

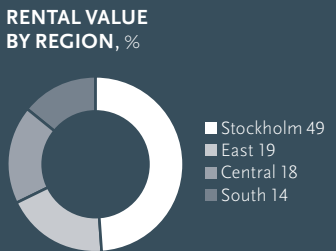
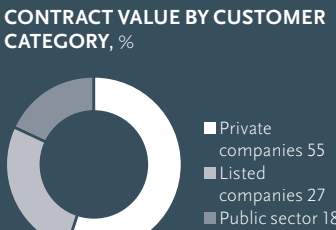
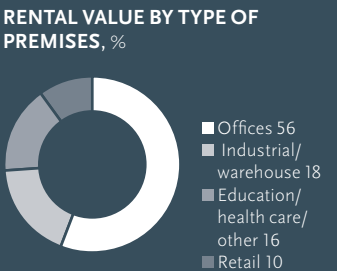
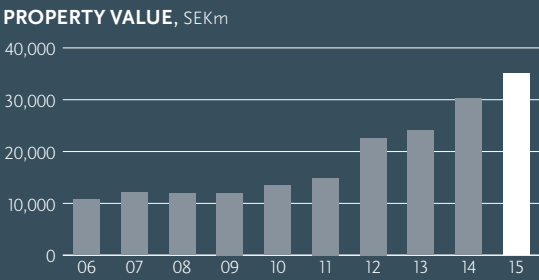
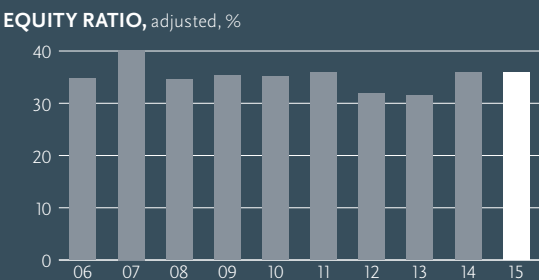
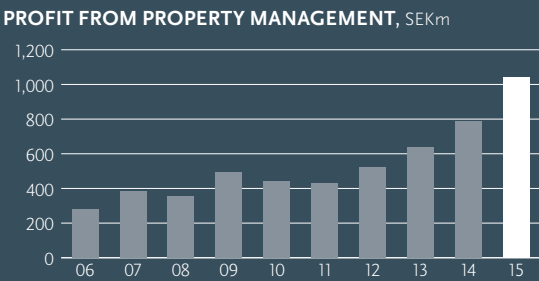
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# THIS IS KLÖVERN

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

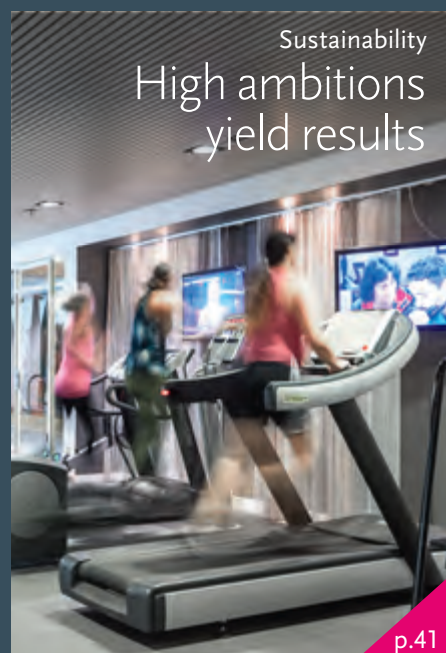
Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

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





# From strength to strength



KEY RATIOS	2015	2014	2013	2012	2011	2015Q4	2015Q3	2015Q2	2015Q1
Operating margin, %	65	65	63	62	63	61	69	67	63
Return on equity, %	18.9	14.5	11.6	5.8	10.1	4.7	3.6	6.7	3.9
Adjusted equity ratio, %	35.8	35.9	31.4	31.9	35.8	35.8	36.4	35.9	36.7
Leverage, %	61	60	65	64	63	61	60	60	59
Leverage, properties, %	47	51	57	59	63	47	46	50	52
Interest coverage ratio	2.6	2.0	1.9	1.9	2.2	2.7	2.9	2.7	2.3
Average interest, %	2.7	3.5	4.3	4.3	4.2	2.7	2.9	3.2	3.3
Fixed-interest period, years	2.1	2.1	2.7	3.0	2.7	2.1	2.0	1.9	2.2
Period of tied-up capital, years	2.8	2.1	2.0	2.2	1.9	2.8	2.3	2.2	2.6
Occupancy rate economic, %	91	90	90	88	89	91	90	90	90
Occupancy rate area, %	83	81	82	81	80	83	82	82	82



*“Having our own locally based personnel enables us to provide our tenants with the best possible service”.*

## ANOTHER STRONG YEAR FOR KLÖVERN

Klövern's focus on Stockholm, complemented by strong market positions in a number of selected regional cities, contributed to a fine development of earnings during 2015. The property portfolio expanded substantially at the same time as we further raised the level of ambition as regards financial strength. While there are a number of challenges ahead for the Swedish economy, the market prospects for real estate companies are favourable. The level of economic activity is developing soundly and interest rates are at a historically very low level. Hand in hand with this, the transaction market is strong, which is reflected in rising property values. This creates opportunities for selectively divesting fully developed properties or those that are geographically peripheral with a good increase in value. This also entails that we must be particularly selective when making acquisitions. In a choice between acquisitions and projects, we often see a greater potential for long-term creation of value in project activities.

Overall, we expect Klöver to be able to continue to develop in a balanced way at a good pace during 2016.

### HIGH LEVEL OF MOVING-IN AND OCCUPANCY RATE

Moving-in of new tenants was at a high level during 2015, among others IP-Only and the County Administrative Board moved into ultramodern premises right next to Uppsala central station. The aim of a net moving-in of at least 1 per cent of the rental value was achieved by a broad margin. Primarily as a consequence of the inflow of new tenants, we also succeeded in increasing the economic occupancy rate in line with the goal of 91 per cent.

### SELECTIVE ACQUISITIONS OF HIGH QUALITY PROPERTIES

Our property portfolio grew during the year by 16 per cent to SEK 35 billion through a combination of acquisitions, value-enhancing investments and positive changes in value.





We primarily reinforced Klöver's position in Stockholm and Gothenburg by acquisitions of carefully selected high quality properties, including the office property Solna Gate (Aprikosen 2) in the Stockholm area and the centrally located Gothenburg property Inom Vallgraven 15:2, also known as the Old Riksbank Building. Stockholm and Gothenburg accounted for 80 per cent of the total of SEK 2.7 billion that we purchased properties for during 2015. At the year-end, Region Stockholm and Gothenburg accounted for 57 per cent of Klöver's property value.

The acquisitions made during the year have added a large number of solid well-known tenants including BMW, Pfizer, Santander, Bristol-Myers Squibb, GlaxoSmithKline, Abbott, AbbVie, Toyota, Det Norske Veritas and Swedbank.

#### **DIVESTMENTS OF FULLY DEVELOPED PROPERTIES**

We have continued to concentrate our portfolio by selling 14 properties. A number of these properties are located in cities that are peripheral for Klöver. During the year, we have left Eslöv and Katrineholm completely and now only have one remaining property in Eskilstuna after divestment of a

large retail and office property for SEK 240 million. We can also envisage divestment with a good development of value of properties that are fully developed from Klöver's point of view. It is important not to be sentimental even in the case of prime properties that we have developed from scratch ourselves. At the time of writing, we are examining the possibility of divesting the properties Isafjord 4 and Isafjord 5 in Kista. The first-mentioned of these properties is Klöver's single largest property by value.

#### **STABILITY ON THE REVENUE SIDE**

In all, Klöver has over 5,000 tenants in a broad spectrum of industries, geographically spread over a number of growth locations. Besides Stockholm and Gothenburg, where our property portfolio has expanded substantially in recent years, we have also strong market positions in among others Linköping, Västerås, Uppsala, Karlstad, Norrköping, Malmö, Örebro and Nyköping. The geographic mix, in combination with almost every fifth krona of our income coming from the public sector, creates stability.

**PROJECTS CREATE VALUE**

Stability on the revenue side also provides prospects for developing the business through projects. In the next few years, it is very possible that project activity will be the single largest creator of value for Klöver. Major projects in process include Tele2's new headquarters in Kista, Elite Hotel's new landmark hotel at the central station in Uppsala and the completion of the Swedish Transport Agency's new premises in Örebro.

We are continuing to work in a structured process looking at how changed local plans can provide space for new offices and housing, sometimes through infill development, to create attractive urban environments. It is exciting to be able to contribute in this way to the development of more secure and stimulating work and residential environments and thus play an active part in the creation of a slightly better society.

One example of a new project where construction will shortly start is the erection of a stylish modernistic building of around 8,000 sq.m. at the central station in Västerås. About half of the area of this property, Sigurd 7, or S7 as it is commonly referred to, will consist of a hotel for which Nordic Choice Hotels have signed a 15-year lease.

**TRIBONA: A GOOD TRANSACTION, A NATURAL STEP**

Divestment of the shareholding in the real estate company Tribona reinforced the cash flow by SEK 604 million and produced a positive effect on profit before tax of SEK 147 million. We are satisfied with the development of value of the holding which, including dividend, generated a total return of around 20 per cent and regard the divestment as strategically natural for Klöver, which is now focused to an increasing extent on offices.

**UPWARD ADJUSTMENT OF FINANCIAL GOALS**

During the year, Klöver's board decided to adjust two financial goals upwards in the direction of even greater financial strength. The goal for the interest coverage ratio was raised to at least 2.0 from a previous goal of at least 1.5. During 2015, we achieved the new goal by a broad margin through an outcome of 2.6. A new goal was introduced for the adjusted

equity ratio to be 40 per cent in the long term. On 31 December, the adjusted equity ratio was 35.8 per cent.

**SUSTAINABILITY IS NOT A COST**

Sustainability shall be a thread through the whole of Klöver's business activities. In this year's Sustainability Report, we have taken a further step in the direction of complete compliance in our reports with the Global Reporting Initiative guidelines, known as G4. We achieved our most important sustainability goals for 2015, including improved energy efficiency and have set new ambitious goals for the future. For us, sustainability is not a cost but a way of improving the company's financial prospects. Good financial development creates opportunities to make additional investments in sustainability, with regard to both environment and social aspects, which in turn can improve Klöver's financial development in a virtuous circle.

**CLOSENESS AND COMMITMENT**

Closeness and commitment is a key part of Klöver's business concept. Having locally based personnel at all our prioritized locations enables us to provide our tenants, both big and small, with the best possible service and treatment. I would like to take the opportunity to thank all of Klöver's over 200 employees for their fantastic work during 2015. At the same time, I would like to express my gratitude to the large number of shareholders and bondholders, who have chosen to invest in Klöver. I regard it as a great responsibility to develop the company further in the best possible way.

Overall, we are very satisfied with the development during 2015 and see good prospects for Klöver to be able to continue to develop in a balanced way and at a good pace during 2016.

Stockholm, 11 March 2016

Rutger Arnhult  
CEO



# INTRODUCTION



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CUSTOMERS 11

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## INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW

*The property Majorna 219:7 in Gothenburg, also known as Fryshuset.*



## BUSINESS CONCEPT, GOALS AND STRATEGY

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

### Vision

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

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

### Business concept

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

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

Premises shall be provided, and customers treated, with

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

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

### Motto

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

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





*The restaurant at the property Malten 1 in Sollentuna.*

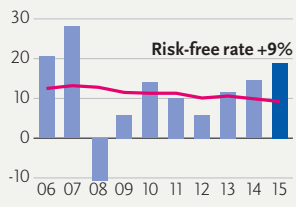
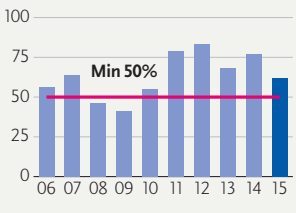
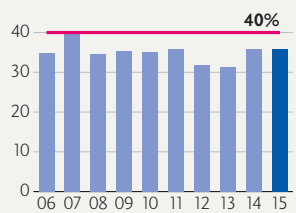
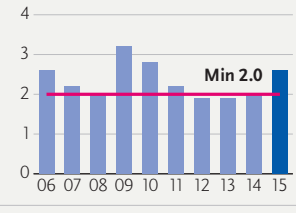
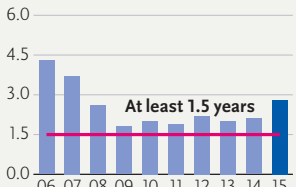
## Strategy and goals 2016

	Strategy	Goals
<b>FINANCE</b>	<ul style="list-style-type: none"> <li>&gt; Equity shall consist of both ordinary and preference shares.</li> <li>&gt; There shall be two classes of ordinary shares, A and B.</li> <li>&gt; The interest rate risk shall be limited by hedging a certain share of the credit portfolio.</li> <li>&gt; The refinancing risk should be limited by a spread of credit maturities and creditors.</li> <li>&gt; Bank borrowing should be complemented by alternative forms of finance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Return on equity shall in the long term amount to the risk-free rate plus at least 9 percentage points.</li> <li>&gt; The dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management.</li> <li>&gt; The dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.</li> <li>&gt; The adjusted equity ratio shall in the long term be 40 per cent.</li> <li>&gt; The interest coverage ratio shall be at least 2.0.</li> <li>&gt; The period of tied-up capital shall be at least 1.5 years.</li> </ul>
<b>ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>&gt; Management shall be done by Klövern's own personnel and with local commitment.</li> <li>&gt; Customer surveys shall be made and serve as the basis for improved customer care.</li> <li>&gt; Sales shall be made more efficient through productization.</li> <li>&gt; Focused letting work shall increase the economic occupancy rate.</li> <li>&gt; Energy consumption per sq.m. shall decrease in the long term.</li> <li>&gt; Administrative efficiency shall be enhanced by focusing on improving the operating margin.</li> <li>&gt; Increased focus on environmental aspects in meetings with tenants.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Net moving-in shall amount to at least 1 per cent of the rental value per year.</li> <li>&gt; The operating margin shall amount to at least 65 per cent.</li> <li>&gt; Heat consumption shall decrease by at least 6 per cent during 2016 – 2018.</li> <li>&gt; The electric power requirement shall decrease by at least 8 per cent during 2016 – 2018.</li> <li>&gt; The economic occupancy rate shall amount to 91 per cent.</li> <li>&gt; The proportion of green lease contracts shall increase.</li> </ul>
<b>TRANSACTIONS AND PROJECTS</b>	<ul style="list-style-type: none"> <li>&gt; Acquisitions and divestments shall be focused on geographic concentration with a view to creating effective management at prioritized locations.</li> <li>&gt; Prioritization of projects with a high return.</li> <li>&gt; Create values by making use of building rights or new production projects for own management or for divestment.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Acquired investment properties shall have on average a long-term yield of at least 6 per cent per year.</li> <li>&gt; Project investments shall produce a return on equity of at least 15 per cent.</li> </ul>
<b>PERSONNEL</b>	<ul style="list-style-type: none"> <li>&gt; Annual development interviews with individual goals linked to the level of remuneration.</li> <li>&gt; Health check-ups with support for individuals to improve health.</li> <li>&gt; Close collaboration with prioritized schools and a systematic approach to dealing with enquiries from universities and other institutions of higher education on essay topics and summer jobs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Personnel turnover should in the long term amount to around 10 per cent per year.</li> <li>&gt; Sickness absence shall be less than 3 per cent per year.</li> </ul>

*See page 142 for definitions of key ratios.*

## Goals and outcomes 2015: Finance/Administration

### FINANCIAL GOALS

Goal	Outcome 2015		Objective																						
RETURN ON EQUITY																									
Return on equity shall in the long term amount to the risk-free rate plus at least 9 percentage points.	Return on equity amounted to 18.9 per cent. During the past ten years, the average return has been 11.9 per cent, compared with the average long-term goal of 11.2 per cent.	 <table><caption>Return on equity (%)</caption><thead><tr><th>Year</th><th>Return on equity (%)</th></tr></thead><tbody><tr><td>06</td><td>20</td></tr><tr><td>07</td><td>28</td></tr><tr><td>08</td><td>-5</td></tr><tr><td>09</td><td>5</td></tr><tr><td>10</td><td>12</td></tr><tr><td>11</td><td>10</td></tr><tr><td>12</td><td>5</td></tr><tr><td>13</td><td>10</td></tr><tr><td>14</td><td>15</td></tr><tr><td>15</td><td>19</td></tr></tbody></table>	Year	Return on equity (%)	06	20	07	28	08	-5	09	5	10	12	11	10	12	5	13	10	14	15	15	19	Return on equity must be reasonable in proportion to the risk level and the return on other types of investments. The risk-free rate is measured as the five-year government bond rate. The goal should be regarded as an average during a number of years, since the return is partly affected by factors over which Klöver has no control.
Year	Return on equity (%)																								
06	20																								
07	28																								
08	-5																								
09	5																								
10	12																								
11	10																								
12	5																								
13	10																								
14	15																								
15	19																								
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 0.35 per ordinary share and SEK 20.00 per preference share is being proposed to the 2016 Annual General Meeting. The proposed dividend for ordinary and preference shares corresponds to 62 per cent of the profit from property management. The proposed dividend for preference shares alone corresponds to 32 per cent of the profit from property management.	 <table><caption>Dividend on ordinary and preference shares in relation to profit from property management (%)</caption><thead><tr><th>Year</th><th>Dividend (%)</th></tr></thead><tbody><tr><td>06</td><td>55</td></tr><tr><td>07</td><td>65</td></tr><tr><td>08</td><td>45</td></tr><tr><td>09</td><td>40</td></tr><tr><td>10</td><td>55</td></tr><tr><td>11</td><td>75</td></tr><tr><td>12</td><td>80</td></tr><tr><td>13</td><td>65</td></tr><tr><td>14</td><td>75</td></tr><tr><td>15</td><td>65</td></tr></tbody></table>	Year	Dividend (%)	06	55	07	65	08	45	09	40	10	55	11	75	12	80	13	65	14	75	15	65	The profit from property management shows the progression of the real estate operations, including financing costs and central administration. When assessing the size of dividend, consideration shall be given to the company's investment alternatives, financial position and capital structure.
Year	Dividend (%)																								
06	55																								
07	65																								
08	45																								
09	40																								
10	55																								
11	75																								
12	80																								
13	65																								
14	75																								
15	65																								
ADJUSTED EQUITY RATIO																									
The adjusted equity ratio shall in the long term be 40 per cent <sup>1</sup>	The adjusted equity ratio was 35.8 per cent at year-end 2015. On the same date, the equity ratio was 31.7 per cent.	 <table><caption>Adjusted equity ratio (%)</caption><thead><tr><th>Year</th><th>Adjusted equity ratio (%)</th></tr></thead><tbody><tr><td>06</td><td>35</td></tr><tr><td>07</td><td>38</td></tr><tr><td>08</td><td>35</td></tr><tr><td>09</td><td>35</td></tr><tr><td>10</td><td>35</td></tr><tr><td>11</td><td>35</td></tr><tr><td>12</td><td>32</td></tr><tr><td>13</td><td>32</td></tr><tr><td>14</td><td>35</td></tr><tr><td>15</td><td>36</td></tr></tbody></table>	Year	Adjusted equity ratio (%)	06	35	07	38	08	35	09	35	10	35	11	35	12	32	13	32	14	35	15	36	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.
Year	Adjusted equity ratio (%)																								
06	35																								
07	38																								
08	35																								
09	35																								
10	35																								
11	35																								
12	32																								
13	32																								
14	35																								
15	36																								
1) On 4 June 2015, this goal replaced the previous goal that the equity ratio should be at least 30 per cent.																									
INTEREST COVERAGE RATIO																									
The interest coverage ratio shall be at least 2.0 <sup>2</sup>	The interest coverage ratio amounted to 2.6.	 <table><caption>Interest coverage ratio</caption><thead><tr><th>Year</th><th>Interest coverage ratio</th></tr></thead><tbody><tr><td>06</td><td>2.5</td></tr><tr><td>07</td><td>2.2</td></tr><tr><td>08</td><td>2.1</td></tr><tr><td>09</td><td>3.2</td></tr><tr><td>10</td><td>2.8</td></tr><tr><td>11</td><td>2.2</td></tr><tr><td>12</td><td>2.1</td></tr><tr><td>13</td><td>2.1</td></tr><tr><td>14</td><td>2.5</td></tr><tr><td>15</td><td>2.6</td></tr></tbody></table>	Year	Interest coverage ratio	06	2.5	07	2.2	08	2.1	09	3.2	10	2.8	11	2.2	12	2.1	13	2.1	14	2.5	15	2.6	Interest expense is one of the single largest cost items for Klöver, 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.
Year	Interest coverage ratio																								
06	2.5																								
07	2.2																								
08	2.1																								
09	3.2																								
10	2.8																								
11	2.2																								
12	2.1																								
13	2.1																								
14	2.5																								
15	2.6																								
2) On 4 June 2015, this goal replaced the previous goal that the interest coverage ratio should be at least 1.5.																									
PERIOD OF TIED-UP CAPITAL																									
The period of tied-up capital shall be at least 1.5 years.	The period of tied-up capital amounted to 2.8 years at the end of 2015.	 <table><caption>Average period of tied-up capital (years)</caption><thead><tr><th>Year</th><th>Average period of tied-up capital (years)</th></tr></thead><tbody><tr><td>06</td><td>4.5</td></tr><tr><td>07</td><td>3.5</td></tr><tr><td>08</td><td>2.5</td></tr><tr><td>09</td><td>1.5</td></tr><tr><td>10</td><td>1.5</td></tr><tr><td>11</td><td>1.5</td></tr><tr><td>12</td><td>1.5</td></tr><tr><td>13</td><td>1.5</td></tr><tr><td>14</td><td>1.5</td></tr><tr><td>15</td><td>2.8</td></tr></tbody></table>	Year	Average period of tied-up capital (years)	06	4.5	07	3.5	08	2.5	09	1.5	10	1.5	11	1.5	12	1.5	13	1.5	14	1.5	15	2.8	The period of tied-up capital shows the weighted average remaining time to maturity of Klöver'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.
Year	Average period of tied-up capital (years)																								
06	4.5																								
07	3.5																								
08	2.5																								
09	1.5																								
10	1.5																								
11	1.5																								
12	1.5																								
13	1.5																								
14	1.5																								
15	2.8																								



## ADMINISTRATIVE GOALS

Goal	Outcome 2015		Objective																						
<b>NET MOVING-IN</b> Net moving-in shall amount to at least one per cent of the rental value per year	Net moving-in totalled SEK 51 million or 1.6 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>06</td><td>1.5</td></tr><tr><td>07</td><td>1.5</td></tr><tr><td>08</td><td>1.5</td></tr><tr><td>09</td><td>0.1</td></tr><tr><td>10</td><td>0.1</td></tr><tr><td>11</td><td>0.1</td></tr><tr><td>12</td><td>1.5</td></tr><tr><td>13</td><td>1.5</td></tr><tr><td>14</td><td>1.5</td></tr><tr><td>15</td><td>1.6</td></tr></tbody></table>	Year	Net moving-in, %	06	1.5	07	1.5	08	1.5	09	0.1	10	0.1	11	0.1	12	1.5	13	1.5	14	1.5	15	1.6	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, %																								
06	1.5																								
07	1.5																								
08	1.5																								
09	0.1																								
10	0.1																								
11	0.1																								
12	1.5																								
13	1.5																								
14	1.5																								
15	1.6																								
<b>OPERATING MARGIN</b> The operating margin shall amount to at least 65 per cent.	The operating margin amounted to 65 per cent.	<table><caption>Operating margin, %</caption><thead><tr><th>Year</th><th>Operating margin, %</th></tr></thead><tbody><tr><td>06</td><td>61</td></tr><tr><td>07</td><td>63</td></tr><tr><td>08</td><td>62</td></tr><tr><td>09</td><td>62</td></tr><tr><td>10</td><td>60</td></tr><tr><td>11</td><td>63</td></tr><tr><td>12</td><td>62</td></tr><tr><td>13</td><td>63</td></tr><tr><td>14</td><td>65</td></tr><tr><td>15</td><td>65</td></tr></tbody></table>	Year	Operating margin, %	06	61	07	63	08	62	09	62	10	60	11	63	12	62	13	63	14	65	15	65	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, %																								
06	61																								
07	63																								
08	62																								
09	62																								
10	60																								
11	63																								
12	62																								
13	63																								
14	65																								
15	65																								
<b>HEAT CONSUMPTION</b> Heat consumption shall be reduced by at least 12 per cent for the period 2013–2015.	Heat consumption decreased by a total of 14 per cent during 2013–2015.	<table><caption>Accumulated reduction of heat consumption per sq.m., %</caption><thead><tr><th>Year</th><th>Accumulated reduction, %</th></tr></thead><tbody><tr><td>13</td><td>8</td></tr><tr><td>14</td><td>10</td></tr><tr><td>15</td><td>14</td></tr></tbody></table>	Year	Accumulated reduction, %	13	8	14	10	15	14	Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.														
Year	Accumulated reduction, %																								
13	8																								
14	10																								
15	14																								
<b>ECONOMIC OCCUPANCY RATE</b> The economic occupancy rate shall be 91 per cent.	The economic occupancy rate amounted to 91 per cent at the end of 2015.	<table><caption>Economic occupancy rate, %</caption><thead><tr><th>Year</th><th>Economic occupancy rate, %</th></tr></thead><tbody><tr><td>06</td><td>85</td></tr><tr><td>07</td><td>88</td></tr><tr><td>08</td><td>89</td></tr><tr><td>09</td><td>89</td></tr><tr><td>10</td><td>89</td></tr><tr><td>11</td><td>89</td></tr><tr><td>12</td><td>89</td></tr><tr><td>13</td><td>89</td></tr><tr><td>14</td><td>89</td></tr><tr><td>15</td><td>91</td></tr></tbody></table>	Year	Economic occupancy rate, %	06	85	07	88	08	89	09	89	10	89	11	89	12	89	13	89	14	89	15	91	The economic occupancy rate is measured as contract value in relation to rental value. An improved economic occupancy rate creates prerequisites for an increased operating margin.
Year	Economic occupancy rate, %																								
06	85																								
07	88																								
08	89																								
09	89																								
10	89																								
11	89																								
12	89																								
13	89																								
14	89																								
15	91																								
<b>GREEN LEASE CONTRACTS</b> The proportion of green lease contracts shall increase.	During the year, the number of green lease contracts increased to 111 (47). The green lease contracts constituted 6 per cent of Klöver's total contract value, compared with 2 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>11</td><td>0</td></tr><tr><td>12</td><td>0</td></tr><tr><td>13</td><td>10</td></tr><tr><td>14</td><td>47</td></tr><tr><td>15</td><td>111</td></tr></tbody></table>	Year	Number of green lease contracts	11	0	12	0	13	10	14	47	15	111	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																								
11	0																								
12	0																								
13	10																								
14	47																								
15	111																								



*Tenants in the property Solna Gate.*

# CUSTOMERS

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

## CLOSENESS AND COMMITMENT

Klövern concentrates on commercial premises with a mix of private and public limited companies and public sector entities as tenants. The company is represented by its own staff at 17 business units around Sweden. Having our own staff, who are physically present where the tenant is located, guarantees swift service and good knowledge of the market, as well as being an essential foundation of the business concept as a whole. The primary task is to provide premises, but also to contribute to strengthening the cities where Klöver operates.

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

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

## NET MOVING-IN

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

Letting work has been successful during the year. The contract value of tenants moving-in amounted to SEK 171 million (157) and vacating tenants amounted to SEK 120 million (122). Klöver's net moving-in, i.e. tenants moving in less vacating tenants during the year, was positive and totalled SEK 51 million (35). The goal of an increase of at least one per cent of the rental value was achieved as the outcome amounted to 1.6 per cent (1.2).

## FUTURE MOVING-IN

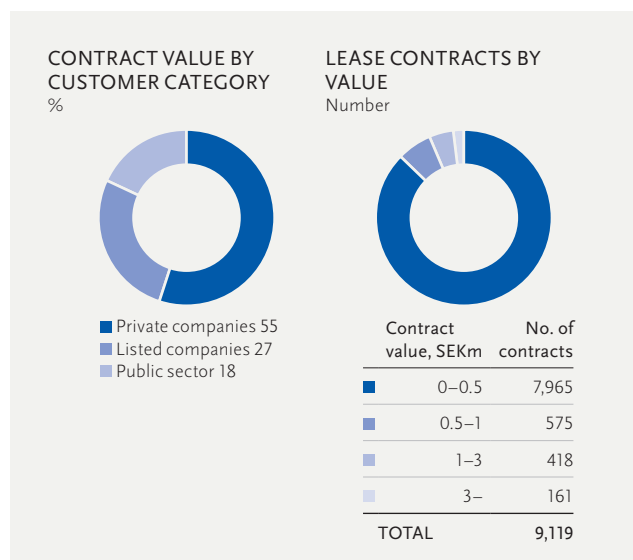
The contract value for tenants moving in during 2015 and leases signed during 2015, where the tenant has still not moved in, totalled SEK 246 million (226).

In Kista, Klöver has signed a 20-year lease contract with StayAt HotelApart during the year for an apartment hotel with around 170 rooms at the property Helgafjäll 2. The contract encompasses around 7,300 sq.m. and moving-in is expected to take place in August 2016.

## KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEK m	Proportion of total contract value, %	Average remaining contract period, years	Number of contracts	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	289	10.0	4.8	37	171
WSP Sverige AB	66	2.3	6.4	39	30
KappAhl Sverige AB	40	1.4	11.4	3	48
PostNord Sverige AB	32	1.1	1.6	46	29
TeliaSonera Sverige AB	30	1.1	1.8	54	21
Arbetsförmedlingen	29	1.0	2.2	23	17
Municipality of Karlskrona	27	0.9	5.6	67	26
Dalarna County Council	26	0.9	4.7	48	24
Östergötland Regional Council	26	0.9	9.5	13	18
CGI Sverige AB	23	0.8	7.4	8	13
<b>TOTAL</b>	<b>588</b>	<b>20.4</b>	<b>5.3</b>	<b>338</b>	<b>397</b>





Klövern has signed a 20-year lease with Elite Hotels in Uppsala. The lease consists of around 10,000 sq.m. and entails new construction of a hotel directly adjacent to the former post office building. The hotel will have around 200 rooms and be designed in an architectonically exciting style. Moving-in is expected to take place at year-end 2016.

Furthermore, a 15-year lease contract has been entered into with Nordic Choice Hotels for a 4,000 sq.m. hotel in a new modernistic building at the central station in Västerås. The hotel will have approximately 150 rooms. Moving in is expected to take place in October 2017.

#### CUSTOMER STRUCTURE AND CONTRACT VALUE

Klövern's business orientation means that 99 per cent of the contract value consists of commercial leases. At year-end, private companies accounted for 55 per cent (54), listed companies for 27 per cent (27) and public sector entities for 18 per cent (19) of the contract value. In all, Klövern had 9,100

leases (8,700) with 5,300 (5,100) tenants at the end of the year. The average lease term was 3.5 years (3.3).

The share of the 10 largest customers amounted to 20 per cent (22) at year-end and the average lease term for these tenants was 5.3 years (4.7).

Klövern's total contract value amounted to SEK 2,884 million (2,679) at the end of the year.

#### RENT LOSSES

Although Klövern's rent losses increased in 2015, they continue to be at a low level. The close collaboration with the customers, together with good knowledge of the local market, is the most important explanation for rent losses continuing to be low. In 2015, losses amounted to SEK 9 million (1) or 0.34 per cent (0.04) of total income.

#### TURNOVER RATE

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

During 2015, the tenant turnover rate amounted to 4.3 per cent (4.7). The average for the past ten years is 5.9 per cent.

#### NKI – SATISFIED CUSTOMER INDEX

A customer survey is carried out every other year. At the beginning of 2016 a survey was conducted which showed that customer satisfaction continued to improve compared with previous years. Klövern's customer satisfaction amounted at the last measurement to 77 per cent (76).

Most appreciated are Klövern's staff, who are considered to be service-minded and pleasant.

Klövern is highly focused on its customers and works continuously to improve customer satisfaction in accordance with the motto "making the customer's day easier every day".



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– EAST REGION 18

– CENTRAL REGION 20

– SOUTH REGION 22

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*The property Malten 1, Sollentuna.*

INTRODUCTION

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REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW



# THE SWEDISH ECONOMY AND REAL ESTATE MARKET

The Swedish economy is developing at a good pace 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 in the future. Low interest rates and sound economic growth lead to favourable conditions on the real estate market even though the low rate of inflation dampens rent development. The transaction market continued to be strong during 2015 both in terms of the level of activity and rising property prices.

## THE ECONOMY

The global economy is continuing to recover at the same time as there are concerns about, for instance, China, Russia and Brazil as well as the low oil price. Although the US Federal Reserve made an initial interest rate increase in December, as expected, it may be the case that it will continue, as 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.

Inflation continues to be low in Sweden as well. In December, CPI was 0.1 per cent, in other words considerably below the Riksbank's target of two per cent. Even calculating on the basis of fixed interest (CPIF), inflation was no higher than 0.9 per cent. The Riksbank, which has applied a negative repo rate since February 2015 estimated, in connection with its monetary policy meeting in February 2016 that the repo rate would not be positive again until 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 2015 although the trend was moving upwards during the latter half of the year. The Swedish ten-year government bond rate was at 1.25 per cent at the year-end after having been as low as 0.22 per cent during the spring.

The Swedish economy is growing at a good pace. The sharp increase in population may push GDP upwards in the near time 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

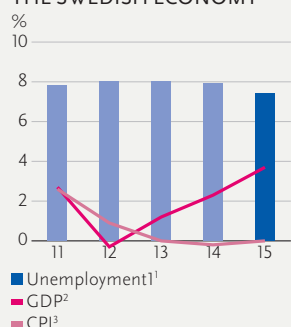
The sound growth of the Swedish economy in combination with low interest rates has led to favourable conditions in the real estate market. Overall, the rental market continues to be buoyant in the metropolitan city areas and in a number of expanding regional cities, even though the low inflation dampens the general development of rents. Urbanisation has been a key word in 2015 and it looks as if this will continue to be the case. However, if population growth is an important variable for the rental market, the growth of employment is a factor which is just as important in the long term.

Office rent levels continue to develop positively for modern and well situated premises in the large cities. The older stock of office premises is increasingly passed by in favour of modern premises that make efficient use of space where restaurants, cafes and gyms are becoming increasingly important to attract new office tenants.

Rental levels for industrial and warehouse premises have generally been relatively stable for a number of years with the exception of modern logistics premises in good locations where slightly increasing rental levels may be noted.

Retail rent levels around Sweden have moved sideways

### THE SWEDISH ECONOMY



- 1) Statistics Sweden/Labour Force Survey, percentage of labour force, December  
2) Statistics Sweden, Riksbank  
3) Statistics Sweden, annual average

### GDP – ANNUAL PERCENTAGE CHANGE

	Sweden <sup>1</sup>	Euro area <sup>2</sup>	USA <sup>2</sup>
2013	1.2	-0.3	1.5
2014	2.3	0.9	2.4
2015	3.7	1.5	2.6
2016F	3.6	1.6	2.8
2017F	2.9	1.7	2.8
2018F	2.5	1.6	2.7

- 1) Statistics Sweden, Riksbank  
2) IMF  
F=Forecast

## LEVEL OF ECONOMIC ACTIVITY AT KLÖVERN'S MAIN LOCATIONS

	Population 2015, no. <sup>1</sup>	Population change, 1 year, %	Population change, 10 years, %	Employment, no. <sup>2</sup>	Of which, public sector <sup>3</sup> , %	Change in employment, 1 year, %	Unemployment <sup>3</sup> , %	Change in unemployment, 1 year, %
Borås	108,234	1.2	9.0	55,648	31.5	0.8	7.9	0.0
Gothenburg	547,558	1.3	12.9	323,044	24.1	0.9	8.4	-0.4
Halmstad	96,641	1.4	9.5	46,698	34.7	0.9	8.9	0.1
Kalmar	65,548	1.5	7.6	33,720	35.4	0.9	7.4	-0.4
Karlskrona	65,241	1.5	6.3	30,645	43.4	0.2	9.7	-0.3
Karlstad	89,204	1.0	8.7	49,769	33.8	0.9	8.0	-0.4
Linköping	153,144	1.0	11.3	79,028	30.5	2.4	6.5	-0.6
Malmö <sup>4</sup>	321,970	1.4	18.7	165,265	26.7	1.4	15.0	0.0
Norrköping	136,863	1.3	9.8	61,384	31.1	-0.1	12.3	-0.2
Nyköping	54,119	1.2	8.6	23,920	32.4	-1.1	8.0	0.1
Stockholm <sup>5</sup>	923,158	1.2	19.7	644,738	15.2	1.4	6.4	-0.2
Uppsala	210,003	1.2	14.6	99,339	38.3	1.1	5.4	0.0
Västerås	145,275	1.2	10.1	70,387	25.4	-0.1	8.8	-0.3
Örebro	144,212	1.3	12.9	72,593	35.4	0.9	8.1	-0.6
<b>All Sweden</b>	<b>9,838,418</b>	<b>1.0</b>	<b>8.7</b>	<b>4,647,314</b>	<b>28.0</b>	<b>0.8</b>	<b>7.8</b>	<b>-0.2</b>

Source: Statistics Sweden and the Swedish Employment Service

1) Refers to November 2015.

2) According to RAMS 2014.

3) Refers to the average for 2015. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 16–64).

4) The information refers to the City of Malmö.

5) The information refers to the City of Stockholm.

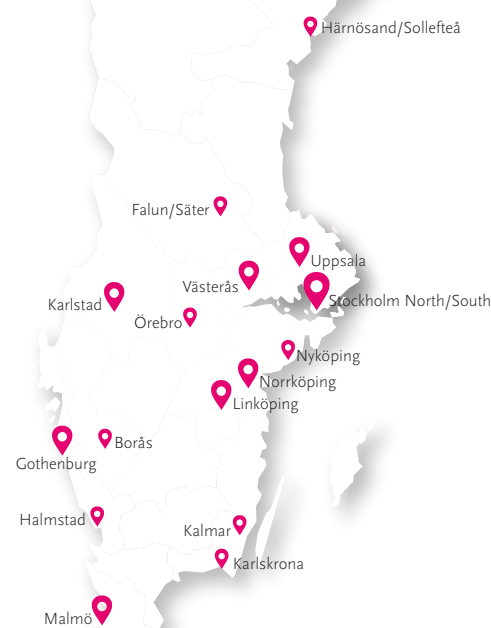
for a period. Apace with rising consumption, which is expected to continue to develop positively, not least due to the increase in population, there may be rental potential in the future in attractive store locations.

The transaction market was intensive during 2015 with stiff competition for many properties coming on to the market. The aggregate volume of transactions is estimated to have totalled SEK 149 billion, calculated by Fastighetsvärlden as an average of estimates by six different companies. While this is 5 per cent lower than the record year of 2014, it is still at an historically very high level. Foreign investors' share of the volume of transactions increased markedly during 2015 although it is still a long way from previous peak levels.

A long period of low yield on interest investments 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 capitalised 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. However, the prerequisites for issuing corporate bonds and preference shares changed slightly in a negative direction during the latter half

of 2015, which may have dampened the rise in prices of properties at the end of the year.



# STOCKHOLM

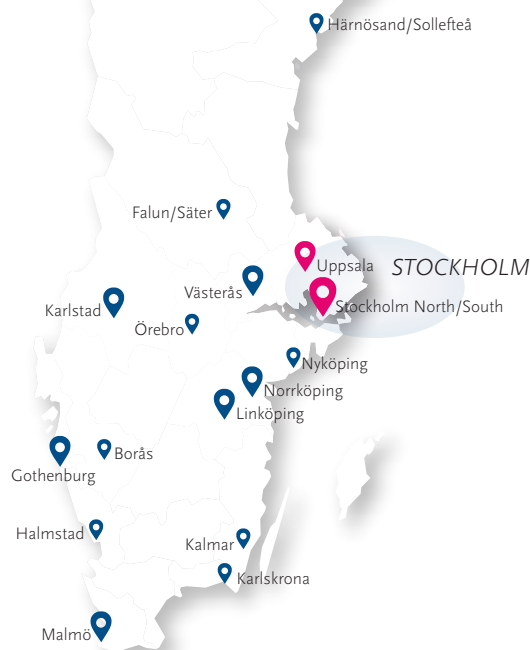
The region consists of the business units Stockholm North, Stockholm South and Uppsala.

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

Klöver's largest tenant that moved in during 2015 was IP-Only, which moved into the property Kungsängen 10:1 in Uppsala.

Greater Stockholm is the most expansive part of Sweden. The population of the County of Stockholm increases by around 35,000 a year and Uppsala is one of the country's fastest growing municipalities. Major infrastructure investments are planned, substantial housing construction and also an extensive new production of offices, warehouse facilities, hotels and retail premises. The region is accordingly the most expansive area in Sweden for various construction projects. The universities and other institutions of higher education are of a very high international standard with Stockholm being an important knowledge-related and research region. The business sector is highly diversified and also internationalized. Many of the technically specialized companies are located in Uppsala or Kista. The public sector is also very extensive - it is proportionally especially large in Uppsala.

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



KLÖVERN'S LARGEST TENANTS  
IN THE STOCKHOLM REGION

Tenant	Contract value, SEKm	Proportion of region's contract value, %	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	251	20.5	132
WSP Sverige AB	51	4.1	20
Eniro Sverige AB	22	1.8	8
CGI Sverige AB	20	1.7	11
Kistamässan AB	19	1.6	16
<b>TOTAL</b>	<b>363</b>	<b>29.6</b>	<b>187</b>

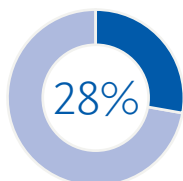




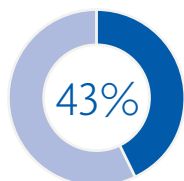
The property Helgefjäll 7 in Kista.

## PROPORTION OF KLÖVERN

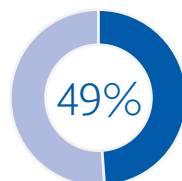
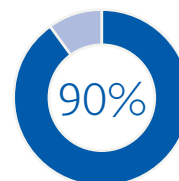
LETTABLE AREA



RENTAL VALUE



FAIR VALUE

ECONOMIC  
OCCUPANCY RATE

## KEY RATIOS PER UNIT AS AT 31 DECEMBER 2015

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Stockholm North	531	813	10,588	90
Stockholm South	167	359	4,741	94
Uppsala	111	181	1,987	86
<b>STOCKHOLM REGION</b>	<b>809</b>	<b>1,353</b>	<b>17,316</b>	<b>90</b>
<b>KLÖVERN</b>	<b>2,872</b>	<b>3,182</b>	<b>35,032</b>	<b>91</b>

# EAST

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

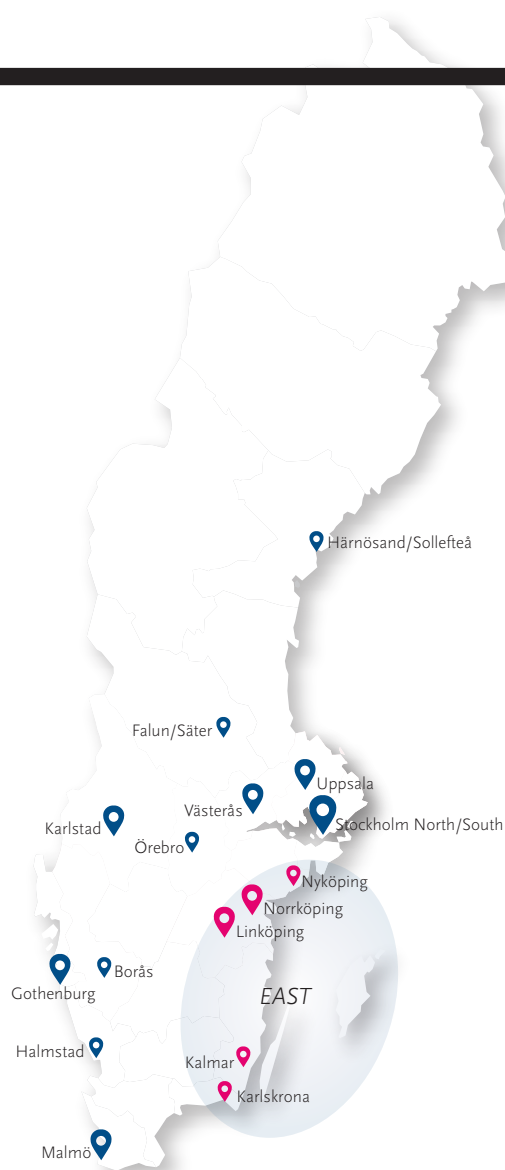
The East Region is Klöver's second largest area in terms of value. The properties' area consists primarily of office space.

The largest tenant moving in during the year was Folksam, which moved into the property Beridaren in Linköping.

The East Region consists of two geographic parts. All municipalities in the region are regional centres with fairly sound economies and a good population development. Almost 500,000 people live in the northern part of the region, which makes it one of Sweden's most densely populated areas. The neighbouring cities of Linköping and Norrköping alone have together a population of around 290,000. The southern part of the East Region has a population of almost 400,000.

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

In the southern part, both Kalmar and Karlskrona have developed into independent regional centres. In Kalmar, the Linné University, is becoming increasingly important for development of the region's business centre.



KLÖVERN'S LARGEST TENANTS  
IN THE EAST REGION

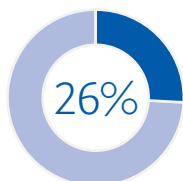
Tenant	Contract value	Proportion of region's contract value, %	Area, 000 sq.m.
Telefonaktiebolaget L M Ericsson	38	5.8	39
Karlskrona Kommun	27	4.2	26
Region Östergötland	26	4.0	18
Linköpings Kommun	17	2.5	13
TeliaSonera Sverige AB	16	2.5	10
<b>TOTAL</b>	<b>124</b>	<b>19.0</b>	<b>106</b>



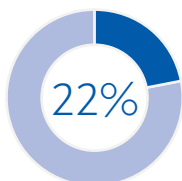
First Office at the property Fors 11 in Nyköping.

#### PROPORTION OF KLÖVERN

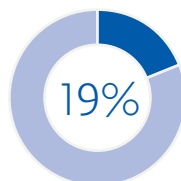
LETTABLE AREA



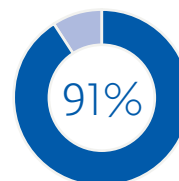
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2015

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Linköping	302	286	2,754	91
Norrköping	180	175	1,558	88
Nyköping	113	106	941	88
Karlskrona	71	74	764	98
Kalmar	84	73	634	94
<b>EAST REGION</b>	<b>750</b>	<b>714</b>	<b>6,651</b>	<b>91</b>
<b>KLÖVERN</b>	<b>2,872</b>	<b>3,182</b>	<b>35,032</b>	<b>91</b>



# CENTRAL

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

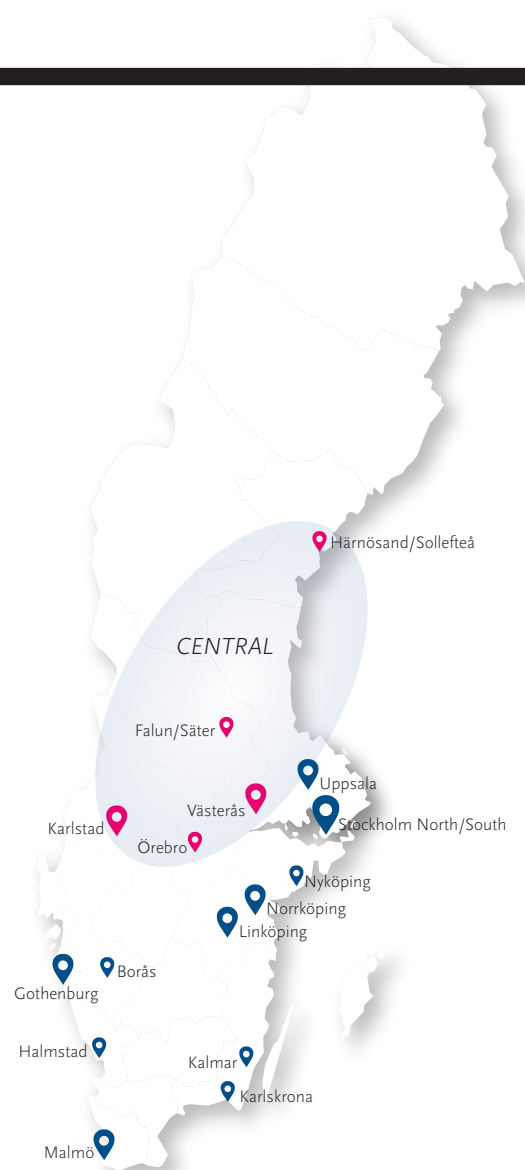
The Central region is Klövern's third biggest region based on property value. Office properties account for the largest share of the area. This is also the case for all business units, except for Västerås, which mainly consists of warehouse and logistics properties and Falun/Säter which consists of health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

The largest tenant moving into the Central Region during the year was the diocese Härnösands stift, which moved into the property Ädelstenen 6 in Härnösand.

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

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

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



KLÖVERN'S LARGEST TENANTS  
IN THE CENTRAL REGION

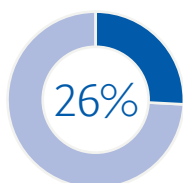
Tenant	Contract value	Proportion of region's contract value, %	Area, 000 sq.m.
Dalarna County Council	26	4.3	24
Swedish Transport Agency	16	2.6	17
Swedish Fortifications Agency	15	2.4	17
PostNord Sverige AB	14	2.2	13
TeliaSonera Sverige AB	12	2.0	10
<b>TOTAL</b>	<b>83</b>	<b>13.5</b>	<b>81</b>



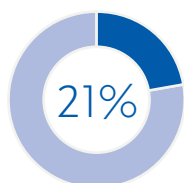
The property Livia 16 in Västerås. Taken possession of during 2015.

#### PROPORTION OF KLÖVERN

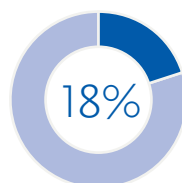
LETTABLE AREA



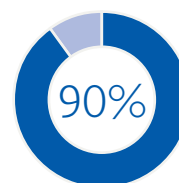
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2015

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Västerås	264	228	2,173	88
Karlstad	197	206	1,907	93
Örebro	100	92	1,073	95
Falun/Säter	100	82	534	89
Härnösand/Sollefteå	89	72	458	88
<b>CENTRAL REGION</b>	<b>750</b>	<b>680</b>	<b>6,145</b>	<b>90</b>
<b>KLÖVERN</b>	<b>2,872</b>	<b>3,182</b>	<b>35,032</b>	<b>91</b>

# SOUTH

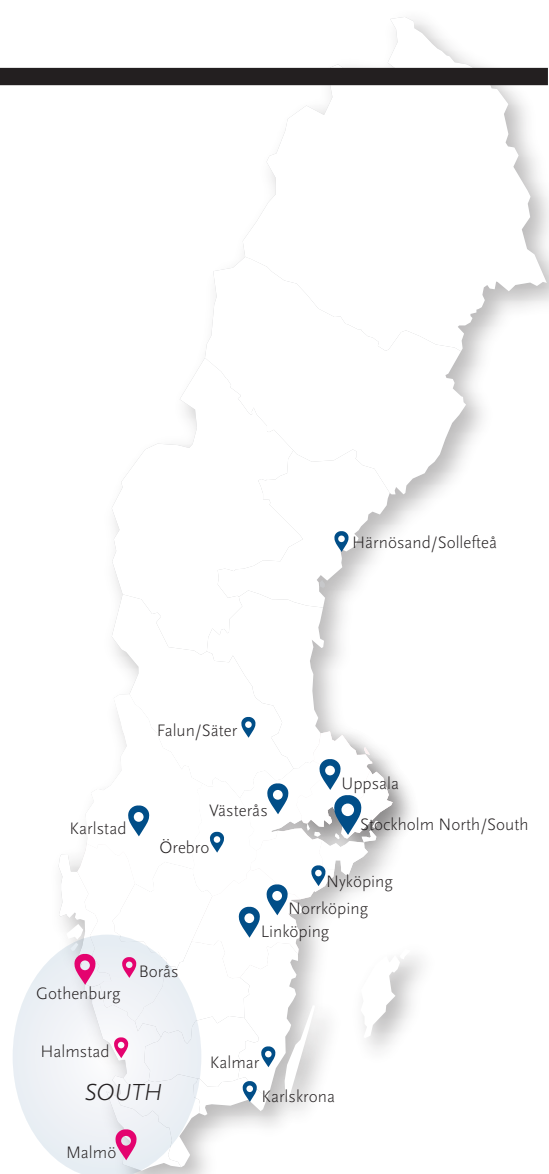
The South Region consists of the business units Gothenburg, Malmö, Borås and Halmstad.

The property portfolio of the South Region and all its business units consists largely of warehouse and logistics properties. This type of property accounts for 57 per cent of the total space in the region.

The largest tenant moving in during the year was Tools Sverige, which moved into the property Niten 6 in Borås.

The South Region is one of Sweden's most densely populated areas and has a strong population growth. For example, Gothenburg is expanding by 7,000 people a year and the population of Skåne is increasing at a faster pace than the rest of Sweden. There are a number of Sweden's largest industries in the region. Västra Götaland is Sweden's most important industrial region and is also the county which has the most exports in Sweden. Economic growth in the Öresund region has been higher than in the country as a whole for many years. There are also large and established educational institutions here. The area has a well-developed infrastructure with good road networks, airports, ports and a rail network. New, very extensive infrastructure investments are planned in the region, including the "West Swedish Package".

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



KLÖVERN'S LARGEST TENANTS  
IN THE SOUTH REGION

Tenant	Contract value	Proportion of region's contract value, %	Area, 000 sq.m.
KappAhl Sverige AB	38	9.7	47
Cowi AB	21	5.4	13
RUAG Space AB	16	4.0	16
IF Friskis & Svettis	15	3.7	11
Swedbank AB	12	3.0	4
<b>TOTAL</b>	<b>102</b>	<b>25.8</b>	<b>91</b>

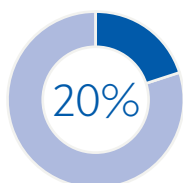




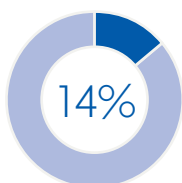
The property Majorna 219:7 in Gothenburg, acquired and taken possession of in 2015.

#### PROPORTION OF KLÖVERN

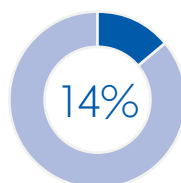
LETTABLE AREA



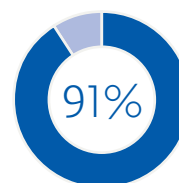
RENTAL VALUE



FAIR VALUE



ECONOMIC  
OCCUPANCY RATE



#### KEY RATIOS PER UNIT AS AT 31 DECEMBER 2015

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Ec. occupancy rate, %
Gothenburg	213	208	2,507	95
Malmö	208	131	1,555	87
Borås	81	54	469	89
Halmstad	61	42	389	88
<b>SOUTH REGION</b>	<b>563</b>	<b>435</b>	<b>4,920</b>	<b>91</b>
<b>KLÖVERN</b>	<b>2,872</b>	<b>3,182</b>	<b>35,032</b>	<b>91</b>





# REAL ESTATE OPERATIONS



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CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW

*Tenants in Majorna 219:7 in Gothenburg. This property was acquired in 2015.*



# PROPERTY PORTFOLIO

The value of the properties increased by 16 per cent (26). Net moving-in amounted to SEK 51 million (35) and the rental value increased by SEK 199 million (413). The economic occupancy rate rose to 91 per cent (90) and the area-based occupancy rate improved by 2 percentage points to 83 per cent.

## PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2015, Klöver had a total of 415 properties (408) located in 38 municipalities (40).

The total property value was SEK 35,032 million (30,208), the lettable area was 2,872,000 sq.m. (2,792,000) and the rental value amounted to SEK 3,182 million (2,983) at year-end. The increase in the value of properties resulted from acquisitions of SEK 2,732 million (4,452), divestments of SEK 546 million (531), investments of SEK 1,386 million (1,021) and changes in value of SEK 1,252 million (1,207). The main reasons for the rise in the value of properties are the investments made in connection with new lettings, rising market rents and lower yield requirements.

## INCOME AND AVERAGE RENT

Income amounted to SEK 2,718 million (2,521) in 2015. The increase in income is attributable to net acquisitions and positive net moving-in.

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

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,195 per sq.m (1,158) as at 31 December 2015. The average rent varies between different regions depending on the type of property, the location of properties and the local rental market.

CPI for October 2015 was 0.1 per cent higher than in the previous year and will therefore have a marginal impact on the contract value for 2016.

## PROPERTY COSTS

Property costs increased, mainly due to the considerably larger portfolio for 2015 and totalled SEK 952 million (878).

Property costs rose by 2 per cent for a comparable portfolio, mainly because of somewhat higher maintenance costs.

Rent losses amounted to SEK 9 million (1), or 0.34 per cent (0.04) of the total income.

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

	2015	2014
Operating costs	178	180
Site leasehold fee	13	12
Maintenance	30	24
Property tax	39	38
Property administration	54	53
<b>TOTAL</b>	<b>314</b>	<b>307</b>

1) Relates to properties owned for the whole of 2014 and 2015.

## OPERATING SURPLUS

The operating surplus amounted to SEK 1,766 million (1,643). This increase is mainly due to the larger portfolio as well as positive net moving-in. The operating surplus increased by 1 per cent to SEK 1,440 million (1,425) for a comparable portfolio.

## OPERATING MARGIN

Klöver's operating margin was 65 per cent (65). The operating margin was 67 per cent in the investment portfolio.

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

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

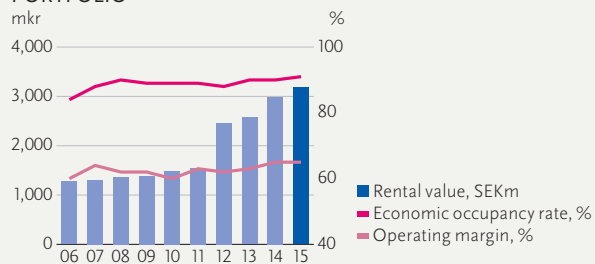
	31.12.2015	31.12.2014	Change, %
Area, 000 sq.m.	2,506	2,505	0
Fair value, SEKm	25,501	23,904	7
Yield requirement, %	6.7	7.1	-6
Economic occupancy rate, %	90	90	0
Area-based occupancy rate, %	82	82	0
<b>SEKm</b>			
Income	2,226	2,195	1
Property costs	-786	-770	2
<b>OPERATING SURPLUS</b>	<b>1,440</b>	<b>1,425</b>	<b>1</b>

1) 1 Refers to properties owned during the whole of 2014 and 2015.

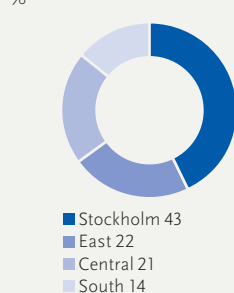


The conference room in the property Majorna 219:7 in Gothenburg.

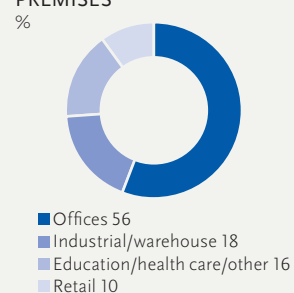
#### DEVELOPMENT OF THE PROPERTY PORTFOLIO



#### RENTAL VALUE PER REGION



#### RENTAL VALUE BY TYPE OF PREMISES



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

	Offices		Industrial/warehouse		Retail		Other <sup>1</sup>		Total	
	Total area, 000 sq.m.	Average rent, SEK/sq.m. <sup>2</sup>	Total area, 000 sq.m.	Average rent, SEK/sq.m. <sup>2</sup>	Total area, 000 sq.m.	Average rent, SEK/sq.m. <sup>2</sup>	Total area, 000 sq.m.	Average rent, SEK/sq.m. <sup>2</sup>	Total area, 000 sq.m.	Average rent, SEK/sq.m. <sup>2</sup>
Stockholm	436	1,982	161	1,035	51	1,805	59	1,835	707	1,750
East	336	1,244	168	584	64	1,042	97	1,131	666	1,056
Central	285	1,115	226	600	91	1,168	138	1,073	740	956
South	155	1,181	220	672	40	1,044	23	1,063	437	903
<b>TOTAL</b>	<b>1,212</b>	<b>1,477</b>	<b>775</b>	<b>709</b>	<b>246</b>	<b>1,253</b>	<b>317</b>	<b>1,229</b>	<b>2,550</b>	<b>1,195</b>

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

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



### OCCUPANCY RATE

The economic occupancy rate, lease contract value in relation to rental value, rose compared to the previous year and amounted to 91 per cent (90) at year-end 2015. The occupancy rate for investment properties totalled 93 per cent while it was 62 per cent for development properties. The occupancy rate measured as area amounted to 83 per cent (81) while for investment properties the occupancy rate totalled 87 per cent and for development properties it was 47 per cent.

### NET MOVING-IN

Net moving-in was positive during the year. The single largest tenant moving in was IP-Only into 3,200 sq. m. in the Kungsängen 10:1 property in Uppsala. Klöver's net moving-in amounted to SEK 51 million (35) on an annual basis, based on tenants moving in at SEK 171 million (157) and vacating tenants at SEK 120 million (122).

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

In addition to the tenants moving in, Klöver has signed additional lease contracts during 2015 for SEK 75 million (69) with moving-in in 2016 or later.

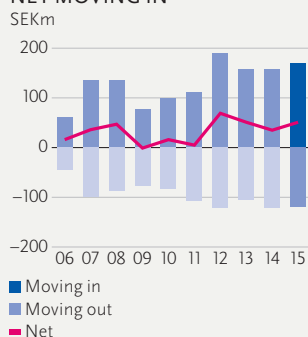
### LEASE CONTRACT STRUCTURE

In all, Klöver has 9,100 leases (8,700). Of the leases, measured as a proportion of contract value, 26 per cent (25) expire within a year. The average lease term has risen to 3.5 years (3.3). Of the total contract value, excluding supplements, 84 per cent (84) was indexed in relation to the consumer price index (CPI).

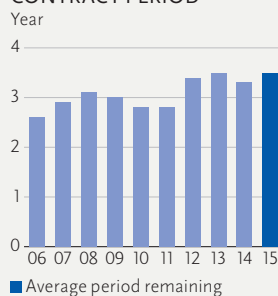
### PROFIT AND KEY RATIOS

The tables on the next page show profit and key ratios broken down by Klöver's regions and by investment or development property. The current operating surplus is affected by project

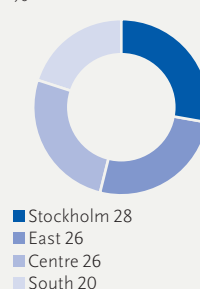
#### NET MOVING IN



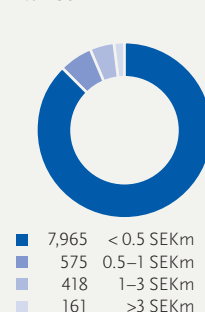
#### CONTRACT PERIOD



#### AREA PER REGION



#### LEASE CONTRACTS







The top storey of the property Kungsängen 10.1 Suttung with the view over Uppsala and the Central Station as its closest neighbour.

or occupancy restrictions in anticipation of further development of the property. The upper table shows results for operational activities, including properties bought and sold and investments made during the year.

The lower table shows the respective year-end and the figures in the two tables are therefore not wholly comparable. The comparability between the years is limited due to net acquisitions in 2014 and 2015.

#### INCOME STATEMENT ITEMS AND INVESTMENTS PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2015 Jan. – Dec.	2014, Jan. – Dec.	2015, Jan. – Dec.	2014, Jan. – Dec.	2015, Jan. – Dec.	2014, Jan. – Dec.	2015, Jan. – Dec.	2014, Jan. – Dec.	2015, Jan. – Dec.	2014, Jan. – Dec.
Stockholm	1,106	985	–371	–318	735	667	66	68	879	401
East	646	636	–221	–219	425	417	66	66	150	214
Central	606	571	–231	–216	375	355	62	62	219	212
South	360	329	–129	–125	231	204	64	62	138	194
Investment	2 604	2,414	–872	–796	1,732	1,618	67	67	601	624
Development	114	107	–80	–82	34	25	30	24	785	397
<b>TOTAL</b>	<b>2,718</b>	<b>2,521</b>	<b>–952</b>	<b>–878</b>	<b>1,766</b>	<b>1,643</b>	<b>65</b>	<b>65</b>	<b>1,386</b>	<b>1,021</b>

#### KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirement, <sup>1</sup> %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	Dec. 31 2015	Dec. 31 2014	Dec. 31 2015	Dec. 31 2014	Dec. 31 2015	Dec. 31 2014	Dec. 31 2015	Dec. 31 2014	Dec. 31 2015	Dec. 31 2014
Stockholm	17,316	14,376	6.0	6.4	809	777	1,353	1,244	90	90
East	6,651	6,360	7.0	7.2	750	758	714	711	91	91
Central	6,145	5,626	7.2	7.3	750	734	680	655	90	89
South	4,920	3,846	6.7	7.3	563	523	435	373	91	90
Investment	31,625	27,315	6.5	6.9	2,551	2,474	2,978	2,797	93	92
Development	3,407	2,893	6.5	7.0	321	318	204	186	62	57
<b>TOTAL</b>	<b>35,032</b>	<b>30,208</b>	<b>6.5</b>	<b>6.9</b>	<b>2,872</b>	<b>2,792</b>	<b>3,182</b>	<b>2,983</b>	<b>91</b>	<b>90</b>

1) Calculated excluding building rights.



Solna Gate



## TRANSACTIONS

During the year, Klöver has supplemented its existing portfolio in several of the prioritized locations. The property portfolio has grown mostly in Stockholm and Gothenburg.

### ACQUISITIONS

The largest transaction during the year was the acquisition of Solna Gate, the property Aprikosen 2, for a total property value of SEK 1.2 billion. The total lettable area amounts to approximately 35,200 sq. m., most of it modern office premises. The acquisition strengthened Klöver's position in the Stockholm area and brings with it a number of new well-known tenants, including Santander, Bristol-Myers Squibb, Toyota and GlaxoSmithKline.

A further addition in the Stockholm Region resulted from the acquisition of Malten 1 in Sollentuna. The lettable area of this property totals approximately 13,000 sq. m. and mainly comprises office premises. The building is fully let and the largest tenants are Pfizer and BMW. The purchase price amounted to around SEK 300 million.

Eight properties were acquired in the Gothenburg area during the year for a total of approximately SEK 700 million. The property Inom Vallgraven 15:2, a centrally situated office property with Swedbank as its largest tenant, was acquired from RREEF. This property is the first to be acquired by Klöver in central Gothenburg. In the Södra Älvstrand district two office properties were acquired in separate transactions: Majorna 220:4 and the site leasehold for Majorna 219:7 with a total lettable area of approximately 21,500 sq. m. Two development properties were acquired in Mölndal, Gastuben 3 in which Klöver is going to develop a new head office for its tenant Santa Maria into which it will be able to move during the first quarter of 2016, and Spinnaren 5. In Gothenburg the properties Sävenäs 170:12 and Sävenäs 170:17 have been acquired as well as Ugglum 6:146. These acquisitions mean that Klöver has increased its portfolio

in Gothenburg considerably and grown within a number of specific markets.

At the beginning of the year Karossen 5 and 19 in Örebro were taken possession of. These properties, which were acquired from Länsgrändens Fastigheter comprise approximately 17,900 sq. m. of lettable area which consists mainly of office and educational premises. Further additions to the Örebro unit resulted from the acquisition of Bageriet 2, a centrally located hotel property operated by First Hotel Örebro, and the office property Vindtunneln 1. The total lettable area of these two properties amounts to approximately 5,900 sq. m.

During the first quarter three properties in Västerås were taken possession of. These were acquired through two separate transactions for a total purchase price of SEK 230 million. Livia 16, a modern and centrally located office property, was acquired from Estea and comprises a lettable area of just under 6,000 sq. m. The commercial and warehouse properties Traversföraren 1 and Kranlinan 1 were acquired in the Erikslund district, with a total lettable area of approximately 7,500 sq. m.

The property Rivan 1 was acquired in Lund and the property Spindeln 2 in Malmö with a total lettable area of just over 8,700 sq. m. These properties complement the existing portfolios in each city.

### DIVESTMENTS

Klöver has during the year continued to concentrate its property portfolio by selling 14 properties with a total lettable area of close to 58,000 sq. m. The total sales price was SEK 546 million.

In the Stockholm region four properties have been divested. Huddinge Opalen 40, Huddinge Luna 1, Sollen-





Inom Vallgraven 15:2, Gothenburg



Malten 1, Sollentuna

tuna Sjöhhjälten 2 and Stockholm Båglampan 35 were sold to Stendörren for a total purchase price of SEK 171 million. In three separate transactions five properties in Eslöv, Katrineholm and Linköping were sold for a total purchase price of SEK 77 million. As a result of these transactions Klöverns has now left both Eslöv and Katrineholm.

The property Bromsen 13 was sold in Karlstad, Garvaren 26 in Karlskrona and the site leasehold for Skonerten 2 in Västerås. The total purchase price amounted to approximately SEK 30 million.

The site leasehold for the office property Tingstadsvassen 27:2 in Gothenburg was sold for SEK 25 million.

#### PROPERTY TRANSACTIONS IN 2015: ACQUISITIONS

City	Property	Property classification	Lettable area, sq. m.	Quarter taken possession
Örebro	Karossen 5	Office	5,127	Q1
Örebro	Karossen 19	Other*	12,754	Q1
Västerås	Livia 16	Office	5,962	Q1
Västerås	Kranlinan 1	Retail	5,005	Q1
Västerås	Traversföaren 1	Retail	2,500	Q1
Mölndal	Spinnaren 5	I/W**	1,763	Q2
Gothenburg	Majorna 220:4	Office	5,709	Q2
Gothenburg	Majorna 219:7 <sup>1</sup>	Office	15,760	Q2
Gothenburg	Sävenäs 170:12	I/W**	4,106	Q2
Gothenburg	Sävenäs 170:17	Other*	0	Q2
Lund	Rivan 1	Office	1,484	Q2
Mölndal	Gastuben 3	Office	5,990	Q2
Örebro	Bageriet 2	Retail	2,570	Q3
Örebro	Vindtunneln 1	Office	3,318	Q3
Stockholm	Malten 1	Office	13,318	Q3
Stockholm	Aprikosen 2	Office	35,158	Q4
Gothenburg	Inom Vallgraven 15:2	Office	4,340	Q4
Malmö	Spindeln 2 <sup>1</sup>	I/W**	7,248	Q4
Gothenburg	Ugglum 6:146	Other*	0	Q4
<b>TOTAL</b>			<b>132,112</b>	

1) Site leasehold

Vampyren 9 in Eskilstuna has been divested. This property mainly comprised office and retail premises with a total lettable area of more than 16,400 sq. m. It was acquired by the recently founded company Agora for SEK 240 million. As partial payment for this property Klöverns received shares in the company corresponding to approximately SEK 93 million.

During December agreements were signed on the divestment of two project properties in Malmö. These properties, Gjuteriet 21 and Gjutförmen 1, are located in Limhamn and comprise building rights for residential accommodation

#### PROPERTY TRANSACTIONS IN 2015: DIVESTMENTS

City	Property	Property classification	Lettable area, sq. m.	Quarter taken possession
Karlstad	Bromsen 13	Retail	370	Q1
Västerås	Skonerten 2 <sup>1</sup>	I/W**	4 720	Q1
Stockholm	Luna 1	Office	6,651	Q1
Stockholm	Opalen 40	Office	770	Q1
Stockholm	Båglampan 35	I/W**	7,855	Q1
Stockholm	Sjöhhjälten 2	Office	3,409	Q1
Eslöv	Rådjuret 1	Office	3,206	Q2
Eslöv	Kidet 1	Other*	0	Q2
Katrineholm	Nejlkan 13	Other*	2,566	Q2
Eskilstuna	Vampyren 9	Retail	16,422	Q2
Karlskrona	Garvaren 26	I/W**	3,625	Q2
Linköping	Masugnen 1	Retail	1,054	Q3
Linköping	Masugnen 2	I/W**	3,461	Q3
Gothenburg	Tingstadsvassen 27:2 <sup>1</sup>	Office	3,868	Q3
<b>TOTAL</b>			<b>57,977</b>	

1) Site leasehold

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

\*\* Industrial/warehouse



# PROJECTS

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

Most projects are of relatively limited size. Of the 310 ongoing projects in process at year-end, 35 involve an estimated investment exceeding SEK 10 million. However, the smaller projects also require substantial organizational input. Klöver has therefore continued to strengthen the regions' project organizations during recent years.

During 2015, Klöver has had a major focus on new production which supplements the existing portfolio and raises the value of the properties. At the end of the year five new production projects were under way.

The market conditions for undertaking new construction remain favourable. This fits in well with increased demand from tenants for flexibility and quality. A number of smaller refurbishment projects in the portfolio involve preparing and launching more self storage facilities and business centres under the Big Pink and First Office trade marks.

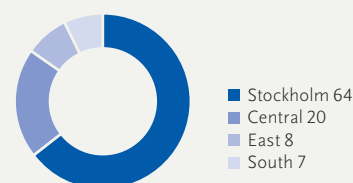
## PROJECTS IN 2015

Investments totalled SEK 1,386 million (1,021) in 2015. The investments in projects completed during the year, and in

some cases started in previous years, amounted to SEK 771 million (679).

At year-end 2015, a total of 310 projects (301) were under way with estimated expenditure totalling SEK 3,451 million (2,439). In all, SEK 1,606 million (1,265) remains to be invested in these projects.

PROJECT VOLUME PER REGION  
%



## KLÖVERN'S LARGEST ONGOING PROJECTS 31 DEC. 2015

City	Property	Type of project	Contractor	Largest tenant	Project area, sq.m.	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Expected completion date, year
Kista	Isafjord 8	Offices	In3prenör	Tele2	26,112	675	277	60	2017
Uppsala	Kungsängen 10:1, 10:2	Offices/Hotel	Wästbygg	Elite Hotels	19,240	484	203	33	2016
Karlstad	Pinassen 2	Offices	Peab Sverige	–	14,099	292	152	29	2017
Kista	Borgarfjord 4	Offices	Gärahovs Bygg	Eniro	13,356	170	112	19	2017
Kista	Helgafjäll 1 och 2, Hus 4	Hotel	Gärahovs Bygg	StayAt Hotel	13,293	167	122	21	2017
Örebro	Vindhjulet 3	Offices	Peab Sverige	Transportstyrelsen	19,343	164	22	11	2016
Gothenburg	Garnlestaden 39:13	Offices	AF Bygg Göteborg	–	11,478	127	98	11	2017
TOTAL					116,921	2,079	986	184	



## KISTA, HELGAFFJÄLL 1&2

In the summer of 2015 Klövern signed a 20-year lease contract with StayAt HotelApart AB for an apartment hotel comprising approximately 170 rooms. Refurbishment is being undertaken and the façade is being modernized. Moving in is expected to take place in August 2016. The contractor is Gärahovs Bygg AB.



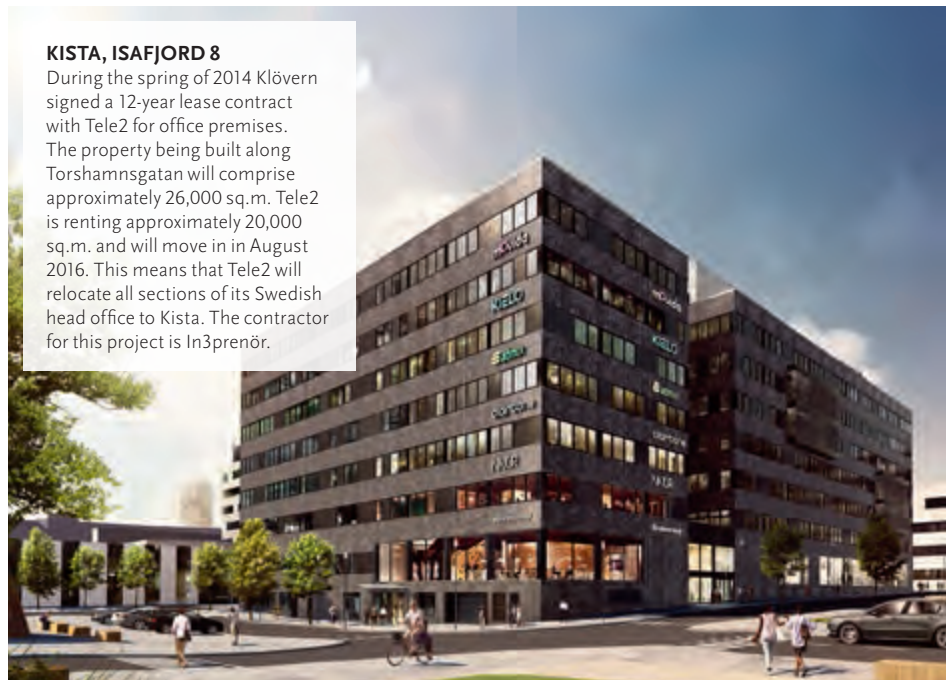
## KISTA, BORGARFJORD 4

A development property of approximately 14,000 sq. m. on Kistagården is being modernized. The largest tenant is Eniro AB renting 2,200 sq. m. In addition to office premises and a business center there is also a restaurant and conference facilities. Tenants will move in continually from the spring of 2016 and onwards.



## VÄSTERÅS, SIGURD 7

A new and interesting modernistic building is being planned next to the Travel Centre 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 for the autumn of 2017.



## KISTA, ISAFJORD 8

During the spring of 2014 Klövern signed a 12-year lease contract with Tele2 for office premises. The property being built along Torshamnsgatan will comprise approximately 26,000 sq.m. Tele2 is renting approximately 20,000 sq.m. and will move in in August 2016. This means that Tele2 will relocate all sections of its Swedish head office to Kista. The contractor for this project is In3prenör.

## KARLSTAD, PINASSEN 2

An office building comprising approximately 14,000 sq. m. is being built on the best site at the inner harbour in Karlstad. When completed during the second half of 2017 the building will also house a gym and a restaurant. The contractor is Peab Sverige.





# BUILDING RIGHTS

Klövern works constantly to develop its portfolio of building rights by developing its existing building rights and creating new ones. A well-positioned portfolio of building rights offers major potential for development and can play an important role in realising the full potential of a property.

A building right is a permit to erect a building or extend an existing one. The extent of a building right is specified by the current local plan.

Klövern currently has building rights according to local plans and assessed building rights at the majority of the 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. As an active and credible community developer in its prioritized areas, the company works to enable future urban development and construction. About 10–20 local plan cases are generally being pursued in different parts of Sweden and this is an important element in the development of its portfolio of building rights. Owning building rights for strategic sites provides a major competitive advantage by making it possible to offer existing or new tenants newly produced premises in attractive locations.

In all, these building rights are for a total of 2,225,000 sq.m. (1,417,000) at year-end and were valued at SEK 1,023 million (864). Of these, 817,000 sq.m. (551,000) had been specified in local plans. During the fourth quarter an extensive inventory was made of building rights which largely explains the increase in the area they cover compared with the end of the previous year. Concrete plans have already been made for a number of building rights and these can be started relatively immediately while others are still at the concept or local planning phase.

## BUILDING RIGHTS 31 DEC. 2015

	Total building rights, 000 sq.m. GA <sup>1</sup>	Building rights specified in local plans, 000 sq.m. GA <sup>1</sup>	Assessed building rights, 000 sq.m. GA <sup>1</sup>
Stockholm North	402	146	257
Stockholm South	60	15	45
Uppsala	218	33	185
<b>STOCKHOLM REGION</b>	<b>680</b>	<b>194</b>	<b>486</b>
Linköping	380	92	288
Norrköping	42	27	15
Nyköping	104	26	79
Karlskrona	55	39	16
Kalmar	21	0	21
<b>EAST REGION</b>	<b>602</b>	<b>184</b>	<b>418</b>
Västerås	267	40	227
Karlstad	216	147	69
Örebro	45	30	15
Falun/Säter	66	25	41
Härnösand/Sollefteå	40	40	0
<b>CENTRE REGION</b>	<b>634</b>	<b>282</b>	<b>352</b>
Gothenburg	78	24	54
Malmö	210	113	97
Borås	7	7	1
Halmstad	14	14	0
<b>SOUTH REGION</b>	<b>309</b>	<b>158</b>	<b>151</b>

**TOTAL KLÖVERN** 2,225 817 1,408

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

## BUILDING RIGHTS SPECIFIED IN LOCAL PLANS %



- Offices 42
- Industrial/Warehouse 24
- Residential 20
- Education/Health care/Other 14



## **OLAUS PETRI 3:234**

On the property Olaus Petri 3:234 next to Örebro's travel centre Klöver'n is planning a new hotel and new offices. The local plan came into effect in 2014 and the current building right is for a total of 11,000 sq. m.



## **SIGURD 3**

Sigurd 3 is a property situated south of the central station area in Västerås and the local plan is being drawn up at the same time as the plan for the city's new travel centre. The plan here is to extend the city centre with a vibrant district comprising residential accommodation, offices, retail units and other activities as well as parks and squares.



## **ISAFJORD 1 & SKAFTÅ 1**

The blocks called Myvatten and Dalvik in the Isafjord 1 property and the Skaftå 1 property are planned to provide a large number of residential units. The proposed local plan is being drawn up during the spring of 2016 through a competitive tender in which a number of architectural practices will participate and present their visions for the area. This is a pioneering project for accommodation in this part of Kista and the aim is to turn Kista into a mixed urban setting.







UPPSALA,  
KUNGSÄNGEN 10:1, 10:2  
THE SUTTUNG  
PROJECT





## *“In our case Klöver has more than lived up to its motto. Bravo!”*

The Suttung block in Uppsala is an exciting project that will stretch over several years and help to develop an area at the very centre of Uppsala. The property, which is situated right next to the travel center is now fully let.

In the autumn of 2015 the County Administrative Board moved into first-class refurbished premises, to be followed in December by IP-Only's occupation of the newly built top two storeys and Swed-bank early in 2016. The next stage will see Elite Hotels moving into a totally new hotel building where the hotel entrance and reception are directly linked to the office block.

The building qualifies for the environmental classification Miljöbyggnad Silver.

*“Ambitious, close to its clients and reliable. The way it should be in other words.”*

Peter Egardt, County Governor of the County of Uppsala, about the cooperation between the County Administrative Board and Klöver during the course of the project.



*The project team has comprised employees from Klöver and the County Administrative Board. The County Governor, Peter Egardt, says that Klöver was chosen because of factors such as location, flexibility and cost. Klöver and the County Administrative Board had close contacts before and during the course of the project.*



## PROPERTY VALUES

The fair value of the properties was SEK 35,032 million (30,208) at the year-end. The changes in value amounted to SEK 1,252 million (1,207), of which realized changes in value amounted to SEK –2 million (8) and unrealized changes in value SEK 1,254 million (1,199).

The property market continued to develop positively during 2015 and the total volume of transactions amounted to around SEK 150 billion, which is about 5 per cent lower than in 2014. Transaction volumes in 2014 and 2015 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 flow. Institutions and listed property companies have been and are major net purchasers. A great deal of Sweden's institutional capital was invested in residential accommodation while the listed property companies have mainly acquired office premises. About one-third of the transaction volume was accounted for by Stockholm and residential accommodation constituted, overall, the largest single segment. During 2015 international investors accounted for about 30 per cent of the transaction volume. Corresponding investment volumes by international stakeholders have not been seen since 2008. Property funds were large net sellers during 2014 and this trend strengthened during 2015.

### CHANGES IN PROPERTY VALUES

Changes in property values amounted to SEK 1,252 million (1,207). The change in value includes realized changes of SEK –2 million (8) and unrealized changes of SEK 1,254 million (1,199). At year-end 2015, the average yield requirement for Klövern's properties was 6.5 per cent (6.9), excluding land and building rights.

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

Klövern's average yield requirement has dropped by 0.4 percentage points compared to the previous year, mainly linked to strong investor interest and continued positive net moving in.

### VALUATION MODEL

Klövern reports investment properties at their fair value. Every quarter, 100 per cent of the properties are valued, 20–30 per cent normally by external valuers and the rest internally. Every property in the portfolio is valued externally

at least once during a rolling 12-month period 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.

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

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

- > 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.

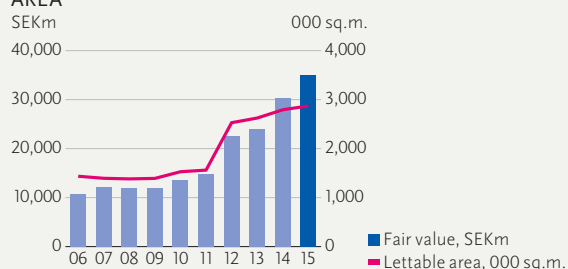
## SUMMARY

Value date	31 December 2015
Fair value	SEK 35,032 million
Calculation period	Normally five or ten years
Yield requirement for assessment of residual value	Between 4.50 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.35 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (Riksbank's inflation target)

## SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on property value SEKm
Yield requirement	0.5 percentage point	-2,434/ 2,840
Rental income	SEK 50/sq.m.	+/- 2,213
Operating costs	SEK 25/sq.m.	-/+ 1,107
Vacancy rate	1.0 percentage point	-/+ 460

## THE PROPERTIES' FAIR VALUE AND AREA



## FAIR VALUE, SEKm

	2015	2014
Fair value as at 1 January	30,208	24,059
Acquisitions	2,732	4,452
Investments	1,386	1,021
Divestments	-546	-531
Changes in value	1,252	1,207
<b>FAIR VALUE AT YEAR END</b>	<b>35,032</b>	<b>30,208</b>

## PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2015

	Fair value	No. of properties	Rental value, SEKm <sup>1</sup>	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm	17,316	90	1,353	90	809	5.50–11.15	5.00–9.25	6.0
East	6,651	125	714	91	750	6.60–11.35	4.50–9.50	7.0
Central	6,145	104	680	90	750	6.95–10.85	5.15–9.00	7.2
South	4,920	96	435	91	563	6.40–11.35	4.50–9.50	6.7
Investment	31,625	356	2,978	93	2,551	6.60–11.35	4.50–9.50	6.5
Development	3,407	59	204	62	321	7.30–11.35	5.75–9.50	6.5
<b>TOTAL</b>	<b>35,032</b>	<b>415</b>	<b>3,182</b>	<b>91</b>	<b>2,872</b>	<b>5.50–11.35</b>	<b>4.50–9.50</b>	<b>6.5</b>

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.





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FINANCE

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FINANCIAL REPORTS

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SPECIFICATION OF PROPERTIES AND REVIEW

*Klöver employees in the company's own office in the property Ugglum 1:76 in Gothenburg.*

# SUSTAINABILITY STRATEGY AND TARGETS

The point of departure for Klöver's sustainability strategy can be found in our vision, business idea and values. Our trade mark has to inspire the confidence of our shareholders and customers as well as our staff and other stakeholders.

Sustainability is included in all we do, everything from service for our customers and cooperation with fellow employees to collaboration with our suppliers and other stakeholders. Every day we lighten each other's burdens.

## SUSTAINABILITY STRATEGY AND POLICY

Sustainability is a concept that imbues all of the work undertaken by the company. Explicit limits clarify our values and guide our actions. The process begins at top management level. Every year Klöver's board lays down a sustainability policy and targets for our work with sustainability. Klöver's sustainability policy is based on a materiality analysis carried out in 2014 and which we still consider to be of the greatest relevance.

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

### This involves for instance:

- > Complying with or exceeding legislative and official requirements for environment and health and safety.
- > Responsibility for creating physical environments that promote growth and therefore prosperity for a sustainable society.
- > Continual dialogue with stakeholders.
- > That sustainable development will imbue all the work undertaken in the company.

## IMPORTANT ASPECTS AND STAKEHOLDERS

The economic, environmental and social aspects of our work with sustainability depend on close relationships with our stakeholders. Klöver's most important stakeholders, which were identified by Klöver's sustainability group, are our employees, tenants, shareholders, board and credit providers as well as stakeholder organizations. During 2014 extensive dialogue took place with stakeholders which resulted in a materiality analysis that we continue to base our work on.

On the basis of the materiality analysis and intensified dialogue we have laid down new targets for 2016 and the future.

## KLÖVERN'S BASIC VALUES



## SUSTAINABILITY GOALS FOR 2016

Area	Important aspects	Targets
ECONOMIC	Profitability and financial stability	> The adjusted equity ratio shall in the long term be 40 per cent.
		> The operating margin shall amount to at least 65 per cent.
ENVIRONMENTAL	Environmental smartness and effective use of energy	> Heat consumption shall decrease by at least 6 per cent during 2016-2018.
		> The electric power requirement shall decrease by at least 8 per cent during 2016-2018.
SOCIAL	Attractive employer	> Personnel turnover should in the long term amount to around 10 per cent per year.
	Security and ethics	> Sickness absence shall be less than 3 per cent per year.

## SUSTAINABILITY REPORT

Klöver's second sustainability report covers the operational year of 2015. This report has been drawn up on the basis of the GRI guidelines for voluntary reports on sustainability issues. The aim is that the sustainability report together with our annual report and website will provide a complete picture of the economic, environmental and social aspects of Klöver's operations. You can read more about our work with sustainability and Klöver's sustainability report for 2015 at [www.klovern.se](http://www.klovern.se).

## ECONOMIC

Klövern's overall financial goal is to generate a good return for its shareholders. The company's profitability is a prerequisite for its being able to attain its targets in its core operations and also for work on sustainability issues. As a financially stable commercial partner we provide security for both our customers and suppliers and a sound financial footing is important for attracting competent staff. High priority is also given to our continual endeavours to raise customer satisfaction.

### SELECTED SUSTAINABILITY TARGETS FOR 2015 – ECONOMIC

The adjusted equity ratio shall in the long term be 40 per cent.<sup>1</sup>

The interest coverage ratio shall be at least 2.0.<sup>2</sup>

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



1) During 2015 this target replaced an equity ratio target of at least 30 per cent, which was attained during 2015.

2) During 2015 this target replaced an interest coverage ratio of at least 1.5.

### PROFITABILITY AND FINANCIAL STABILITY

Profitability is important and provides conditions that enable Klöver to adopt the strategies it has selected and attain the company's targets. The same also applies, of course, to sustainability targets that form an integral element in the other targets laid down by the board for operations – everything is related. From the strategies and targets presented by Klöver

in the annual report it can be seen that the company has a business model based on growth and generating a sound return on equity. To attain this target Klöver 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 central for the company.

### CUSTOMER SATISFACTION

Klövern conducted a Customer Satisfaction Survey for 2015 which showed that customers are particularly satisfied with the high level of service offered by Klöver's personnel and the fact that their promises are kept. Customer satisfaction has continued to improve during the three surveys that have been conducted. The latest figures showed a customer satisfaction rate of 77 per cent (76).

“It is interesting that several banks are keen on keeping track of our share of environmentally certified buildings.”

JENS ANDERSSON  
Chief Financial Officer





*Committed and service-minded Klöver employees.*

## ENVIRONMENT

Klöver is to provide environmentally adapted premises, developed and managed with the minimum possible use of resources and the least possible environmental impact. In every aspect of its operations it must strive to act in an environmentally correct way.

### SELECTED SUSTAINABILITY TARGETS FOR 2015 – ENVIRONMENTAL

Heat consumption shall be reduced by at least 12 per cent for the period 2013–2015. ✓

The proportion of green lease contracts shall increase. ✓

Klöver's environmental work is well integrated into the organization. Work is undertaken continuously in order to make continual improvements. Current legislation and environmental requirements, together with Klöver's environmental policy, provide the basis for this work, which involves its employees and tenants as well as suppliers and subcontractors. All employees complete a basic environmental training programme.

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

a good platform for the introduction of an environmental management system in compliance with ISO 14001. An environmental review is conducted each year by an external auditor. During the review early in December Klöver was approved for one more year.

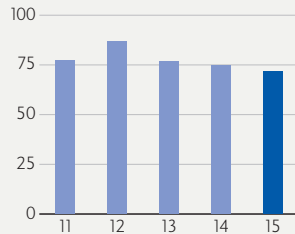
### ENVIRONMENTALLY SMART AND ENERGY EFFICIENT

#### Energy consumption

Energy consumption has been identified as the most important environmental aspect in Klöver's work with environmental issues and for many years we have been working to minimize energy consumption in our properties. We more than reached our target to reduce heat consumption by 12 per cent over the three-year period 2013–2015 as the outcome was 14 per cent. At the moment Klöver is doing really well with an average heat consumption of 72.7 kWh/sq. m. for 2015. This can be compared with the sector average provided by the Swedish Energy Agency in ES 2015:05 of 121 kWh/sq. m. for heating premises. Our new target is a reduction in heat consumption of at least 6 per cent during 2016–2018.

**HEAT CONSUMPTION**

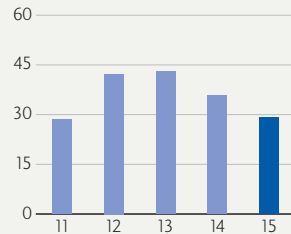
kWh/sq.m.



Heat consumption has been reduced by 14 per cent over three years. Consumption totalled 72.7 kWh/sq. m. (74.6) at year end.

**AIR CONDITIONING**

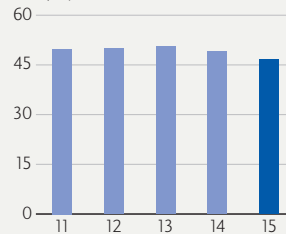
kWh/sq.m.



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 2015 was 29.1 kWh/sq.m.

**ELECTRICITY CONSUMPTION INCLUDING TENANTS**

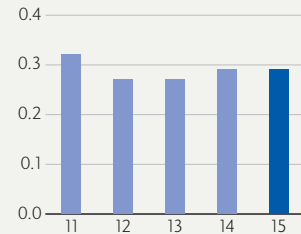
kWh/sq.m.



Total electricity consumption, including some of the tenants' consumption, has declined during the year. Average consumption of electricity totalled 46.7 kWh (49.1) per sq.m.

**WATER CONSUMPTION**

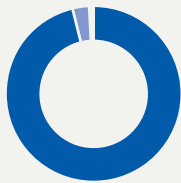
cu.m./sq.m.



Water consumption in our properties remains at the same level as the previous year, 0.29 cu.m./sq.m.

**TYPE OF HEATING PER MEDIUM**

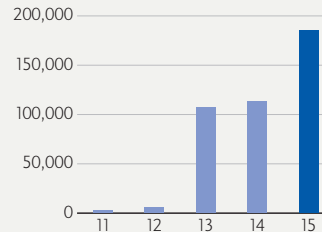
%



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**

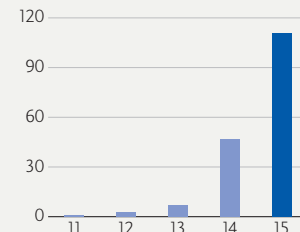
kWh



Klövern's production of electricity from its own solar panels has risen by 64 per cent since the previous year. The total production from solar panels in 2015 totalled 185,085 kWh (113,162).

**GREEN LEASE CONTRACTS**

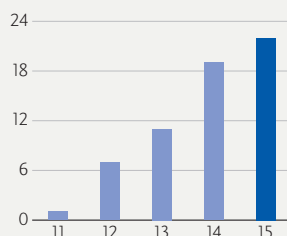
No.



The number of green lease contracts rose to 111 (47) during the year. Net lease figures (newly signed – terminated + those acquired through acquisitions) account for this increase.

**ENVIRONMENTALLY CERTIFIED BUILDINGS**

No.



The number of environmentally certified buildings increased by three during the year to total 22 (19).



**Electricity consumption**

Electricity consumption was reduced during 2015, partly because of cool summer weather so that air conditioning equipment operated for fewer hours but also as a result of more effective use of energy. During the year Klöver has been studying when and where electric power is being used and this has revealed peaks that should not exist and a basic load that is unnecessarily high. This resulted in a launch of the electric power project. We are convinced that the project will offer results and have therefore laid down a new reduction target that electric power needs will be cut by at least 8 per cent during 2016–2018.

**GREEN LEASE CONTRACTS**

A green lease contract involves an agreement about a continual dialogue with tenants on environmentally related issues such as energy consumption and waste management in order to reduce impact on the climate and costs. Being able to offer green lease contracts makes Klöver attractive for existing and new customers, employees and other stakeholders.

Our target during the year was to increase the share of green lease contracts and this was also attained. At the end of 2015 we had 111 green lease contracts (47) which together

comprise 6 per cent of Klöver's total of contract value, an improvement from 2 per cent a year ago. The major rise is the result of new contracts but also due to acquisition of properties with green lease contracts.

**SMART PROCUREMENT**

As a property company we make many purchases and the need of coordinated procurement has grown during the years. The most recent web survey of employees disclosed the need of greater focus on procurement.

During 2016 Klöver will intensify its internal work on environmentally assessed materials for greater long-term sustainability in its building. The choice of materials during the building phase can influence both energy consumption and environmental impact. Our aim for 2016 is that all materials used in all major refurbishments or to build new properties for Klöver will have been approved according to a building materials assessment.

There has been a focus on the use of chemicals within Klöver for a number of years and chemicals are continually being phased out. During the autumn of 2015 work began that focused on risk assessment and categorization of different chemicals.



*Klöver employees on the top floor of the property Kungsängen 10:1 at the Suttung Block in Uppsala.*



# SOCIAL

Klövern is a commercial undertaking, an employer and also an active member of the communities in which we operate. We safeguard the integrity of our stakeholders and manage information so that it is protected and administered responsibly. We take it for granted that our chain of stakeholders share our values and our code of conduct.

## SELECTED SUSTAINABILITY TARGETS FOR 2015 – SOCIAL

Personnel turnover should in the long term amount to around 10 per cent per year. ✓

Sickness absence shall be less than 3 per cent per year. ✓

One of Klöverns most important assets is its personnel. It is through their commitment, development and expertise that we can create a culture in which we and our customers can thrive. As an employer we take responsibility for endeavouring to create the best possible working climate and conditions for all our employees. 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. Gender equality and diversity are self-evident for us and we support and comply with the principles of the UN Global Compact initiative.

## AN ATTRACTIVE EMPLOYER

### Develop, recruit and retain talented employees

To assure the company's competence and our employees' development and motivation performance discussions and follow-up discussions take place once a year. Here any gaps in skills are identified and used as the basis for our 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.

All recruitment takes place after a well structured process using external and internal channels. Our ambition is that our recruiting will increase the proportion of employees with postsecondary education. Today about two-thirds of our staff have postsecondary education. In order to recruit new talents as they enter the labour market we cooperate with schools and provide summer trainee positions and placements.

In order to retain and motivate our employees we work explicitly with internal career routes in all of our recruitment processes. During 2015 we have managed to enable 13 members of our staff (15) to advance to take on new roles in the company. Our target is that our annual personnel turnover should be about 10 per cent. During 2015 this figure was 9 per cent (16).

## Employee satisfaction survey

An employee satisfaction survey, ESS, is one way of acquiring an overall impression of how satisfied employees are with their workplace, using a well-developed methodology that applies generally to all companies. Klöverns conducted its first ESS in 2013 and the results have improved continually since then. The result in 2015 was 73 per cent (70).

## 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 receive an annual keep-fit allowance. In addition to this benefit, our staff are also provided with advantageous health care insurance, retirement pensions and subsidized lunches.

To enhance the importance of the commitment and participation of our employees a profit sharing foundation was established in 2005.

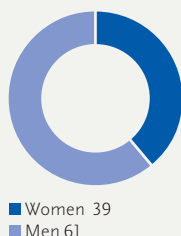
## SECURITY AND ETHICS

### Safe working environment and health and safety representatives

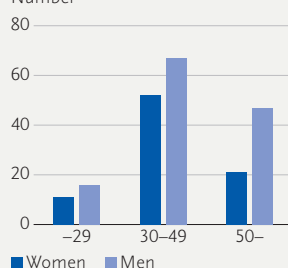
Our employees must be able to feel that they are working in a secure and safe working environment. We work strategically with health and safety issues and 2015 has been no exception. For instance we have provided training for managers on this topic, a programme that all new managers have to complete, and we have produced a new and more explicit system for devolving powers relating to health and safety. A unique web-based system for assuring our working environment was introduced in 2014 and we are working so that its contents can be developed and improved successively.

During 2015 Klöverns has carried out risk analyses of its operational activities. Routines have been drawn up for the risks that are most widespread and serious.

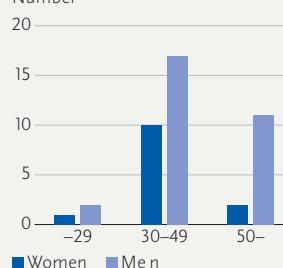
The role of the health and safety representatives is an important one and we are working to make it more explicit and to offer them training so that they feel secure and certain about what is expected of them and to create awareness in our organization of the importance of health and safety and the working environment.

**GENDER RATIO,  
AT YEAR END**  
%

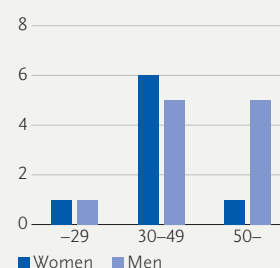
The proportion of women at Klöver has decreased to 39% (42) while the proportion of female managers has risen to 36% (32).

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

Average age in the company has decreased to 43 (45).

**NEW EMPLOYEES 2015,  
GENDER AND AGE**  
Number

In total 43 new employees (32) were hired in 2015.

**NUMBERS LEAVING 2015,  
GENDER AND AGE**  
Number

In total 19 employees (31) left in 2015.

	2015	2014	2013	2012	2011
Number of employees at year end	214	190	189	185	132
- of which women/men, number	84/130	79/111	76/113	75/110	58/74
- of which subject to collective agreement, number	50	41	44	44	32
Average age	43	45	46	46	45
Employee turnover, %	9	16	9	10	8
Value added per employee, SEK million	9.1	8.9	7.6	7.3	5.6
Professional development per employee, SEK 000s	17	18	19	16	20
Absence because of illness, %	2.9	2.0	1.9	2.3	1.9

### Corruption and bribes

As one element in our work to eliminate bribery from the market and to comply with legislation on bribery in Sweden we have been working to produce a new comprehensive bribery policy that contains clear guidelines and will provide support in the daily work of our employees.

### Diversity and non-discrimination

Our code of conduct provides guidance for our staff on their relations with each other. The aim is, for instance, to ensure that there is no discrimination or offensive treatment of individuals working for the company. Gender equality and diversity are self-evident for the company – all employees must have the same opportunities. These aspects are very important for us and they are also fundamental in all of our recruitment processes.

### Social responsibility

Our social responsibility does not only stretch to our stakeholders and employees but also includes our responsibility for the sustainability of the community, in both minor and major aspects. In our social role we want to set a good example irrespective of whether this concerns economic, environmental or social aspects.



*A more detailed description of our work with sustainability can be found in our Sustainability Report for 2015 and at [www.klovern.se](http://www.klovern.se).*



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*The property Helgafjäll 7 in Kista.*

INTRODUCTION

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REAL ESTATE OPERATIONS

SUSTAINABILITY

**FINANCE**

CORPORATE GOVERNANCE

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW



# FINANCING

Klövern's average interest rate improved during the year from 3.5 per cent to 2.7 per cent. The main explanation for this is interest rate cuts by the Riksbank, lower margins on loans from banks and the successful establishment of a commercial paper programme. Interest rate hedging agreements that have already been made counteracts the positive effect of lower interest rates but also provide protection against interest rate rises.

## THE CREDIT MARKET

The Riksbank lowered its policy rate, the repo rate, on three occasions during the year. At the beginning of the year, the repo rate was 0.00 per cent and at year-end – 0.35 per cent. Access to liquidity in the bank market has improved even further during the year both with respect to existing and new lenders, which has also resulted in lower loan margins.

During the first half of the year a commercial paper programme was established that broadens the company's capital base and also provides access to credits with very low loan margins.

2015 was characterized by a paradigm shift in the form of negative policy rates. The effects of the low interest rates from a longer perspective remain to be seen but in the short term in isolation are positive for Klöver. The existence of interest rate floors limits, however, the positive effect of negative interest rates to some extent.

## FINANCIAL MANAGEMENT

Financial management is intended to support the company's core activities by keeping the long-term cost of borrowed capital at a minimum. Its tasks are to manage the existing

debt, take care of new borrowing for investments and acquisitions, 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. Financial policy establishes the allocation of responsibility for financial matters and the rules relating to reporting, monitoring and control. Financial matters of strategic importance are dealt with by Klöver's Board.

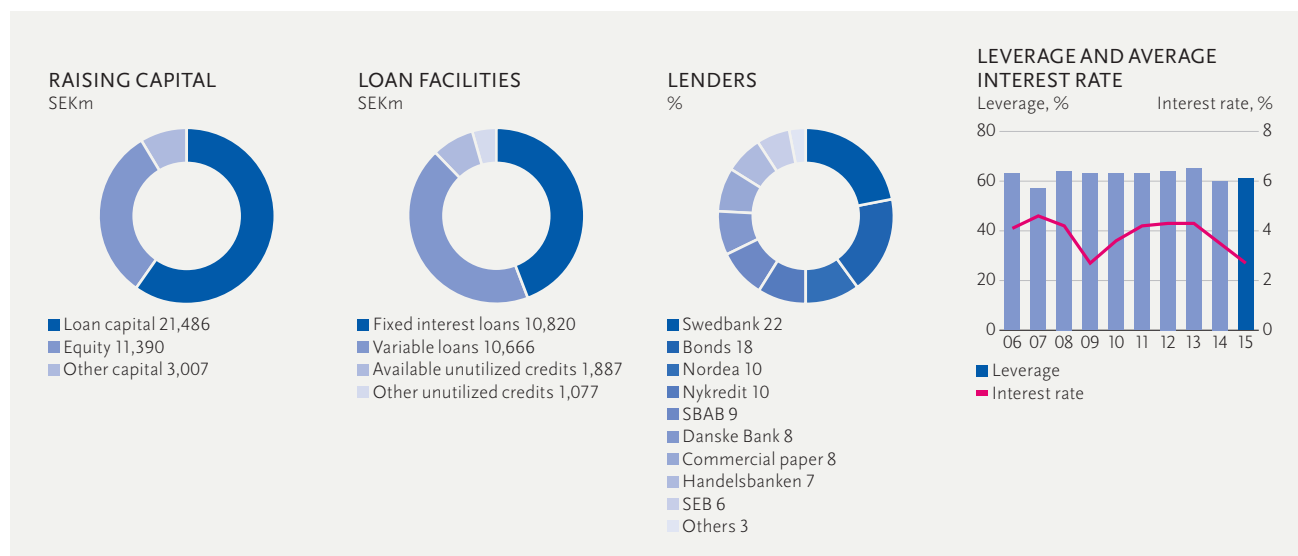
## RAISING CAPITAL

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

On 31 December 2015, Klöver's assets amounted to SEK 35,883 million (31,658). Equity accounted for SEK 11,390

## FIXED INTEREST AND TIED-UP CAPITAL

Maturity year	Fixed interest		Contract volume, SEKm	Tied-up capital		
	Loan volume, SEKm	Interest rate, %		Utilized, SEKm	Of which outstanding bonds, SEKm	Unutilized, SEKm
Variable	10,666	2.1	–	–	–	–
2016	1,680	2.4	4,553	3,401	–	1,152
2017	730	3.3	7,850	6,950	1,150	900
2018	3,900	2.3	8,784	7,882	1,750	902
2019	815	3.4	1,090	1,090	1,000	–
2020	815	3.6	–	–	–	–
2021	500	4.5	–	–	–	–
2022	1,280	5.3	–	–	–	–
2023	1,100	4.4	–	–	–	–
2024	–	–	–	–	–	–
Future	–	–	2,163	2,163	–	–
<b>TOTAL</b>	<b>21,486</b>	<b>2.7</b>	<b>24,440</b>	<b>21,486</b>	<b>3,900</b>	<b>2,954</b>



million (9,988) of the asset value, loan capital for SEK 21,486 million (18,870) and other capital for SEK 3,007 million (2,800).

### Equity

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

Klöver's equity ratio, in other words the proportion of equity in relation to total capital, amounted to 31.7 per cent (31.5) and the adjusted equity ratio was 35.8 per cent (35.9). Return on equity consists of earnings after tax in relation to average equity. As earnings after tax are affected not only by the operating profit but also by changes in value of both properties and derivatives, the level of return varies sharply from year to year. The goal is for return on equity over time to amount to the risk-free interest rate, measured as a five-year government bond yield, plus at least nine percentage points. This goal, which is actually a long-term goal, was achieved in 2015 as the return on equity amounted to 18.9 cent (14.5).

### Loan capital

Loan capital consists of interest-bearing liabilities.

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

Interest-bearing liabilities accounted for 60 per cent (60) of the total financing at year-end. Leverage, measured as interest-bearing liabilities after deduction for the market value of listed shareholdings and liquid funds in relation to the value of the properties, amounted to 61 per cent (60). Leverage properties, measured as interest-bearing liabilities with collateral in properties relating to the fair value of properties at the end of the period, amounted to 47 per cent (51). The change compared with last year is mainly attributable to an increase in value of the company's properties as well as the commercial paper programme primarily used to reduce bank debt. Interest-bearing liabilities without collateral in properties mainly comprise the unsecured bonds and commercial paper issued by Klöver. More information about bonds and commercial paper can be found 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, Klöver has chosen to swap 47 per cent (43) of the interest-bearing liabilities, SEK 10,040 million (8,166) for fixed interest with a long maturity. Normal fixed-interest loans total 3 per cent, SEK 780 million. Variable loans account for 50 per cent (56), SEK 10,666 million (10,623).

During the year, SEK 7,177 million (6,020) of existing credit facilities have been refinanced and SEK 1,839 million (3,050) raised in new loans. In addition Klöver has refinanced three bonds for a total of SEK 1,270 million with a

new bond for SEK 1,000 million and also issued commercial paper whose outstanding volume at year-end totalled SEK 1,622 million.

In addition to existing loans Klöverner had unutilized credits and overdraft facilities of SEK 2,954 million (2,043), of which SEK 1,877 million (1,336) was available for immediate use with existing collateral. The unutilized loan facilities are distributed among three different lenders and are subject to renegotiation in 2016, 2017 and 2018 respectively. All financing takes place in Swedish kronor. At year-end 2015, liquid funds amounted to SEK 12 million (286).

#### Other capital

Other capital consists mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. The financing form Other capital amounted to SEK 3,007 million (2,800) and constituted 8 per cent (9) of Klöverner's total financing as at 31 December.

#### AVERAGE INTEREST RATE AND FIXED INTEREST

At year-end, Klöverner's average interest rate was 2.7 per cent (3.5). Decreasing base rates are counteracted by already agreed interest rate swaps to hedge against rising interest rates in the future. Excluding costs for derivatives in the

form of interest rate swaps and interest caps, as well as costs for credit facilities and overdraft facilities, Klöverner's average borrowing rate was 1.8 per cent (2.5) at year-end. The average fixed-interest period, taking into consideration interest rate derivatives, was 2.1 years (2.1).

#### TIED-UP CAPITAL

At year-end, the average period of tied-up capital was 2.8 years (2.1). Loans maturing during 2016 total SEK 3,360 million (6,659), excluding overdraft facilities.

#### DERIVATIVES

Klöverner uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 10,040 million (8,166) at year-end, corresponding to 47 per cent (43) of the interest-bearing liabilities. Klöverner 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. Klöverner 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 0.01 and 3.95 per cent.



*A newly erected building on part of the property Fyrislund 6:6 in Uppsala completed during 2015. It comprises 2,700 sq. m. of warehouse premises.*



At year-end 2015, the volume of swaps was SEK 10,040 million (8,166). The interest rate swaps and fixed-interest loans entail that 50 per cent of the interest-bearing liabilities has fixed interest. No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SEB and Swedbank.

The interest rate cap holdings amounted to SEK 0 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 Klövern's average borrowing rate.

#### 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 2015, the change in value of the derivatives amounted to SEK 91 million (–565), of which SEK –3 million (0) was realized. The value of derivatives at year-end was SEK –467 million (–709). All changes in value regarding derivatives have been reported in the income statement. Hedge accounting was not applied.

#### CREDITORS AND COLLATERAL

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

Property mortgages of SEK 21,090 million (19,244) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klövern has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klövern AB.

#### COVENANTS AND RISK-TAKING

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

During 2015 Klövern has chosen to adjust its target for the equity ratio to provide even greater financial strength. The new target is for the adjusted equity ratio to amount in the long term to 40 per cent and this replaces an earlier target of a 30 per cent equity ratio. The banks that have an equity ratio

covenant have set 20–25 per cent as the lower limit. Klövern has also adjusted its interest coverage ratio target to at least 2.0 (from its previous target of 1.5), which exceeds the banks' requirements of 1.25–1.5. Klövern 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.

Klövern meets all of the banks' requirements as at the balance sheet date and expects that it will continue to do so in 2016. The equity ratio was 31.7 per cent (31.5), adjusted equity ratio 35.8 per cent (35.9), the interest coverage ratio 2.6 (2.0), leverage 61 per cent (60) and leverage on properties amounted to 47 per cent (51).

#### DERIVATIVE CONTRACTS

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<i>Nominal interest rate swaps</i>				
Handelsbanken	700	1.0	0.6	–7
Swedbank	200	1.0	1.5	–3
Nordea	30	1.8	4.0	–2
Handelsbanken	200	2.0	0.5	–3
SEB	500	2.0	1.6	–17
Danske Bank	315	2.5	0.2	–1
Swedbank	300	2.6	2.7	–21
Swedbank	200	2.6	2.7	–14
Swedbank	800	2.8	0.0	2
Nordea	1,500	2.8	0.0	2
Danske Bank	500	2.8	0.0	1
Pfandbriefbank	285	2.8	0.0	0
Swedbank	100	3.0	1.8	–5
Danske Bank	315	3.5	0.4	–2
Swedbank	400	4.0	2.2	–29
Swedbank	100	4.0	1.9	–6
Danske Bank	315	4.5	0.7	–3
Swedbank	400	5.0	2.4	–34
Swedbank	300	5.7	2.5	–27
Swedbank	200	6.0	2.5	–19
Swedbank	320	6.1	3.3	–46
Swedbank	960	6.1	3.3	–137
Swedbank	500	7.0	2.2	–35
Swedbank	100	7.3	2.2	–8
Swedbank	500	8.0	2.7	–53
<b>TOTAL SWAPS</b>	<b>10,040</b>	<b>3.9</b>	<b>1.4</b>	<b>–467</b>

## BONDS AND COMMERCIAL PAPER

During 2015 Klöver issued a four-year unsecured bond loan for SEK 1,000 million. Total outstanding bond volume amounted to SEK 3,900 million at year-end. During the year Klöver also set up a commercial paper programme. At year-end outstanding commercial paper totalled SEK 1,622 million. Bonds and commercial paper constitute a complement to bank financing.

### THE BOND MARKET

During 2015 real estate bonds to a value of just over SEK 48 billion were issued in the Swedish market. This is considerably more than in 2014, when issues in the bond market totalled SEK 37 billion and 2013 when the corresponding figure was SEK 32 billion.

The absolute majority, more than 95 per cent, of the volume of bonds issued by real estate companies in 2015 were unsecured bonds. Secured bonds to the value of SEK 0.6 billion were issued during the year.

The bond market was relatively strong during the first two quarters but weakened during the second half of the year. Outflows from some credit funds during the second half of the year have had a negative impact on both prices and volumes. One explanation of these outflows can be found in the turbulence in the Norwegian bond market resulting from falling oil prices, which have affected the entire sector negatively.

### REAL ESTATE BONDS ISSUED DURING 2015

Even though there were about 30 different companies issuing real estate bonds during 2015 in the Swedish bond market, Vasakronan alone accounted for just over SEK 7 billion, or 14.5 per cent of the total volume issued. The ten largest companies issuing bonds in this market borrowed a total of SEK 36 billion in the bond market.

Issuer	Volume issued in 2015 SEK million
Vasakronan AB	7,336
Hemsö Fastighets AB	5,800
Akademiska Hus AB	5,220
Rikshem AB	3,800
Castellum AB	3,600
Willhem AB	3,550
Nya SFF AB	3,528
Akelius Residential Property AB	1,400
Fastighets AB Balder	1,150
Klöver AB	1,000

Source: Swedbank

### KLÖVERN'S ISSUE OF BOND LOANS DURING 2015

In March, Klöver issued a 4-year bond loan of SEK 1,000 million in the Swedish market. The unsecured bond was primarily used to refinance three outstanding bonds with a value of SEK 1,270 million that matured in the first quarter. The issue was completed in cooperation with Swedbank and Nordea.

A healthy banking market in 2015 contributed to Klöver's decision to raise a somewhat higher degree of funding in the form of traditional bank loans rather than in the bond market.

### BONDS PER 31 DEC. 2015

ISIN code	Type	Issued	Maturity	Fixed/Variabla	Volume SEKm	Spread over 3 month Stibor on issue, %	Current spread over 3 month Stibor, % <sup>1)</sup>
SE0004868453	Unsecured	Oct. -12	Jan. -17	Variable	1,150	4.00	1.87
SE0005127578	Secured	Apr. -13	Apr. -18	Variable	700	3.00	3.27
SE0005757358	Unsecured	March -14	March -18	Variable	1,050	2.25	2.35
SE0006799987	Unsecured	March -15	March -19	Variable	1,000	3.50	4.10

1) 17 Feb, 2016

### ALTERNATIVE FORMS OF FINANCING

The banks have again become somewhat more 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 60–65 per cent, which can be compared to 75 per cent before the financial crisis. 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.

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

### INVESTORS

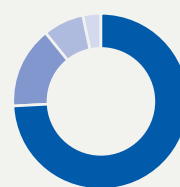
A large number of institutional investors invest in Klöver's different bonds. The ten largest bondholders have lent just under SEK 1.9 billion to Klöver. A considerable amount has also been invested through the banks' different Private Banking services. Investors include both banks, pension funds, trade unions, real estate companies, private companies and private individuals.

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

### SECONDARY MARKET

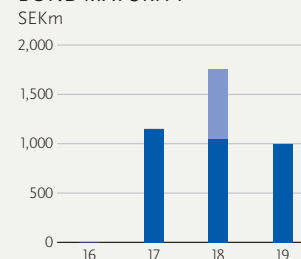
All of the four bond loans issued by Klöver are listed on the Corporate Bond List at NASDAQ Stockholm. The bond loans are not however traded on the stock exchange but instead via Swedish banks and bond brokers. Some of these market participants voluntarily set indicative prices for each bond loan.

INTEREST BEARING  
LIABILITIES  
SEKm



■ Bank loans, 15,964  
■ Unsecured bonds, 3,200  
■ Commercial paper 1,622  
■ Secured bonds, 700

BOND MATURITY  
SEKm



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

### MARGINS

All of Klöver's outstanding bonds provide a coupon payment based on a pre-set margin over three months STIBOR. In the early months of 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.

### COMMERCIAL PAPER PROGRAMME

During the year Klöver has established a commercial paper programme that is traded via Danske Bank and Swedbank. The programme has a framework amount of SEK 2,500 million and the outstanding volume at year-end totalled SEK 1,622 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 maturity period means that the proportion of early maturing credit in the loan portfolio rises but this is compensated for by unutilized credits and overdraft facilities.



# SHARES

The total market value of Klöver's outstanding ordinary and preference shares was SEK 13,327 million (12,323) at year-end. Klöver's shares are listed on Nasdaq Stockholm, are included in the OMX Stockholm Benchmark index and have since 4 January 2016 been included in the Large Cap segment.

## MARKET INFORMATION

On 30 December the closing price for Class A ordinary shares in Klöver was SEK 9.45 (8.20), and for Class B ordinary shares SEK 9.50 (7.60), while the closing price for the preference share was SEK 281.50 (317.50). The development of the shares during 2015 amounted to +15 per cent for Class A ordinary shares and +25 per cent for Class B ordinary shares. In comparison the Stockholm stock exchange as a whole, measured by the All-Share index, rose by 7 per cent (12) while Nasdaq OMX Stockholm Real Estate index rose by 24 per cent (35). Including dividend paid of SEK 0.30 per ordinary share, the total return was 19 per cent for Klöver's Class A ordinary share and 29 per cent for the Class B ordinary share.

The share price development of the preference shares during the year amounted to -11 per cent. Including the dividend paid of SEK 20.00 per preference share this resulted in a total return of -5 per cent.

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

Klöver's market capitalization amounted to SEK 13,327 million (12,232) at year-end 2015, ordinary shares accounted for SEK 8,698 million and preference shares SEK 4,629 million. Turnover in the different shares continued to indicate high liquidity, for Class A ordinary shares it was 69 per cent (42), 41 per cent for Class B ordinary shares and 69 per cent (69) for preference shares. The total turnover for Klöver's Class A ordinary share was SEK 508 million (2,493), SEK 2,993 million for Class B ordinary shares and SEK 3,571 million (2,282) for preference shares.

Klöver'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, divided between 915,993,980 ordinary and 16,444,000 preference shares.

## DIFFERENT CLASSES OF SHARES

Klöver has three classes of shares: Class A and Class B ordinary shares and preference shares. There are differences between the share classes with regard to voting rights and entitlement to the company's assets and profit.

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

### Ordinary shares

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

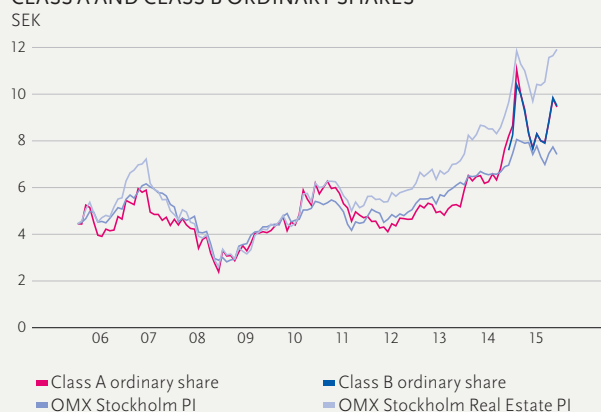
Holders of Class A ordinary shares may on two occasions during the year (January and July) request conversion of their shares to Class B ordinary shares. After a total of 1,409,783 Class A ordinary shares had been converted to Class B ordinary shares during 2015 the total number of Class A ordinary shares amounted to 81,862,397 and Class B ordinary shares to 834,131,583.

### Preference shares

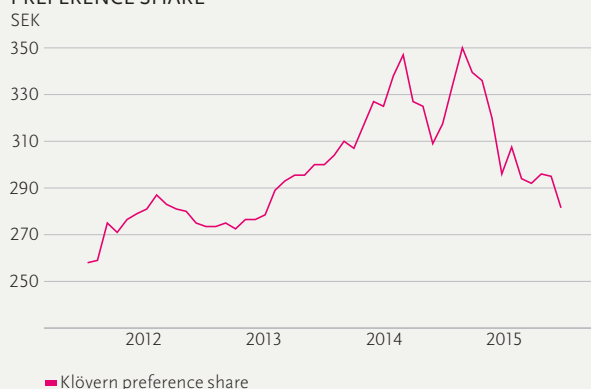
Klöver's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote. The total number of outstanding preference shares remained unchanged during 2015 at 16,444,000.

Klöver's preference shares confer a preferential right over ordinary shares to an annual dividend of SEK 20.00 per preference share. Payments of the decided dividend are made quarterly with SEK 5.00 per preference share. The preference share does not otherwise confer a right to dividend. If

## CLASS A AND CLASS B ORDINARY SHARES



## PREFERENCE SHARE

KEY FIGURES, SHARES<sup>1</sup>

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Equity per ordinary share, SEK	7.38	5.20	4.83	4.69	5.36	5.11	4.65	4.56	5.34	4.22
EPRA NAV, SEK	9.53	7.05	5.93	5.94	5.95	5.24	4.63	4.52	5.22	3.81
Equity per preference share, SEK	281.50	317.50	300.00	273.50	–	–	–	–	–	–
Profit from property management per ordinary share, SEK	0.78	0.61	0.49	0.43	0.48	0.50	0.56	0.39	0.42	0.41
Earnings per ordinary share, SEK	1.83	1.02	0.68	0.23	0.53	0.68	0.27	–0.53	1.34	0.92
Share price at end of period, Class A ordinary shares, SEK	9.45	8.20	5.18	4.65	4.71	6.18	4.16	3.31	4.64	5.45
Share price at end of period, Class B ordinary shares, SEK	9.50	7.60	–	–	–	–	–	–	–	–
Share price at end of period, preference shares, SEK	281.50	317.50	300.00	273.50	–	–	–	–	–	–
Market capitalization, SEKm	13,327	12,232	7,527	6,670	4,165	5,467	3,682	2,929	4,227	4,996
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	888.5	884.4	884.4	884.4	884.4	911.9	915.8
Average no. of outstanding ordinary shares at end of period, million	916.0	916.0	914.9	874.0	884.4	884.4	884.4	897.6	915.2	688.6
No. of registered preference shares at end of period, million	16.4	16.4	9.3	9.3	–	–	–	–	–	–
No. of outstanding preference shares at end of period, million	16.4	16.4	9.3	9.3	–	–	–	–	–	–
Average no. of outstanding preference shares at end of period, million	16.4	10.5	9.3	5.9	–	–	–	–	–	–
Dividend per ordinary share, SEK	0.35 <sup>2</sup>	0.30	0.27	0.27	0.23	0.27	0.23	0.18	0.27	0.23
Dividend per preference share, SEK	20.00 <sup>2</sup>	20.00	20.00	20.00	20.00	–	–	–	–	–
Dividend for ordinary and preference shares in relation to profit from property management, %	62 <sup>2</sup>	77	68	83	79	55	41	46	64	56
Dividend for preference shares in relation to profit from property management, %	32 <sup>2</sup>	42	29	35	27	–	–	–	–	–
Dividend yield, Class A ordinary shares, %	3.7 <sup>2</sup>	3.7	5.3	5.9	4.8	4.4	5.5	5.5	5.9	4.2
Dividend yield, Class B ordinary shares, %	3.7 <sup>2</sup>	3.9	–	–	–	–	–	–	–	–
Dividend yield, preference shares, %	7.1 <sup>2</sup>	6.3	6.7	7.3	–	–	–	–	–	–
Total return, Class A & B ordinary shares, % <sup>3</sup>	28.9	53.0	17.2	3.7	–19.4	54.0	31.3	–22.7	–10.8	26.5
Total return, preference shares, %	–5.0	12.5	17.0	–	–	–	–	–	–	–

1) Historical figures are adjusted for bonus issue and reverse split undertaken during 2014

2) Based on proposed dividend

3) Based from 2015 on Class B

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 dividends paid and SEK 5.00 has to be aggregated and adjusted upwards with an annual interest rate of 8 per cent until the full dividend has been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received their full dividend including the withheld amount. Any difference between SEK 5.00 and the dividend paid per preference share is accumulated for each quarter.

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 payments shall be the last weekday in the months of June, September and December respectively after the Annual General Meeting and in the month of March the year after the Annual General Meeting.

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

## ISSUES

After the new issues of preference shares made during 2014, for which the liquidity before issue costs totalled SEK 2,164 million, and the bonus issue of Class B ordinary shares in the same year no new shares were issued during 2015.

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. In connection with the introduction of the new class of shares, Class B ordinary shares, a conversion clause was introduced 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. Class B ordinary shares offer an opportunity for growth without dilution of the voting rights of holders of Class A ordinary shares.

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.

## REPURCHASE

Since 2007, the Board of Directors of Klöver has been authorized by the Annual General Meeting to repurchase shares up to a maximum of ten per cent of the total number of registered shares. This is intended, inter alia, to enable continuous adaptation to the company's capital requirements and

thus contribute to increased shareholder value. Up until 2012 Klöver used this authorization to repurchase 11,807,202 ordinary shares.

The Extraordinary General Meeting on 14 September 2012 authorized the board to begin transfer of shares for the same purpose. Until 31 December 2012 Klöver transferred a total of 6,807,027 ordinary shares and 143,536 preference shares. During 2013 all the remaining repurchased shares were divested. At the end of 2015 Klöver had no holdings of its own ordinary or preference shares.

## DIVIDEND

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

The Board of Directors' proposal to the Annual General Meeting is for a dividend of SEK 0.35 (0.30) to be paid per ordinary share and SEK 20.00 (20.00) per preference share for 2015. This proposal means that the dividend amounts to 62 per cent (77) of the profit from property management. Over the past ten years, this would correspond to an average dividend amounting to 63 per cent of the profit from property management.

Klöver also has a goal that in the long term dividend to holders of preference shares shall not exceed 30 per cent of the profit from property management. The proposed dividend for 2015 corresponds to 32 per cent (42) of the profit from property management.

During 2015 a total of SEK 604 million (445) has been paid as dividend, of which SEK 329 million (195) was paid to holders of preference shares and SEK 275 million (250) to holders of ordinary shares.

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

## DIVIDEND YIELD

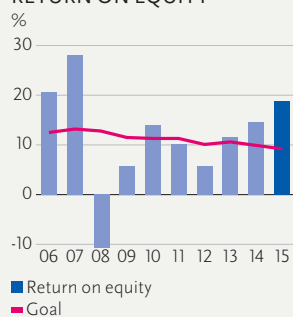
The proposed dividend of SEK 0.35 per ordinary share and SEK 20.00 per preference share corresponds to a dividend yield of 3.7 per cent for Class A ordinary shares, 3.7 per cent for Class B ordinary shares and 7.1 per cent for preference shares based on the share prices at year-end 2015.

## RETURN ON EQUITY

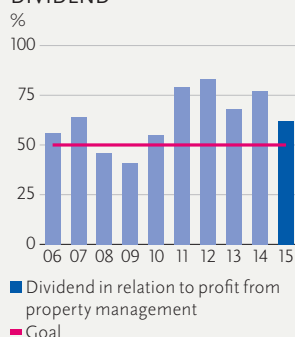
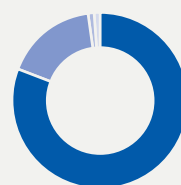
Klöver's goal for return on equity over a business cycle is the risk-free interest rate plus at least nine percentage points. The risk-free interest rate was 0.2 per cent (0.9) during 2015. The return on equity attained during 2015 was 18.9 per cent (14.5) and the goal was thereby achieved.



## RETURN ON EQUITY

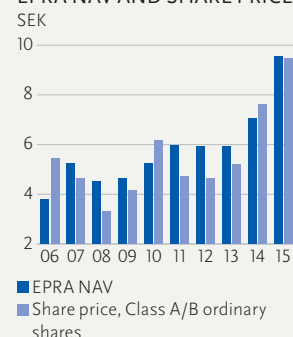


## DIVIDEND

SHAREHOLDER CATEGORIES  
share of capital, %

■ Private owners 81  
■ Financial companies 17  
■ Public sector 1  
■ Interest organizations 1

## 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 New 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

**EQUITY AND EQUITY RATIO**

Net asset value is the value of the company's assets minus the value of liabilities. Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities and also investment properties, which are assessed at fair value. At year-end 2015, total equity amounted to SEK 11,390 million (9,998). On the liabilities side of the balance sheet at the end of the year was a deferred tax liability of SEK 1,503 million (978), which includes the difference between the fair values and tax values of the properties and derivatives (temporary differences, although excluding acquired temporary differences). The tax liability is realized when and if derivatives are sold and the properties are sold as separate properties. If, however, a company is sold with the property as an asset, no tax effect arises. In Klöver's case, practically all properties are sold in corporate form, which, in all probability, means that only a minor part of the total deferred tax liability will be paid. The difference between

the tax value and the fair value of the properties was SEK 15,866 million (12,830) at year-end. If equity is adjusted with deferred tax on properties, calculated at 5 per cent, goodwill and the value of derivatives, the equity ratio - i.e. the adjusted equity ratio - amounted to 35.8 per cent (35.9).

**SHAREHOLDINGS BY SIZE**

Shareholding	Number of shareholders
1 – 500	24,545
501 – 1,000	5,342
1,001 – 5,000	8,322
5,001 – 10,000	2,633
10,001 – 15,000	1,015
15,001 – 20,000	546
20,001 –	1,508
<b>BASED ON THE NUMBER OF REGISTERED SHARES</b>	<b>43,911</b>

**SHAREHOLDERS 31 DEC. 2015**

Name	No. of Class A ordinary shares, 000s	No. of Class B ordinary shares, 000s	No. of preference shares, 000s	Proportion of share capital, %	Proportion of votes, %
Corem Property Group	16,100	160,000	–	18.8	19.2
Arvid Svensson Invest	13,300	132,997	685	15.7	15.9
Rutger Arnhult via companies	9,377	85,174	597	10.2	10.7
Gårdarke	7,531	2,250	46	1.0	4.6
Länsförsäkringar fund management	–	61,711	–	6.2	3.6
Handelsbanken funds	1,300	35,160	–	3.9	2.8
CBNY Norges Bank	2,453	22,838	54	2.7	2.8
Swedbank Robur funds	2,184	21,813	–	2.5	2.6
SEB Investment Management	1,162	11,265	0	1.3	1.3
Nordnet Pension Assurance	1,743	2,247	266	0.4	1.1
Nordea Investment Funds	744	11,424	164	1.3	1.1
Deutsche Bank AG LDN-Prime	1,404	–	–	0.1	0.8
Avanza Pension	1,158	0	7	0.1	0.6
Robur Insurance	612	4,448	781	0.6	0.6
Mellon US Tax Exempt Account	374	6,171	569	0.7	0.6
Klövern's Profit-Sharing Foundation	851	1,674	0	0.2	0.6
Lundmark & Co. Fund Management	481	4,960	15	0.5	0.5
Invus Investments	–	8,800	–	0.9	0.5
SSB Client Omnibus AC OMO3	436	4,356	–	0.5	0.5
SSB Client Omnibus AC OM03	359	4,111	40	0.4	0.4
<b>TOTAL MAJOR OWNERS</b>	<b>61,569</b>	<b>581,399</b>	<b>3,224</b>	<b>69.3</b>	<b>71.9</b>
Other owners	20,293	252,733	13,220	30.7	28.1
<b>TOTAL OUTSTANDING SHARES</b>	<b>81,862</b>	<b>834,132</b>	<b>16,444</b>	<b>100.0</b>	<b>100.0</b>
Repurchased own shares	–	–	–		
<b>TOTAL REGISTERED SHARES</b>	<b>81,862</b>	<b>834,132</b>	<b>16,444</b>		

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

# TAXES

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

## CURRENT TAX

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

## DEFERRED TAX

Deferred tax in the statement of income means a schematic calculation of possible future tax. The deferred tax includes changes in deferred tax assets and deferred latent tax liabilities. The items are reported as net values under deferred tax liabilities in the balance sheet and the deferred tax in the income statement corresponds to the change in the balance sheet item deferred tax liability. Deferred tax can be both positive and negative.

Deferred tax asset, that is the granted and approved tax loss carryforwards multiplied by the tax rate, is reported together with the deferred tax liability in the balance sheet. Tax loss carryforwards are used to reduce the taxable profit. The tax asset is realized 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.

## TAX IN 2015

Deferred tax assets amount to SEK 433 million and are primarily accounted for by Klöverns tax loss carryforwards. Deferred tax liabilities amount to SEK 1,936 million and consist of the difference between fair value and residual values for tax purposes for properties, derivatives and financial assets. In total an effect on deferred tax of SEK -531 million (-129) and on current tax of SEK -2 million (-2) are included.

Klövern's tax loss carryforwards totalled SEK 1,968 million at the end of 2015.

## TAX DISPUTES

Klövern had one major tax dispute in 2015. 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 of Appeal. No allocations for this have been made in the final accounts for the year.



# 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 55 per cent accounted for by private companies, 27 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	-3,503	-1,752	0	1,752	3,503
Equity ratio, %	27	29	32	34	36
Leverage, %	68	64	61	58	56

## FINANCING

### Risk

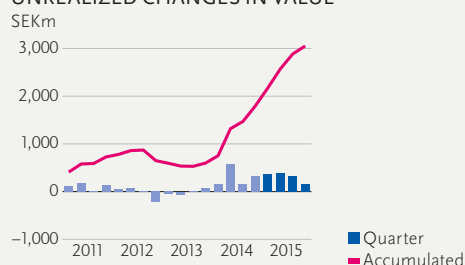
Klöver's interest-bearing liabilities comprise just over 74 per cent loans from banks and credit institutions and around 26 per cent of borrowing from capital markets through bonds and commercial paper. Consequently, Klöver is exposed to financing and interest rate risks. By using various derivatives to manage its interest rate risks, Klöver is also exposed to the risk of change in value of these derivatives.

### Management

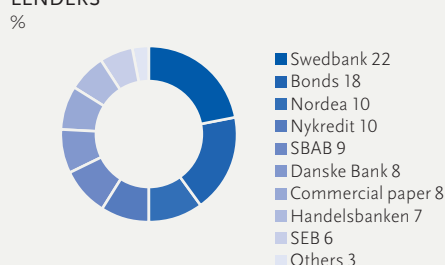
The financing risk is managed by goals in the financial policy for maturities on tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. For 2015, the goal was for tied-up capital to be at least 1.5 years. Tied-up capital amounted to 2.8 years at year-end and is in line with comparable listed real estate companies. No more than 40 per cent of the total interest-bearing liabilities should mature in any single year according to Klöver's financial policy.

Spreading borrowing between many lenders reduces the financing risk. Klöver has loans from nine different credit institutions and its liabilities to any one of them do not exceed the maximum of 50 per cent of Klöver's interest-bearing liabilities laid down in the business plan. During 2015 Klöver issued bonds for a total of SEK 1,000 million and commercial paper of which the outstanding volume at the end of the year totalled SEK 1,622 million.

## UNREALIZED CHANGES IN VALUE

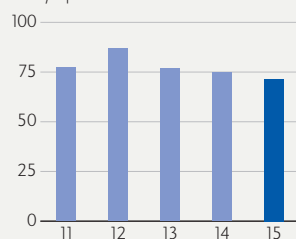


## LENDERS



## HEAT CONSUMPTION

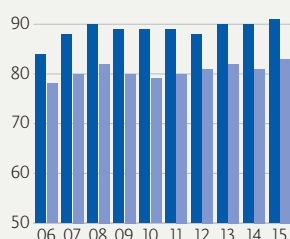
kWh/sq. m.



Heat consumption has declined over the three-year period 2013–2015 by 14 per cent. Consumption amounted at the end of 2015 to 72.7 kWh/sq. m. (74.6).

## OCCUPANCY RATE

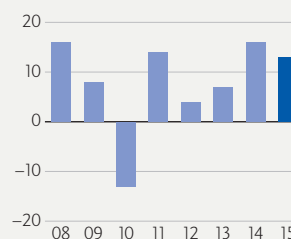
%



■ Economic occupancy rate  
■ Occupancy rate by area

## TEMPERATURE IN RELATION TO AN AVERAGE YEAR

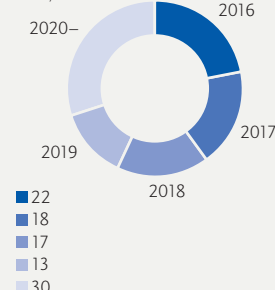
%



The impact of the weather during a particular year can be measured as deviation from a "normal year". If a particular year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 3.4 million at current consumption levels.

## DURATION, LEASE CONTRACTS, PREMISES, BY CONTRACT VALUE

Year, %



Klöver has limited the interest rate risk by acquiring interest rate hedge contracts. The total volume of swaps amounted to SEK 10,040 million, which together with the fixed-interest loans, means that 50 per cent of Klöver's credit was for fixed interest at the end of 2015. At the same time Klöver 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 Klöver is always zero.

## GOALS AND OUTCOME ACCORDING TO FINANCIAL POLICY

	Goals 2015	Outcome 2015	Goals 2016
<b>Interest coverage ratio<sup>1</sup></b>	Shall amount to at least 2.0.	✓ Achieved, 2.6.	Shall amount to at least 2.0.
<b>Adjusted equity ratio<sup>2</sup></b>	Shall in the long term amount to 40 per cent.	✗ Not achieved, 35.8%.	Shall in the long term amount to 40 per cent.
<b>Interest rate risk</b>	At least 40 per cent of total loan volume should have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.	✓ Achieved, 50%. ✓ Achieved, 3.9 years.	At least 40 per cent of total loan volume should have fixed interest or be hedged with a remaining hedging period of at least 2.5 years.
<b>Base risk</b>	Tied-up capital is to be at least 1.5 years. At most 40 per cent of total liabilities should mature during the same year.	✓ Achieved, 2.8 years. ✓ Achieved, 37%.	Tied-up capital is to be at least 1.5 years. At most 40 per cent of total liabilities should mature during the same year.
<b>Refinancing risk</b>	No more than 50 per cent of the capital requirement should derive from the same lender.	✓ Achieved, maximum share 22%.	No more than 50 per cent of the capital requirement should derive from the same lender.

1) On 4 June 2015 this target replaced an earlier one that the interest coverage ratio should be at least 1.5.

2) On 4 June 2015 this target replaced an earlier one that the equity ratio should be at least 30 per cent.

**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**

In property management there is a 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 2015, Klöver had a total of 9,100 lease contracts (8,700) with 5,300 companies (5,100) operating in many different sectors. The increase is attributable to acquisitions and positive net moving in. The tenant turnover rate has continued to be relatively low during the year at 4.3 per cent (4.7). The turnover rate is measured as vacating tenants in SEK during the year in relation to average lease contract value. The average lease term in Klöver's stock rose slightly during 2015 and totalled 3.5 years (3.3).

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 low rent losses. These amounted to SEK 9

million (1) or 0.34 per cent (0.04), of Klöver's total income during 2015. During the year Klöver has resolved one major rental dispute. By reducing rental income Klöver had previously reserved SEK 15 million for 2012 and SEK 15 million for 2013, a total of SEK 30 million. The resolution of the dispute meant that a further SEK 6 million affected earnings (by reducing rental income) during 2015.

**KLÖVERN'S TEN LARGEST TENANTS**

Tenant	Contract value, SEKm	Proportion of total contract value, %
Telefonaktiebolaget L M Ericsson	289	10.0
WSP Sverige AB	66	2.3
KappAhl Sverige AB	40	1.4
PostNord Sverige AB	32	1.1
TeliaSonera Sverige AB	30	1.1
Swedish Employment Service	29	1.0
Municipality of Karlskrona	27	0.9
Dalarna County Council	26	0.9
Östergötland Regional Council	26	0.9
CGI Sverige AB	23	0.8
	<b>588</b>	<b>20.4</b>

**Exposure**

The largest tenant is the IT and telecom company Ericsson, which mainly leases large office areas, among them its head office with the group executive management premises, in Kista. The managements of Ericsson's three business areas, Global Services, Multimedia and Networks, and parts of its R&D activities are also located in Kista. Ericsson's total contract value amounted at year-end 2015 to SEK 289 million, which corresponds to 10 per cent of Klöver's total contract value.

The second largest tenant is WSP, one of the world's leading analytical and technical consulting companies. The WSP contract value totalled SEK 66 million at the end of 2015. 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 self-evident intention is to comply with laws and regulations, not least within the area of taxation. However, lack of clarity concerning the interpretation of regulations, and in certain cases changes in them with retroactive effect, mean that Klöver, like other companies, cannot always anticipate the tax outcome of its actions.



**Management**

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

**Exposure**

Klövern had one major tax dispute in 2015. The Swedish Tax Agency had previously decided to impose a tax surcharge of around SEK 77 million on Klöver 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 of Appeal. No allocations for this have been made in the final accounts for the year.

**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 Klöver's property costs, and consumption and energy costs can rise sharply if control is lacking. 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, Klöver 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. Klöver works actively to monitor energy consumption and takes steps to reduce it.

**Exposure**

The influence of the weather during a particular year can be measured as a deviation from a normal year. If the temperature in any one year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 3.4 million given the current consumption. Over the past four years Klöver has placed an increasing focus on tenants paying

for the actual cost of energy consumption and not a standard charge, which has also reduced the risk for Klöver.

**OTHER RISKS****Operating risks**

Operating risks are the risk of incurring losses due to shortcomings in routines, inadequate control, and/or irregularities. Good internal checks and external review by auditors, administrative systems that are fit for purpose, competence development and access to reliable valuation models are methods of reducing operating risks. Klöver works continuously to monitor the company's administrative security and control.

**Personnel**

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

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

During 2015, Klöver had a staff turnover of 9 per cent (16).

**Sensitivity analysis**

The sensitivity analysis is based on the Group's earnings capacity and balance sheet on 31 December 2015. The sensitivity analysis shows the effect on the Group's profit before tax after full impact of each of the parameters in the table below. Interest-bearing liabilities and lease contracts extend over several years, which means that changes in their level do not have full impact during a single year but only in a longer perspective.

	Change +/-	Annual effect on profit, SEKm
Economic occupancy rate	1 percentage point	+/- 32
Rental income	1 %	+/- 27
Property costs	1 %	-/+ 10
Klövern's average interest rate	1 percentage point	-/+ 215



The Suttung block in Uppsala

## INVESTOR RELATIONS

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

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

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

The number of equity analysts covering Klöver amounts to 12 at 9 investment banks

### PROPERTY ANALYSTS

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

### Press releases, 2015

16 Jan. 2015	Klövern signs a 20-year lease with Elite Hotels in Uppsala	3 June 2015	Klövern acquires properties for SEK 160 million and divests for SEK 78 million
30 Jan. 2015	Number of shares in Klöver as of 30 January 2015	4 June 2015	Klövern establishes a commercial paper programme and adjusts financial goals
11 Feb. 2015	Klövern AB (publ): Year-end report 2014	5 June 2015	Klövern signs a 20-year lease with StayAt in Kista
18 Feb. 2015	Klövern issues bond loan of SEK 1,000 million	3 July 2015	Klövern acquires a property for SEK 300 million in Sollentuna
27 Feb. 2015	Number of shares in Klöver as of 27 February 2015	6 July 2015	Klövern acquires a central property in Gothenburg for SEK 233 million
18 March 2015	Klövern's annual report and sustainability report for 2014	10 July 2015	Klövern AB (publ): Interim Report January – June 2015
20 March 2015	Notice of annual general meeting of shareholders of Klöver AB (publ)	31 July 2015	Number of shares in Klöver as of 31 July 2015
23 March 2015	Klövern acquires for SEK 360 million in Gothenburg	28 Aug. 2015	Information from Klöver about rental contracts in Kista
20 Apr. 2015	Klövern publishes prospectus and applies for listing of bond loan on Nasdaq Stockholm	31 Aug. 2015	Number of shares in Klöver as of 31 August 2015
23 Apr. 2015	Klövern AB (publ): Interim Report January – March 2015	16 Oct. 2015	Information regarding Klöver's shares in Tribona
23 Apr. 2015	Decisions at Annual General Meeting of Klöver AB (publ)	20 Oct. 2015	Klövern sells its shares in Tribona
27 Apr. 2015	Klövern acquires a property in Solna for SEK 1.2 billion	22 Oct. 2015	Interim Report January - September 2015
7 May 2015	Klövern signs a contract regarding the hotel project in Uppsala	2 Dec. 2015	Klövern acquires and divests properties in Malmö
1 June 2015	Klövern divests a property for SEK 240 million in Eskilstuna	17 Dec. 2015	Klövern signs a 15-year lease with Nordic Choice Hotels in Västerås



# CORPORATE GOVERNANCE



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INTRODUCTION

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REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

**CORPORATE GOVERNANCE**

FINANCIAL REPORTS

SPECIFICATION OF PROPERTIES AND REVIEW

*The property Aprikosen 2 (Solna Gate) was acquired in April and was taken possession of in October 2015.*



# CORPORATE GOVERNANCE REPORT 2015

Klövern AB is a Swedish public real estate company which is listed on Nasdaq Stockholm. Sound corporate governance with well-structured internal processes and clarity are of fundamental importance for Klöver's long-term creation of value. The corporate governance report is an account of Klöver's corporate governance during 2015.

## IMPORTANT EVENTS

- > Issue of a 4-year unsecured bond loan for SEK 1,000 million in February.
- > During January and July conversion requested of a total of 1,409,783 Class A ordinary shares to Class B shares, which corresponds to 1.7 per cent of the total number of Class A ordinary shares at the beginning of 2015.
- > Decision at the Annual General Meeting on a dividend of SEK 0.30 per ordinary share and SEK 20.00 per preference share.
- > Decision at the Annual General Meeting on an amendment to the Articles of Association concerning the Company's registered office with the result that the registered office is in Stockholm instead of Nyköping.
- > Decision at the Annual General Meeting on the conditions applying to preference shares with regard to the redemption price and amount receivable on dissolution of the Company.
- > In June adjustments were made to two financial goals to enable attainment of even greater financial strength. The interest coverage ratio goal was raised to at least 2.0 from a previous target of at least 1.5. A new goal was introduced that the adjusted equity ratio shall in the long term amount to 40 per cent. This replaced a goal for an equity ratio of at least 30 per cent.
- > During the second quarter a commercial paper programme was established with a framework amount of SEK

1,500 million. During the third quarter this amount was increased to SEK 2,500 million.

## CORPORATE GOVERNANCE IN KLÖVERN

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

### 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 on the principle of "comply or explain".

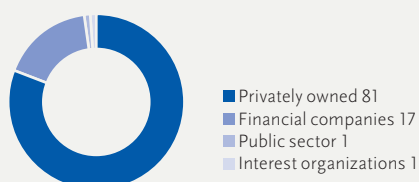
The auditors and the Board meet on at least one occasion without the CEO or another representative of the Company being present. The Company's auditors take part in three board meetings during the year and present their findings and any points of view that may arise in connection with their audit.

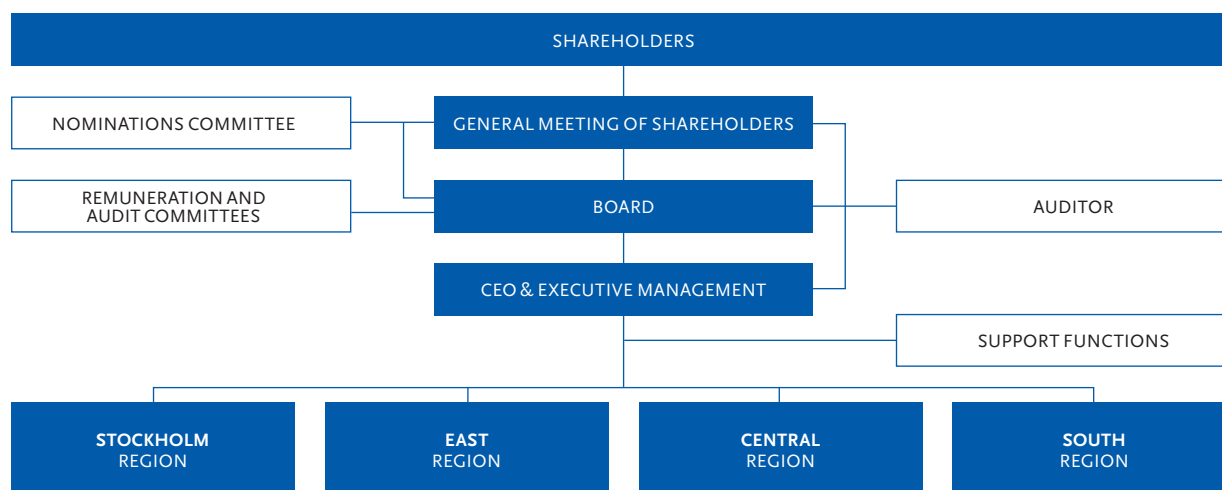
## ARTICLES OF ASSOCIATION

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

### OWNER CATEGORIES

Share of capital  
%





Klövern'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 fiscal year is calendar year.

#### 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. All shareholders, who have a shareholding registered in their own name at least five days prior to the meeting, are entitled to participate in the general meeting and vote for the shares 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 notice of the meeting. Notice of general meetings of shareholders is issued in accordance with the Companies Act 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 two weeks prior to the meeting.

#### Shares and ownership

Klövern's Class A ordinary shares, called until the middle of November 2014 only ordinary shares, have been listed on Nasdaq Stockholm since 2003. Klövern's preference shares have been traded on Nasdaq Stockholm since January 2012. A new class of share, Class B ordinary shares, was added – and listed on Nasdaq Stockholm – at the end of 2014 through a bonus issue. A Class A ordinary share entitles the holder to one (1) vote while a Class B ordinary share, like a preference share, entitles the holder to one-tenth (1/10) of a vote. At year-end 2015, there were 81,862,397 Class A ordinary

shares, 834,131,583 Class B ordinary shares and 16,440,000 preference shares. The total number of shareholders was 43,911 (42,725). Of the total number of shares 80 per cent (79) are owned by Swedish investors.

On 31 December 2015 the share price of a Class A ordinary share was SEK 9.45, of a Class B ordinary share SEK 9.50 and of a preference share SEK 281.50. This means that the market capitalization, based on the total number of outstanding shares, was SEK 13,327 million (12,232). The share capital amounted to SEK 1,865 million (1,865).

The Company has three shareholders, Corem Property Group, Arvid Svensson Invest and Rutger Arnhult via companies with holdings that exceed 10 per cent of the equity. The twenty largest shareholders together represented 69 per cent (72) of the total share capital at year-end. During 2015 Class A ordinary shares were traded to a value of SEK 508 million (2,493), Class B ordinary shares to a value of SEK 2,993 million, and preference shares to a value of 3,571 million (2,282). The price of a Class A ordinary share rose by 15 per cent (48) during the year while the price for a Class B ordinary share rose by 25 per cent. The development of the price for preference shares during the year was – 11 per cent. More information about shares in Klövern and a list of the largest shareholders can be found on pages 56–60.

#### SHARE REPURCHASE AND DIVIDEND

At year-end, Klövern no longer had any repurchased ordinary or preference shares. Klövern has been authorized by the 2015 Annual General Meeting to repurchase a maximum of 10 per cent on any occasion of the total number of registered shares during the period until the 2016 Annual General Meeting. According to the goals for 2016 in the business plan, dividend shall in the long term amount to at least 50 per cent of the profit from property management. When con-

sidering the amount of dividend, the Company's investment alternatives, financial position and capital structure are taken into account. During the past ten years, Klöver has, including the proposed dividend for ordinary shares and preference shares to be submitted to the Annual General Meeting, distributed an average of 63 per cent of the profit from property management to Klöver's shareholders. The business plan for 2016 also includes a goal that in the long term dividend to holders of preference shares is not to exceed 30 per cent of the profit from property management.

## NOMINATIONS COMMITTEE

### THE COMPOSITION OF THE NOMINATIONS COMMITTEE

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

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

### The work of the Nominations Committee

The 2015 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 Annual General Meeting in 2016 consists of Håkan Engstam (Corem Property Group), Rikard Svensson (Arvid Svensson Invest), Mia Arnhult (Rutger Arnhult via companies), Jesper Bonnivier (Länsförsäkringar) and Fredrik Svensson (Chairman of the Board). 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 styrelse-nominering@klovern.se or by telephone on +46 155-44 33 00. The Nominations Committee has of the 2016 annual general meeting had three minuted meetings and has also been in contact by phone and email. The Nominations Committee has focused on matters relating to evaluation of the Board, the number of directors and the competence of the Board.

### ANNUAL GENERAL MEETING 2015

Klöver's Annual General Meeting for 2015 was held on 23 April at Kistamässan, Stockholm. The meeting was attended by 76 people, including shareholders, the Board, auditors, representatives, assistants, analysts and guests. Together they represented 64 per cent (64) of the votes in the Company. In addition to the mandatory matters stipulated in the Articles of Association, decisions were made on:

- > A dividend of 0.30 per ordinary share and SEK 20.00 per preference share.
- > Re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson, Pia Gideon and Eva Landén.
- > Re-election of Fredrik Svensson as Chairman of the Board.
- > Re-election of, Fredrik Hävrén, Ernst & Young AB, as auditor.
- > Raising the board fee from a total of SEK 700,000 to SEK 715,000, of which the unchanged amount of SEK 280,000 is paid to the Chairman of the Board and SEK 145,000 to each board member. The fee payable to the members of the Board includes an increase of SEK 5,000. Members of the

## THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2015

Director	Elected/Resigned	Independent	No. of board meetings attended	Fee, SEK 000s	Shareholding, % of capital <sup>1</sup>	Shareholding, % of votes <sup>2</sup>
Fredrik Svensson, Chairman <sup>1</sup>	2005	No	18/18	280	15.7	15.9
Rutger Arnhult, CEO <sup>1,2</sup>	2009	No	16/18	–	10.2	10.7
Ann-Cathrin Bengtson	2011	Yes	17/18	145	–	–
Eva Landén <sup>1</sup>	2011	No	17/18	145	–	–
Pia Gideon	2013	Yes	18/18	145	–	–

### TOTAL SHAREHOLDING

<sup>1</sup> Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent on relatively large owners and Rutger Arnhult and Eva Landén are dependent in relation to the Executive Management.

<sup>2</sup> Rutger Arnhult also owns shares through companies corresponding to 38.9 per cent of the votes in Corem Property Group. Source Corem's year-end report for 2015.

<sup>3</sup> Direct or indirect shareholding in the Company as at year-end 2015/16. Percentages of votes/capital have been rounded down to the nearest tenth of a percentage point.



Board who are at the same time employees of the Company receive no fees. Auditors' fees to be paid in accordance with approved invoices.

- > Renewed authorization for the Board to acquire and transfer the Company's own shares.
- > Renewed authorization for the Board to decide on new issues of ordinary and/or preference shares.
- > The location of the Company's registered office was changed from Nyköping to Stockholm.
- > Amendment of the conditions applying to preference shares with regard to the redemption price and amount receivable on dissolution of the Company.

Minutes of all Annual General Meetings are available (in Swedish) on Klövern's website, [www.klovern.se](http://www.klovern.se). The 2016 Annual General Meeting will be held at Quality Hotel Globe, Stockholm at 10 am on 19 April 2016.

## THE BOARD OF DIRECTORS

### 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.

### Composition

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

### INDEPENDENCE

According to the Swedish Code of Corporate Governance and Nasdaq Stockholm, the majority of the directors elected by the Annual General Meeting must be independent in relation to the Company and the Executive Management. At least two of the directors who are independent in relation to the Company and the Executive Management must also be independent in relation to the Company's major shareholders. To determine the independence of a director, the Nominations Committee is to make an overall assessment of all circumstances that may call into question the independence of that director. The results of the considerations made by the 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 2015, two of these, Ann-Cathrin Bengtson and Pia Gideon, are also independent in relation to the major shareholders.

## Rules of procedure

### THE CHAIRMAN OF THE BOARD

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

- > be responsible for the communication between the shareholders and the Board
- > ensure that the Board complies with its obligations in accordance with current legislation, other regulatory frameworks, 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.

The work of the Board takes place in accordance with the rules of procedure adopted at the first ordinary board meeting after the Annual General Meeting. These rules of procedure include directives about the frequency of meetings, the division of duties and reporting between the Board, the Chairman of the Board and the CEO. Financial reporting, investments and transactions, market-related matters and organization are agenda items at every ordinary meeting. Other matters such as strategy and future-related matters, risk management, important policies, audit, internal management and control, the budget and the annual accounts are dealt with at specific meetings, according to a set calendar.

## Committees

### THE TASK OF COMMITTEES

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

Klövern's Board considers that the whole Board, except the CEO, should participate in important discussions and decisions relating to audits and remuneration to the Executive Management. The whole of the Board, except the CEO, constitutes both the Remuneration and the Audit Committee. Members who are dependent in relation to the Executive Management do not participate in decisions concerning remuneration issues relating to the CEO. The Remuneration Committee prepares proposals for the Board on guidelines for remuneration and other terms of employment for the CEO and other senior executives in accordance with principles decided upon by the Annual General Meeting. The Remuneration Committee has had three minuted meetings during 2015. These meetings have dealt with matters such as remuneration and bonuses for the Executive Management.

#### The work of the Board during 2015

The work of the Board is evaluated annually using a systematic and structured process. The intention is to develop the way in which the Board works and its efficiency. In preparation for the evaluation in 2015 its members filled in a detailed questionnaire about the work of the Board and also about how cooperation with the Company and its Executive Management functioned. The results of the questionnaire were then presented orally by the Chairman of the Board at the meeting in December. A thorough discussion of these results by the Board led to proposals and adoption of enhanced forms and routines for its work.

The result of the evaluation was finally presented to the Nominations Committee by the Chairman of the Board and the outcome for 2015 showed that the work of the Board had functioned effectively, that its members possess skills that complement each other and that the composition of the Board encourages sound and frank discussion and a climate of cooperation.

During 2015, there have been six (6) ordinary meetings, one (1) meeting following its election, three (4) meetings with decisions by circulation and 8 (12) extraordinary meetings, making a total of 18 meetings (23). Each ordinary meeting has complied with the calendar laid down in the rules of procedure. This calendar stipulates that a report is to be made at each ordinary meeting on the result and financial position and major investments and transactions. In addition, the calendar includes matters relating to audit, internal control, remuneration, policies, evaluations and budget-related matters. The Head of Finance, Head of Transactions and Head of Real Estate regularly attend board meetings and this provides the Board the possibility of following up issues continuously with those responsible in the Company. Twice each year, the Board has a meeting that focuses on the business plan, strategy and future-related issues.

The meetings with decisions by circulation have con-

cerned decisions to submit interim reports and the annual report. Fredrik Svensson has been Chairman of Klövern's Board since the 2011 Annual General Meeting.

#### AUDITORS

Ernst & Young AB was elected as the Company's auditor at the Annual General Meeting in 2015 for the period until the 2016 Annual General Meeting. Fredric Hävrén was elected to be the new auditor-in-charge at Klövern AB. According to the Articles of Association, the auditors are elected annually.

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

#### FREDRIC HÄVRÉN

Born in 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 Klövern:** no shares

#### THE GROUP

The Group structure of Klövern AB consists of the parent company Klövern AB and 26 directly owned subsidiaries (23). All operations are in Sweden and are organized in 17 business units. The cities are grouped in four regions, Stockholm, East, Central and South - in order, among other things, to share leading-edge expertise in project work and letting.

#### BOARD FEES

During 2015 the Board received remuneration totalling SEK 715,000 (700,000) to be divided between its members apart from the CEO. The Board comprised five members during 2015. The Chairman's remuneration amounted to SEK 280,000 (280,000) and the other members SEK 145,000 (140,000) for each member for a full year.

#### THE CEO AND EXECUTIVE MANAGEMENT

The CEO is appointed by and reports to the Board. The CEO's most important task is to take care of the day-to-day manage-

ment of the Company. In addition to the CEO, the Executive Management team consisted of two people during 2015.

#### The work of the Executive Management during 2015

The Executive Management has had five minuted meetings (6) during 2015. In addition to matters relating to day-to-day activity, matters of a financial nature, strategy, personnel, transactions and financial reporting are dealt with.

#### REMUNERATION AND INCENTIVE PROGRAMMES

The Board proposes, and the Annual General Meeting decides upon, the principles for remuneration and other terms of employment for the CEO and other members of the Executive Management team. The basic salary shall be at a market level and competitive and take into account the areas of responsibility and experience of the individual. Variable salary shall be linked to predetermined and measurable criteria, designed with the intention of promoting the long-term creation of value in the Company. The current incentive programmes are long-term and are intended to promote commitment to the Company and thus also added value for the shareholders. The fees for the Board and its committees are proposed by the Nominations Committee and adopted by the Annual General Meeting. The Board's proposals on principles for remuneration and terms of employment to the 2016 Annual General Meeting remain the same as in previous years. For more information see note 3.

#### REMUNERATION TO THE EXECUTIVE MANAGEMENT

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

#### CEO

Klövern's CEO is not entitled to variable remuneration. In addition to salary and a pension, the CEO's benefits in 2015 include health insurance, a company health promotion scheme, subsistence benefit and a company car, as well as a share in Klövern's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. In the event of termination at the Company's initiative, full salary and all benefits as described above are payable during the period of notice. The compensation is reduced by any income earned from any other employer. In the event of termination at the CEO's initiative, full salary and all benefits are payable during the period of notice while employment continues. The period of notice is twelve months

if notice is given by the Company and six months if notice is given by the CEO. No severance pay is paid.

#### Other senior executives

Variable salary to Klövern's permanent senior executives may amount to the equivalent of three monthly basic salaries at most. Variable salary is based on outcome in relation to goals for operating surplus, net profit and net letting. The pension premium may not exceed 35 per cent of the basic salary. The retirement age is 65. The period of notice is 12 months if notice is given by the Company and six months if notice is given by the employee. No severance pay is paid. Benefits in addition to salary and pension include health insurance, a company health promotion scheme, subsistence benefit, a share in Klövern's profit-sharing foundation and a company car.

#### Other employees

The principle of market level competitive salaries also applies to other employees. All employees are covered by defined contribution pension schemes which are paid for by the Company. Benefits in addition to salary and pension are health insurance, a company health promotion scheme, subsistence benefit and a share in Klövern's profit-sharing foundation. There is a collective agreement with the Swedish Building Maintenance Workers' Union. The Company had a staff of 214 (190) at year-end 2015.

#### Auditors

The auditors' fees are determined by the Annual General Meeting according to a proposal from the Nominations Committee. The 2015 Annual General Meeting decided that the fee should be paid in accordance with approved invoices. The fees for audit assignments totalled SEK 3.1 million (2.4) in 2015. Remuneration for other consultations totalled SEK 0 million (0.4).

#### Profit-sharing foundation

Klövern's profit-sharing foundation covers all employees who have been employed on the date of the Annual General Meeting for the relevant financial year and benefits for individuals are specified in the provisions in the Foundation's articles. The amount transferred to the foundation may not exceed one price base amount per employee and is based on a combination of Klövern's profit, return on equity and dividend to shareholders. At the end of 2015, the Foundation owned 481,000 Class A ordinary shares, 4,960,000 Class B ordinary shares and 15,012 preference shares in Klövern corresponding to 0.5 per cent of the total share capital and 0.5 per cent of the number of votes. SEK 10 million has been allocated to the foundation for the 2015 financial year including payroll tax. Further information on these benefits is available in note 3, on pages 92-94.



## BOARD OF DIRECTORS

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

### FREDRIK SVENSSON

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

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

*Education:* Graduate in business administration.

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

Dependent in relation to a major shareholder.

### 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 Klövern:* No shareholding.

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

### ANN-CATHRIN BENGTSON

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

*Other board assignments:* Director of Best Western Hotels, Flyinge AB and Strömsholm AB.

*Education:* Graduate in business administration.

*Shareholding in Klövern:* No shareholding  
Independent director.

### PIA GIDEON

*Director since the* 2013 Annual General Meeting. 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 Klövern:* No shareholding.  
Independent director.

### RUTGER ARNHULT

*Director since* 2009.  
Born in 1967.  
CEO of Klövern AB.

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

*Education:* Graduate in business administration.

*Shareholding in Klövern:* 9,376,732 Class A ordinary shares, 85,173,646 Class B ordinary shares and 596,955 preference shares, via company, directly and indirectly.

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

*Shareholdings are as of 31 Dec 2015.*



Eva Landén

Ann-Cathrin Bengtson

Fredrik Svensson

Pia Gideon

Rutger Arnhult

# EXECUTIVE MANAGEMENT

The Executive Management consists of the CEO Rutger Arnhult 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 Estniska Huset.

**Shareholding in Klöver:** 42,800 Class B ordinary shares, 2,145 preference shares via company and directly.



**SUSANNE ESSEHORN**

*Head of Stockholm Region*

(2015: *Head of Real Estate*)

Born in 1964

Employed since 2014.

**Education:** Graduate in business administration.

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

**Board assignments:** No external.

**Shareholding in Klöver:** 29,000 Class A ordinary shares.



**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.), Locellus AB, Arnia Holding AB and Agora AB (publ.).

**Shareholding in Klöver:** 9,376,732 Class A ordinary shares, 85,173,646 Class B ordinary shares and 596,955 preference shares, via company, directly and indirectly.



**JENS ANDERSSON**

*Head of Finance*

Born in 1973

Employed since 2013, member of the executive management since March 2016.

**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

**Shareholding in Klöver:** 37,000 Class B ordinary shares via company and indirectly.

*Shareholdings are as of 31 Dec 2015.*

## REMUNERATION

Amount in SEK 000s	2015	2014
<i>Chairman of the Board</i>		
Fredrik Svensson	280	280
<i>Other directors</i>		
Ann-Cathrin Bengtsson	145	140
Eva Landén	145	140
Pia Gideon	145	140
<i>CEO</i>		
Basic salary	4,379	4,128
Variable salary	0	0
Benefits	155	192
<i>Deputy CEO (Jan.–Oct.)</i>		
Basic salary	0	1,280
Variable salary	0	0
Benefits	0	80
<i>Other senior executives, 2 individuals (4.5)</i>		
Basic salary	3,647	5,395
Variable salary	713	55
Benefits	203	484
<i>Other employees</i>		
Basic salary	95,679	87,168
Variable salary	1,989	885
Benefits	6,232	5,520
<b>TOTAL</b>	<b>113,712</b>	<b>105,887</b>
<i>Contractual pension costs (including Fora)</i>		
CEO	1,554	1,437
Deputy CEO (Jan.–Oct.)	0	445
Other senior executives, 2 individuals (4.5)	1,429	1,396
Other employees	11,869	10,373
<b>TOTAL</b>	<b>14,852</b>	<b>13,651</b>
<i>Statutory social costs incl. payroll tax</i>		
Chairman of the Board	88	88
Other board members	139	133
CEO	1,802	1,711
Deputy CEO (Jan.–Oct.)	0	582
Other senior executives, 2 individuals (4.5)	1,779	2,106
Other employees	34,835	30,268
<b>TOTAL</b>	<b>38 643</b>	<b>34,888</b>

## 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 Swedish Code of Corporate Governance, 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, to enable the organization's risks to be sorted and structured. In addition the requirements of the legislation, regulatory frameworks and recommendations, processes are largely governed by internal policies and directives. Internal governance affects all functions in the Company and includes risk assessment and routines as well as following up goals.

## The control environment

The control environment and control measures ensure the effectiveness of the Company and serve as the basis for internal control. The control environment provides understanding for the Company's values at the same time as it secures compliance with policies and goal fulfilment. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO and includes rules of procedure for the Board and instructions to the CEO. 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
- > Information and IR policy
- > Equality plan
- > Procurement of goods and services from closely linked companies as well as the provision of goods and services to closely linked companies
- > Sustainability plan
- > IT policy
- > Crisis management policy
- > Bribery policy

Important processes, in addition to financial reporting, such as accounting instructions, project administration and rental administration are laid down in separate documents, which are evaluated and developed continuously in accordance with changes in laws, recommendations, risks and procedures. These documents provide support and guidance and include both decision-making processes for every individual member of staff and include both decision-making paths and allocation of responsibility, methods of approach and powers.





*The Board meets under the chairmanship of Fredrik Svensson.*

#### **Risk assessment and control activities**

The extent and assessment of the Company's risk management as a whole and financial reporting in particular is undertaken continuously by the Executive Management, the Board and the auditors. The Finance Department and the Real Estate Department work alongside one another and conduct continuous follow-ups and analyses at group, subsidiary and property level of results, balances and verification levels to ensure compliance with the guidelines. A limited number of people are authorized to sign for the Company and attestation rules have been drawn up.

The Group's operations, financial administration and management are audited twice a year by the Company's auditors who report their observations and any comments directly to the Board. The Board regularly evaluates the information provided by the Executive Management and the auditors.

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

#### **Information and communications**

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

The Executive Management's internal information is communicated mainly through the Executive Management group's minuted meetings. Communication in the Company takes place, for instance, through regular conferences and meetings with those responsible for the respective business units and other managers. Relevant internal and external information is provided continuously to the staff concerned. Internal information is largely communicated through the Company's intranet. The main purpose of the intranet is to

provide staff with a structured holistic picture of the operations and to provide an easily accessible platform from which current information and documentation can be obtained.

#### **Follow-up**

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

#### **Internal audit**

Klövern has a decentralized and transparent organization where financial activities, economic and rental administration, as well as external and the major part of internal information are largely dealt with by the service office and head office. Follow-up of the result and balances is undertaken each quarter by both the individual functions and by the business units, the Executive Management and the Board. The Head of Finance, Head of Transactions and Head of Real Estate attend board meetings regularly. Clear documentation through policies and instructions accompanied by recurrent follow-ups and regular discussions with auditors ensure the correctness of the processes. Management and reporting are examined formally by the Company's auditors three times a year and the outcome is reported to the Board. Based on the above, it is not considered that there is any need for internal audit. Detailed information on Klövern's risk assessment, exposure and management is contained in the section Risk and Sensitivity which can be found on pages 62–65.

# 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.

## 3 OBJECTS

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

## 4 SHARE CAPITAL

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

## 5 SHARES

### 5.1 Number of shares and classes of shares

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

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

### 5.2 Dividends

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

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

Each individual quarter, the difference between SEK 5.00 and the dividend paid per preference share shall be added to "Withheld Amounts" (assuming that, at an Annual General Meeting, a resolution was adopted to issue a dividend of less than SEK twenty (20)). In the event dividends on preference shares are issued in accordance with a resolution adopted at a general meeting other than an Annual General Meeting, the amount paid per preference share shall be deducted from Withheld Amounts. The deduction shall take place as of the day on which

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

### 5.3 New issues

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

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

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

Any increase in the share capital through a bonus issue may only take place through the issuance of ordinary shares, whereupon – in the event both ordinary shares of Class A and Class B have previously been issued – the relationship between ordinary shares of Class A and Class B issued through the bonus issue, and already issued ordinary shares of Class A and Class B, shall remain unchanged. In this context, only holders of ordinary shares shall be entitled to the new shares. Where both ordinary shares of Class A and Class B have been issued, the bonus shares shall be allotted among the holders of the ordinary shares pro rata to the number of ordinary shares of the same class held prior thereto. However, bonus issues may also take place through the issuance of preference shares to the holders of ordinary shares, whereupon the bonus shares shall be allotted among the holders of ordinary shares pro rata to the total number of ordinary shares held prior thereto. The provisions above shall not entail any restriction on the possibility to issue a new class of shares, following requisite alteration to the Articles of Association.

**5.4 Redemption**

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

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

Any holder of a preference share determined for redemption shall be obliged, three months after being notified of the redemption resolution, to accept payment for the share in an amount calculated as the total of SEK 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 23 April 2015.









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*The property Boländerna 33:2 in Uppsala*

INTRODUCTION

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CORPORATE GOVERNANCE

**FINANCIAL REPORTS**

SPECIFICATION OF PROPERTIES AND REVIEW

## Consolidated Statement of Income

Amount in SEK million	Notes	2015	2014
Income	2, 4, 24	2,718	2,521
Property costs	3, 4, 6	–952	–878
<b>Operating surplus</b>		<b>1,766</b>	<b>1,643</b>
Central administration	3, 5, 6	–92	–84
Financial income	7	2	4
Financial expenses	7	–633	–774
<b>Profit from property management</b>		<b>1,043</b>	<b>789</b>
Share in earnings of associated companies	12	171	–126
Changes in value, properties	10	1,252	1,207
Changes in value, financial instruments	21	91	–565
Change in value, financial assets		–4	–
Impairment of goodwill	9	–12	–10
<b>Profit before tax</b>		<b>2,541</b>	<b>1,295</b>
Current tax	8	–2	–2
Deferred tax	8	–531	–129
<b>NET PROFIT FOR THE YEAR</b>		<b>2,008</b>	<b>1,164</b>

## Consolidated Report of Comprehensive Income

Items that can be reversed via the income statement	19	2,008	1,164
Net profit for the year		–	4
Other comprehensive income		–2	–
<b>NET COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,006</b>	<b>1,168</b>
<b>Attributable to:</b>			
Parent company shareholders		2,006	1,168
Minority interest		0	0
		<b>2,006</b>	<b>1,168</b>
Earnings per ordinary share <sup>2</sup> , SEK	19	1.83	1.02
Earnings per preference share <sup>2</sup> , SEK	19	20.00	14.06
Dividend per ordinary share, SEK		0.35 <sup>1</sup>	0.30
Dividend per preference share, SEK		20.00 <sup>1</sup>	20.00

There are no outstanding warrants or convertibles.

1) Proposed dividend

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

Income, which amounted to SEK 2,718 million (2,521), has been positively affected by a larger property portfolio and positive net moving-in. Property costs increased to SEK 952 million (878) during the year, mainly attributable to a larger property portfolio. Property costs for a comparable portfolio rose by two per cent largely due to slightly higher maintenance costs. Central administration costs amounted to SEK 92 million (84). Profit from property management increased to SEK 1,043 million (789), mainly due to net acquisitions. Financial expenses decreased to SEK 633 million (774), partly due to lower base rates. The change in value of the proper-

ties amounted to SEK 1,252 million (1,207). The foremost reason for the change in value is investments made in connection with new letting, rising market rents and reduced required yields. Rising long-term interest rates have led to increased values of derivatives. Change in value of derivatives totalled SEK 91 million (–565), of which SEK –3 million (0) was realised changes in value. Net profit for the year increased to SEK 2,008 million (1,164) among others 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	31.12.2015	31.12.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	9	233	245
Investment properties	10	35,032	30,208
Machinery and equipment	11	12	12
Participation rights in associated companies	12	–	448
Financial assets valued at fair value via the income statement	13	112	35
Other long-term receivables		1	6
<b>Total non-current assets</b>		<b>35,390</b>	<b>30,954</b>
<b>Current assets</b>			
Accounts receivable	14	42	130
Other receivables	15	234	168
Prepaid expenses and accrued income	16	205	120
Liquid funds	17	12	286
<b>Total current assets</b>		<b>493</b>	<b>704</b>
<b>TOTAL ASSETS</b>		<b>35,883</b>	<b>31,658</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	1,865	1,865
Other capital contributed		4,786	4,786
Retained profits including net profit for the year		4,739	3,337
<b>Shareholders' equity attributable to the parent company's shareholders</b>		<b>11,390</b>	<b>9,988</b>
<b>Long-term liabilities</b>			
Deferred tax liability	8	1,503	978
Interest-bearing liabilities	20	17,915	12,078
Other liabilities		5	5
Derivatives	21	467	709
<b>Total long-term liabilities</b>		<b>19,890</b>	<b>13,770</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	3,571	6,792
Accounts payable		250	196
Income tax liability		11	29
Other liabilities	22	172	172
Accrued expenses and prepaid income	23	599	711
<b>Total current liabilities</b>		<b>4,603</b>	<b>7,900</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>35,883</b>	<b>31,658</b>

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

As at 31 December 2015, Klövern's portfolio consisted of 415 properties (408) and the fair value of the properties was SEK 35,032 million (30,208). Accounts receivable totalled SEK 42 million (130). Established rent losses amounted to SEK 9 million (1), consisting mainly of completed bankruptcies. Prepaid expenses and accrued income of SEK 205 million (120) consisted mainly of prepaid rental discounts, financial expenses and receivables from tenants. The Group's total assets increased

to SEK 35,883 million (31,658), the change being mainly attributable to increased property value through acquisitions, investments and positive changes in value. Equity increased to SEK 11,390 million (9,988) due to a strong result for the year. Interest-bearing liabilities increased to SEK 21,486 million (18,870), due to acquisitions. The item Accrued expenses and prepaid income mainly consists of accrued property costs and prepaid rents.

## Change in Consolidated 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, 31.12.2013	925	3,588	2,685	7,198
Net profit for the year	–	–	1,164	1,164
Other comprehensive income	–	–	4	4
Total changes in assets, excluding transactions with the company's owners	–	–	1,168	1,168
New issue	22	2,116	–	2,138
Bonus issue	1,665	–1,665	–	–
Reduction of share capital	–747	747	–	–
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–267	–267
Total transactions with the company's owners	940	1,198	–516	1,622
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, 31.12.2015	1,865	4,786	4,739	11,390

## Consolidated Statement of Cash Flow

Amount in SEK million	Notes	2015	2014
<b>Current operations</b>			
Operating surplus		1,766	1,643
Central administration		– 92	–84
Reversal of depreciation		4	4
Interest received		2	4
Interest paid		– 520	–645
Income tax paid		– 2	–2
<b>Cash flow from current operations before changes in working capital</b>		<b>1,158</b>	<b>920</b>
Change in operating receivables		– 70	–901
Change in operating liabilities		– 190	824
<b>Total change in working capital</b>		<b>– 260</b>	<b>–77</b>
<b>Cash flow from current operations</b>		<b>898</b>	<b>843</b>
<b>Investment operations</b>			
Disposal of properties	10	411	531
Acquisition of and investment in properties	10	– 4,118	–5,473
Acquisition of machinery and equipment	11	–4	–4
Change in financial non-current assets		678	–95
Realized changes in value of financial assets		–	–
<b>Cash flow from investment operations</b>		<b>– 3,033</b>	<b>–5,041</b>
<b>Financing operations</b>			
Loans raised		11,638	10,170
Amortization		– 9,022	–7,463
Realized changes in value, derivatives		– 151	–
New issue of preference shares		–	2,138
Dividend		– 604	–445
<b>Cash flow from financing operations</b>		<b>1,861</b>	<b>4,400</b>
<b>Total cash flow</b>		<b>– 274</b>	<b>202</b>
<b>Liquid funds at beginning of year</b>		<b>286</b>	<b>84</b>
<b>Liquid funds at year-end</b>	17	<b>12</b>	<b>286</b>



## Parent Company Statement Of Income

Amount in SEK million	Notes	2015	2014
Net sales	2	195	187
Cost of services sold	26	-155	-143
<b>Gross profit</b>		<b>40</b>	<b>44</b>
Central administration	3, 5, 6	-92	-84
<b>Operating profit</b>		<b>-52</b>	<b>-40</b>
Financial income	7	1,265	678
Financial expense	7	-504	-399
<b>Profit before tax</b>		<b>709</b>	<b>239</b>
Current tax	8	-	-
Deferred tax	8	-24	25
<b>NET PROFIT FOR THE YEAR</b>		<b>685</b>	<b>264</b>

## Parent Company Report of Comprehensive Income

Items that can be reversed via the income statement			
Net profit for the year		685	264
Other comprehensive income		-	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>685</b>	<b>264</b>

## Parent Company Balance Sheet

Amount in SEK million	Notes	31.12.2015	31.12.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Machinery and equipment	11	5	4
Participation rights in group companies	27	1,875	1,875
Participation rights in associated companies	12	–	522
Receivables from group companies	26	16,035	12,512
Deferred tax asset	8	340	364
<b>Total non-current assets</b>		<b>18,255</b>	<b>15,277</b>
<b>Current assets</b>			
Accounts receivable	14	0	0
Receivables from group companies	26	2,060	1,150
Other receivables	15	4	6
Prepaid expenses and accrued income	16	54	35
Cash and bank	17	100	277
<b>Total current assets</b>		<b>2,218</b>	<b>1,468</b>
<b>TOTAL ASSETS</b>		<b>20,473</b>	<b>16,745</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	18	1,865	1,865
Statutory reserve		721	721
Retained earnings		4,069	4,409
Net profit for the year		685	264
<b>Total shareholders' equity</b>		<b>7,340</b>	<b>7,259</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	20	9,916	5,815
Liabilities to group companies	26	1,094	603
<b>Total long-term liabilities</b>		<b>11,010</b>	<b>6,418</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	1,662	2,546
Accounts payable		7	9
Liabilities to group companies	26	204	253
Other liabilities	22	179	179
Accrued expenses and prepaid income	23	71	81
<b>Total current liabilities</b>		<b>2,123</b>	<b>3,068</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>20,473</b>	<b>16,745</b>

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

## Change in Parent Company 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, 31.12.2013	925	1,720	2,728	5,373
Net profit for the year	–	–	264	264
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	264	264
New issues	22	–	2,116	2,138
Bonus issue	1,665	–1,665	–	–
Reduction of share capital	–747	666	81	–
Dividend to ordinary shareholders	–	–	–249	–249
Dividend to preference shareholders	–	–	–267	–267
<b>Total transactions with company's owners</b>	940	–999	1,681	1,622
Shareholders' equity, 31.12.2014	1,865	721	4,673	7,259
Net profit for the year	–	–	685	685
Other comprehensive income	–	–	–	–
<b>Total change in assets, excluding transactions with the company's owners</b>	–	–	685	685
Dividend to ordinary shareholders	–	–	–275	–275
Dividend to preference shareholders	–	–	–329	–329
<b>Total transactions with the company's owners</b>	–	–	–604	–604
Shareholders' equity 31.12.2015	1,865	721	4,754	7,340

## Parent Company Statement of Cash Flow

Amount in SEK million	Notes	2015	2014
<b>Current operations</b>			
Operating profit		–52	–40
Reversal of depreciation		1	1
Interest received		1	1
Interest paid		–439	–330
Income tax paid		–	–
<b>Cash flow from operations before changes in working capital</b>		–489	–368
Change in operating receivables		–397	3,871
Change in operating liabilities		–127	62
<b>Total change in working capital</b>		–524	3,933
<b>Cash flow from current operations</b>		–1,013	3,565
<b>Investment operations</b>			
Acquisition of machinery and equipment	11	–2	–2
Divestment of associated companies	12	610	–
Investment in financial assets	28	–3,523	–6,873
<b>Cash flow from investment operations</b>		–2,915	–6,875
<b>Financing operations</b>			
Dividend from participation rights in associated companies		7	6
Loans raised		3,216	3,295
Change in long-term liabilities		491	–2,333
New issue of preference shares		–	2,138
Dividend/group contribution from subsidiaries		641	829
Dividend		–604	–445
<b>Cash flow from financing operations</b>		3,751	3,490
Cash flow for the period		–177	180
Liquid funds at beginning of year		277	97
<b>Liquid funds at year-end</b>	17	100	277



# 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 is Bredgränd 4, SE-111 30 Stockholm, Sweden.

The consolidated accounts for 2015 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 15 March 2016. 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 19 April 2016.

### 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 2015

The Group and the Parent Company apply for the first time in 2015 the amendments of standards and interpretations which are to be applied for financial years commencing on 1 January 2015 or thereafter. Apart from the amendments referred to in below, these have not had any material effect on the Group's or the Parent Company's financial reports.

IFRIC 21 Levies deals with reporting of charges and taxes (apart from income taxes), which the state or similar bodies have levied on the company. The interpretation clarifies the time at which a liability for such charges and taxes shall be recognized. The event that triggers the obligation to pay such a charge or tax is also the event that entails that a liability shall be recognized. IFRIC 21 has been applied in the group from 1 January 2015. For the group, IFRIC 21 entails that property tax will be recognized as a liability in its entirety when the obligation to pay arises. Klövern has accordingly recognized the liability for the whole year as at 1 January 2015. Furthermore, a prepaid expense for property tax will be recognized which has been accrued on a linear basis over the financial year.

### 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 2018 but has not yet been approved 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 divestment 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 but has not yet been approved 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. The EU has not yet stated when it is expected to approve the standard. No evaluation of the effects of the standard has yet been initiated.

### THE PARENT COMPANY'S ACCOUNTING POLICIES

#### Changed accounting policies

The changes to IFRS 2 Reporting for legal entities which came into effect and apply for the 2015 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 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

**NOTE 1 CONTINUED**

influence exists, potential voting shares that can be used without delay or converted shall be taken into consideration. Subsidiaries are consolidated in accordance with the acquisition accounting method. The method means that acquisition of a subsidiary is to be treated as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingencies. The acquisition value for the Group is determined by an acquisition analysis at the time of the acquisition. In the analysis, the acquisition value of the participation rights is established, and the fair value of the acquired identifiable assets, debts and contingencies assumed.

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

**Associated companies**

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

**REPORTING OF SEGMENTS**

An operating segment is a part of the 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 17 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 at 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.

**NOTE 1 CONTINUED**

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

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that have arisen at the time of initial reporting of assets and liabilities 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 rate caps. The company does not apply hedge accounting.

**STATEMENT OF CASH FLOW**

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

**LIQUID FUNDS AND BLOCKED ACCOUNTS**

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

**LONG-TERM RECEIVABLES AND OTHER RECEIVABLES**

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

**LOAN CLAIMS AND ACCOUNTS RECEIVABLE**

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

**LIABILITIES**

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

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

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

**Lease contracts**

Leasing is classified as either financial or operational leasing. Lease contracts where all significant risks and benefits associated with ownership pass to the lessor are classified as operational lease contracts. Tenancy contracts pertaining to investment properties are to be treated as operational lease contracts. There are also a smaller number of lease contracts where Klövern is the lessee and these lease contracts are also classified as operational lease contracts, which means that the leasing fee is expensed over the term of the lease starting from taking into use.

**Depreciation principles, machinery and equipment**

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

Estimated periods of use:

–machinery and equipment 3–10 years

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

**Investment properties**

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

Investment properties are reported in the consolidated balance sheet at their fair value, see Note 10. Every quarter, Klövern values 100 per cent of the property portfolio, of which 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



**NOTE 1 CONTINUED**

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

**Reporting of borrowing costs**

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

**REPURCHASE OF OWN SHARES**

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

**DIVIDENDS**

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

**REMUNERATION TO EMPLOYEES**

Pensions may be classified as defined contribution or defined benefit schemes. Klöver's pensions may be regarded as defined contribution. For 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**

	2015	2014
<b>Group</b>		
Rental income	2,705	2,503
Insurance indemnification	4	13
Rental guarantees	1	1
Redemption of lease contracts	8	4
<b>Total income</b>	<b>2,718</b>	<b>2,521</b>
<b>Parent company</b>		
Invoiced administration to subsidiaries	195	187

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

Average number of employees	2015	Proportion of women, %	2014	Proportion of women, %
Parent Company	202	39	191	40
Subsidiaries	0	0	0	0
<b>Group total</b>	<b>202</b>	<b>39</b>	<b>191</b>	<b>40</b>

All are employees in Sweden

**Gender distribution in executive management**

Average	2015 Proportion of women, %	2014 Proportion of women, %
<b>Parent Company</b>		
Board	60	60
Other senior executives	33	33
<b>Group total</b>		
Board	60	60
Other senior executives	33	33

**NOTE 3 CONTINUED**

The average number of senior executives (including the CEO) in the Parent Company during the year was three (6.6), of which one (2) was a woman. Rutger Arnhult is CEO. Other senior executives were Susanne Essehorn, Head of Real Estate and Peeter Kinnunen, Head of Transactions.

At the end of 2015, the Board of the Parent Company (including the CEO) consisted of five (5) members, of which three women (3). The Chairman of the Board was Fredrik Svensson. Members were Rutger Arnhult (CEO, Klöver), Ann-Cathrin Bengtson, Eva Landén and Pia Gideon.

**Remuneration**

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

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

The CEO does not have a performance-based salary. The CEO is entitled to a company car as well as a subsistence benefit, health insurance and 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.

**Employees and the Board**

	Group		Parent Company	
<b>Salaries, remuneration and benefits, SEK 000s</b>	2015	2014	2015	2014
Chairman of the Board	280	280	280	280
Other members of the board, 3.0 persons (3.0)	435	420	435	420
CEO				
Basic salary	4,379	4,128	4,379	4,128
Variable salary	–	–	–	–
Benefits	155	192	155	192
Deputy CEOs, 0 persons (0.8)				
Basic salary	–	1,280	–	1,280
Variable salary	–	–	–	–
Benefits	–	80	–	80
Other senior executives, 2.0 persons (4.5)				
Basic salary	3,647	5,395	3,647	5,395
Variable salary	713	55	713	55
Benefits	203	484	203	484
Other employees				
Basic salary	95,679	87,168	95,679	87,168
Variable salary	1,989	885	1,989	885
Benefits	6,232	5,520	6,232	5,520
<b>Total</b>	<b>113,712</b>	<b>105,887</b>	<b>113,712</b>	<b>105,887</b>
<b>Contractual pension costs</b>				
CEO	1,554	1,437	1,554	1,437
Deputy CEOs, 0 persons (0.8)	0	445	0	445
Other senior executives, 2.0 persons (4.5)	1,429	1,396	1,429	1,396
Other employees	11,869	10,373	11,869	10,373
<b>Total</b>	<b>14,852</b>	<b>13,651</b>	<b>14,852</b>	<b>13,651</b>
<b>Statutory social security contributions, including wages tax</b>				
Chairman of the Board	88	88	88	88
Other members of the board, 3.0 persons (3.0)	139	133	139	133
CEO	1,802	1,711	1,802	1,711
Deputy CEOs, 0 persons (0.8)	0	582	0	582
Other senior executives, 2.0 persons (4.5)	1,779	2,106	1,779	2,106
Other employees	34,835	30,268	34,835	30,268
<b>Total</b>	<b>38,643</b>	<b>34,888</b>	<b>38,643</b>	<b>34,888</b>

**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 million (9.5) including wages tax has been transferred to the foundation for the 2015 financial year.

**Defined contribution schemes**

The Group's employees are covered by defined contribution pension schemes, which are wholly paid for by the company. For a pensions are treated as defined contribution as there is insufficient information to report these as defined benefit. 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/sold 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 10 per cent (11) of Klövern's contract value at year-end 2015. The area leased by Ericsson amounted to 171,000 sq.m. (170,000) and the average remaining contract term is 4.8 years (3.5).

**Income statement items and investments per property segment and region**

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, SEKm		Investment, SEKm	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Stockholm	1,106	985	-371	-318	735	667	66	68	879	401
East	646	636	-221	-219	425	417	66	66	150	214
Central	606	571	-231	-216	375	355	62	62	219	212
South	360	329	-129	-125	231	204	64	62	138	194
Investment	2,604	2,414	-872	-796	1,732	1,618	67	67	601	624
Development	114	107	-80	-82	34	25	30	24	785	397
Total	2,718	2,521	-952	-878	1,766	1,643	65	65	1,386	1,021

**Key ratios per property segment and region**

	Fair value, SEKm		Yield requirement <sup>1</sup> , %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Stockholm	17,316	14,376	6,0	6,4	809	777	1,353	1,244	90	90
East	6,651	6,360	7,0	7,2	750	758	714	711	91	91
Central	6,145	5,626	7,2	7,3	750	734	680	655	90	89
South	4,920	3,846	6,7	7,3	563	523	435	373	91	90
Investment	31,625	27,315	6,5	6,9	2,551	2,474	2,978	2,797	93	92
Development	3,407	2,893	6,5	7,0	321	318	204	186	62	57
Total	35,032	30,208	6,5	6,9	2,872	2,792	3,182	2,983	91	90

1) Yield requirement is calculated excluding building rights.

**NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS**

SEK 000s	Group		Parent Company	
	2015	2014	2015	2014
Ernst & Young AB				
Audit assignments	3,101	2,425	2,800	2,425
Tax advice	—	—	—	—
Other assignments	—	434	301	434
	3,101	2,859	3,101	2,859

Audit assignments means statutory audit of annual reports and consolidated financial statements 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 com-

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



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

Group	2015	2014
<b>Property-related costs</b>		
Operating costs	–515	–460
Repairs and maintenance	–165	–149
Property tax and site leasehold charges	–162	–162
Personnel costs	–108	–102
Other property costs	–2	–5
<b>Total</b>	<b>–952</b>	<b>–878</b>
<b>Central administration</b>		
Personnel costs	–51	–39
Transfer, profit-sharing foundation	–10	–9
IT, advertising and cost of premises	–12	–13
Auditors' fees	–3	–2
Other costs	–16	–21
<b>Total</b>	<b>–92</b>	<b>–84</b>

**NOTE 7 NET FINANCIAL ITEMS**

	2015	2014
<b>Group</b>		
Interest income, other	2	4
<b>Total</b>	<b>2</b>	<b>4</b>
<b>Parent Company</b>		
Income from other securities	87	–
Dividend from associated companies	7	6
Interest income, group companies	36	30
Interest income, other	1	1
Dividend from group companies	599	350
Group contribution, group companies	535	291
<b>Total</b>	<b>1,265</b>	<b>678</b>
<b>Group</b>		
Interest expense, other	–588	–733
Other financial expense	–45	–41
<b>Total</b>	<b>–633</b>	<b>–774</b>
<b>Parent Company</b>		
Interest expense, group companies	–1	–1
Interest expense, other	–471	–372
Other financial expense	–32	–26
<b>Total</b>	<b>–504</b>	<b>–399</b>

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

	2015		2014	
	Basis current tax	Basis, deferred tax	Basis current tax	Basis, deferred tax
Tax calculation for Group				
Profit before tax	2,541	–	1,295	–
Deductible for tax purposes				
–depreciation	–653	653	–531	531
–investment	–211	211	–177	177
Change in value of properties not subject to tax	–1,256	1,256	–1,199	1,199
Change in value of derivatives not subject to tax	–94	94	565	–565
Change in value of securities not subject to tax	13	–13	–	–
Impairment of goodwill not subject to tax	12	–	10	–
Tax effect of company and property divestments	–165	–	–94	–
Non-deductible expenses	4	–	33	–
Other adjustments for tax purposes	83	–	5	–
<b>Total profit from operations</b>	<b>274</b>	<b>2,201</b>	<b>–93</b>	<b>1,342</b>
Use of loss carry-forwards	–266	266	–47	47
New loss carry-forwards	–	–	147	–388
Adjustment for effect of properties sold	–	–56	–	–104
Adjustment for acquired temporary differences	–	2	–	–311
<b>Total taxable profit</b>	<b>8</b>	<b>2,413</b>	<b>7</b>	<b>586</b>
Current tax/deferred tax	–2	–531	–2	–129

**NOTE 8 CONTINUED**  
Consolidated Balance Sheet

	2015		2014	
	Basis	Tax	Basis	Tax
<b>DEFERRED TAX ASSET</b>				
At beginning of year	2,234	492	1,893	417
Change during the year	-266	-59	341	75
Deferred tax asset at year-end <sup>1</sup>	1 968	433	2,234	492
<b>DEFERRED TAX LIABILITY <sup>2</sup></b>				
<b>Temporary difference properties</b>				
At beginning of year	12,829	2,822	9,739	2,143
Change during the year	3,037	668	3,090	680
At year-end	15,866	3,491	12,829	2,822
<b>Acquired temporary differences properties <sup>3</sup></b>				
At beginning of year	-5,486	-1,207	-3,840	-845
Change during year due to acquisitions and sales	-1,100	-242	-1,646	-362
At year-end	-6,586	-1,449	-5,486	-1,207
<b>Temporary differences derivatives and financial assets</b>				
At beginning of year	-661	-145	-96	-21
Changes during the year	180	40	-565	-124
At year-end	-481	-106	-661	-145
<b>Total deferred tax liability</b>				
At beginning of year	6,682	1,470	5,803	1,277
Change during the year	2,117	466	879	193
Total deferred tax liability at year-end	8,799	1,936	6,682	1,470

Parent Company	2015	2014
<b>Profit before tax</b>	<b>709</b>	<b>239</b>
Current tax	-	-
Deferred tax	-24	25
<b>Net profit</b>	<b>685</b>	<b>264</b>
<b>Deferred tax asset</b>		
At beginning of year	364	339
Change during the year	-24	25
At year-end	340	364

1) Refers to established deficit of SEK 1,968 million (2,234)

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
<b>Closing balance</b>	<b>233</b>	<b>245</b>

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

The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3. No properties have been shifted between different valuation levels. Every quarter, Klöver uses the whole of the property portfolio. 20–30 per cent is normally 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 have been carried out or which are planned and information from the external valuers.

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

**Summary**

Value date	31 December 2015
Fair value	SEK 35,032 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 4.50 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.35 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	Two per cent (The Riksbank's inflation target)

**VALUATION METHOD**

Klöver uses yield valuation according to the cash flow method for external and internal valuations. The same valuation method has been used for all of Klöver's properties except for building rights and site leaseholds; see the section Buildings and site leaseholds below for the valuation methods used for these. The fair value of the property before deduction for selling expenses is calculated from the outcome in the cash flow method.

**VALUATION MODEL**

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

**Sensitivity analysis**

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the properties can only be 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 Klöver's property value by +/- SEK 1,752 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	–2,434/2,840
Rental income	SEK 50/sq.m.	+/-2,213
Operating cost	SEK 25/sq.m	–/+1,107
Vacancy rate	1.0 percentage point	–/+460

**Property holdings and valuation at fair value as at 31 December 2015**

	Fair value, SEKm	No. of properties	Rental value, SEKm <sup>1</sup>	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement, average, %
Stockholm	17,316	90	1,353	90	809	5.50–11.15	5.00–9.25	6.0
East	6,651	125	714	91	750	6.60–11.35	4.50–9.50	7.0
Central	6,145	104	680	90	750	6.95–10.85	5.15–9.00	7.2
South	4,920	96	435	91	563	6.40–11.35	4.50–9.50	6.7
– Investment	31,625	356	2,978	93	2,551	6.60–11.35	4.50–9.50	6.5
– Development	3,407	59	204	62	321	7.30–11.35	5.75–9.50	6.5
<b>Total</b>	<b>35,032</b>	<b>415</b>	<b>3,182</b>	<b>91</b>	<b>2,872</b>	<b>5.50–11.35</b>	<b>4.50–9.50</b>	<b>6.5</b>

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

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

- > The cash flow of the property is discounted to present 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-day value.
- > The normal calculation period is five or ten years.
- > Inflation has been assessed at two per cent (the Riksbank's inflation target).

**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.

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

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

**Required investment**

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

**Yield requirement and cost of capital**

The 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 of 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 present 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 35,032 million (30,208) on 31 December 2015. Changes in value for the full year 2015 amounted to SEK 1,252 million (1,207).

The unrealized changes in value were SEK 1,254 million (1,199) and the realized changes in value SEK -2 million (8). Klöver's property portfolio has been valued at an average yield requirement of 6.5 per cent (6.9) on 31 December 2015.

Direct costs for vacant areas amount to 0 (0).

Group	Properties
<b>Opening fair value, 1 January 2014</b>	<b>24,059</b>
Acquisition value of properties acquired during the year	4,452
Investment in properties	1,021
Sales income, divested properties	-531
Change in value	1,207
<b>Closing fair value, 31 December 2014</b>	<b>30,208</b>
Acquisition value of properties acquired during the year	2,732
Investment in properties	1,386
Sales income, divested properties	-546
Change in value	1,252
<b>Closing fair value, 31 December 2015</b>	<b>35,032</b>

**Tax assessment values**

Group	2015	2014
Tax assessment values, buildings	11,656	10,835
Tax assessment values, land	3,998	3,760
<b>Total tax assessment value</b>	<b>15,654</b>	<b>14,595</b>

**TAX RESIDUAL VALUE**

The residual value of the properties for tax purposes totalled SEK 19,166 million (17,378) on 31 December 2015.



**NOTE 11 MACHINERY AND EQUIPMENT**

	2015		2014	
	Group	Parent Company	Group	Parent Company
<b>Accumulated acquisition cost</b>				
Opening balance	41	12	41	10
Purchases	4	3	4	2
Reclassifications	–	–	–	–
Acquisition of subsidiaries	2	–	0	–
Sales and disposals	–1	–1	–4	0
<b>Total</b>	<b>46</b>	<b>14</b>	<b>41</b>	<b>12</b>
<b>Accumulated scheduled depreciation</b>				
Opening balance	–29	–8	–29	–7
Reclassifications	–	–	–	–
Acquisition of subsidiaries	–2	–	0	–
Sales and disposals	1	1	4	0
Scheduled depreciation on acquisition values for the year	–4	–2	–4	–1
<b>Total</b>	<b>–34</b>	<b>–9</b>	<b>–29</b>	<b>–8</b>
Carrying amount at end of period	12	5	12	4

**NOTE 12 PARTICIPATION RIGHTS IN ASSOCIATED COMPANIES**

	2015	2014
Shares owned by Klöver	–	14,517,998
Share of equity, % <sup>1</sup>	–	29.8
Share of voting rights, %	–	29.8

<sup>1</sup> Based on the number of outstanding shares.

	Group	Parent company
Opening balance, 1 January 2015	488	522
Divestments	–488	–522
<b>Closing balance, 31 December 2015</b>	<b>–</b>	<b>–</b>

Klöver sold the entire holding in Tribona in 2015.

Dividends are reported in the Parent Company under Financial Income while they are eliminated in the consolidated financial statements.

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

Tribona prepares its financial statements in compliance with International Financial Reporting Standards, IFRS

*Klöver's share of Tribona's earnings*

	2015	2014
Income	–	425
Profit from property management	–	128
Changes in value, properties	–	–325
Changes in value, derivatives	–	–252
<b>Net profit for the period</b>	<b>–</b>	<b>–420</b>
<i>Klöver's share of earnings, 29.8% (including tax)</i>	<i>–</i>	<i>–126</i>

*Klöver's share of net assets:*

	2015	2014
Investment properties	–	4,831
Other assets	–	330
Liabilities	–	–3,357
<b>Net assets</b>	<b>–</b>	<b>1,804</b>
<i>Klöver's share of net assets, 29.8%</i>	<i>–</i>	<i>538</i>
<b>Carrying amount in Tribona</b>	<b>–</b>	<b>1,804</b>
<i>of which Klöver's share, 29.8%</i>	<i>–</i>	<i>538</i>

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

	2015	2014
<b>Group</b>		
Other securities	110	30
Other items	2	5
<b>Total</b>	<b>112</b>	<b>35</b>

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

**NOTE 14 ACCOUNTS RECEIVABLE**

Klövern values its accounts receivable every quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provision is made for doubtful claims and the claim is recorded as a rent loss in the event of bankruptcies or other established losses. 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 9.3 million (2.4), with a deduction of SEK 0.7 million (0.4) for reversed rent losses, which corresponds to 0.34 per cent (0.09) of sales. Half of the credit losses in 2014 were acquired and did not burden group earnings. Established rent losses amounted to SEK 9.1 million (3.3) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

**Accounts receivable by age**

Days	2015	2014
0–29	25	24
30–89	12	3
90–	14	112
Doubtful claims	–9	–9
<b>Total</b>	<b>42</b>	<b>130</b>

	2015	2014
<b>Doubtful claims</b>		
Doubtful claims at beginning of year	9	10
Provisions for anticipated rent losses	10	2
Claims collected	–1	0
Established losses	–9	–3
<b>Doubtful claims at year-end</b>	<b>9</b>	<b>9</b>

**NOTE 15 OTHER RECEIVABLES**

	2015	2014
<b>Group</b>		
Settlement taxes and fees	156	105
Receivable from previous property owner	–	41
Blocked account	64	0
Dividend	1	1
Other current receivables	13	21
<b>Total</b>	<b>234</b>	<b>168</b>

<b>Parent Company</b>		
Settlement taxes and fees	1	1
Dividend	1	1
Other current receivables	2	4
<b>Total</b>	<b>4</b>	<b>6</b>

**NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME**

	2015	2014
<b>Group</b>		
Accrued property costs	7	9
Prepaid rent discounts	42	43
Prepaid site leasehold charges	22	8
Prepaid financial expense	55	48
Accrued income	10	10
Receivables from tenants	53	–
Prepaid insurance	10	0
Other prepaid expenses	6	2
<b>Total</b>	<b>205</b>	<b>120</b>

<b>Parent Company</b>		
Prepaid financial expense	39	30
Prepaid insurance	9	0
Property acquisition in process	0	1
Accrued income	0	1
Other prepaid expenses	6	3
<b>Total</b>	<b>54</b>	<b>35</b>

**NOTE 17 LIQUID FUNDS**

	2015	2014
<b>Group</b>		
Cash and bank	12	286
<b>Total</b>	<b>12</b>	<b>286</b>
<b>Parent Company</b>		
Cash and bank	100	277
<b>Total</b>	<b>100</b>	<b>277</b>

**NOTE 18 SHAREHOLDERS' EQUITY**

Klövern manages capital consisting of the Group's shareholders' equity with the aim of providing Klövern's shareholders with a return of at least the risk-free rate plus nine percentage points, which is the goal set in Klövern's business plan. Return on equity amounted to 18.9 per cent (14.5) in 2015. During the past ten years, the average return on equity has been 11.9 per cent.

Klövern's aim is to maintain a well-balanced asset and capital structure adapted to the company's real estate operations. The goal is for the adjusted equity ratio to be 40 per cent in the long term. The outcome in 2015 was 35.8 per cent (35.9). 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 that a dividend be paid of SEK 0.35 per ordinary share (0.30) and SEK 20.00 per preference share (20.00) for the financial year 2015, total-ling SEK 649 million (604).

**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 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

**NOTE 19 EARNINGS PER SHARE**

The calculation of earnings per preference share for 2015 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 2,008 million (1,164). Earnings per preference share have been allocated 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 1,679 million, has been allocated to 916.0 million outstanding ordinary shares.

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

	2015	2014
Net profit attributable to the Parent Company's shareholders	2,008	1,164
Earnings per ordinary share, SEK	1.83	1.02
Earnings per preference share, SEK	20.00	14.06

**NOTE 20 INTEREST-BEARING LIABILITIES**

Group	2015	2014
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities	17,915	12,078
<b>Total</b>	<b>17,915</b>	<b>12,078</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	3,530	6,792
Utilized overdraft facility	41	–
<b>Total</b>	<b>3,571</b>	<b>6,792</b>
Unused overdraft facility	359	400
<b>Parent Company</b>	<b>2015</b>	<b>2014</b>
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities	9,916	5,815
<b>Total</b>	<b>9,916</b>	<b>5,815</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	1,662	2,546
Utilized overdraft facility	–	–
<b>Total</b>	<b>1,662</b>	<b>2,546</b>
Unused overdraft facility	400	400

Current interest-bearing liabilities include recurrent maturities of facilities at credit institutions with which Klövern has a long-term relationship. Of SEK 3,571 million current interest-bearing liabilities on 31 December 2015, Klövern has already re-financed SEK 626 million at the beginning of 2016.

**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. Klövern 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 fluctua-

tions. 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 1.5 years, and at most 40 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities 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 2015, the average remaining maturity on the loan stock was 2.8 years (2.1).

At the same time, liquid assets were available totalling SEK 12 million (286) and granted, but not utilized, credit facilities of SEK 1,877 million (1,336), of which SEK 359 million (400) were unutilized overdraft facilities. Furthermore, there were unutilized loan frames of SEK 1,077 million (707), 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
2016	4,553	3,401
2017	7,850	6,950
2018	8,784	7,882
2019	1,090	1,090
2025–	2,163	2,163
<b>Totalt</b>	<b>24,440</b>	<b>21,486</b>

**Interest rate risks**

Interest rate risks 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 21,486 million (18,870), 50 per cent (56) had variable interest and the average fixed-interest period was 2.1 years (2.1) at year-end.

**Interest maturity structure**

Maturity year	Average interest rate, %	Interest due, SEKm	Proportion, %
Variable	2.1	10,666	50
2016	2.4	1,680	8
2017	3.3	730	3
2018	2.3	3,900	18
2019	3.4	815	4
2020	3.6	815	4
2021	4.5	500	2
2022	5.3	1,280	6
2023	4.4	1,100	5
<b>Total</b>	<b>2.7</b>	<b>21,486</b>	<b>100</b>



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

At least 40 per cent of the total loan volume should have fixed interest or be covered by interest hedging. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining term for caps and swaps, according to the financial policy, should be at least 2.5 years; at the year-end it was 3.9 years (4.3). The strike level for the interest caps may when taken be equivalent to at most the five-year bond rate plus 2.0 percentage points.

At year-end, Klöver had a volume of SEK 0 million (0) interest rate caps and SEK 10,820 (8,247) million fixed interest loans (mainly through swaps), totalling SEK 10,820 million, corresponding to 50 per cent, compared with SEK 8,594 million, 40 per cent), which was a minimum requirement according to policy.

During 2015, changes in value of interest caps amounted to SEK 0 million (0). The fair value amounted to SEK 0 million (0) at year-end. At year-end, Klöver had 25 interest rate swap agreements maturing between 2016 and 2023. The fair value of the swaps amounted to SEK -467 million (-709) and changes in value totalled SEK 91 million (-565) during the year, of which SEK -3 million (0) were realized. Interest caps and swaps both increase Klöver's price risk. The interest rate swaps have been valued by Danske Bank, Deutsche Pfandbriefbank, Handelsbanken, Nordea, SEB and Swedbank through discounting expected future cash flows to present value.

## Derivatives

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
<b>Nominal interest rate swaps</b>				
Handelsbanken	700	1.0	0.6	-7
Swedbank	200	1.0	1.5	-3
Nordea	30	1.8	4.0	-2
Handelsbanken	200	2.0	0.5	-3
SEB	500	2.0	1.6	-17
Danske Bank	315	2.5	0.2	-1
Swedbank	300	2.6	2.7	-21
Swedbank	200	2.6	2.7	-14
Swedbank	800	2.8	0.0	2
Nordea	1,500	2.8	0.0	2
Danske Bank	500	2.8	0.0	1
Pfandbriefbank	285	2.8	0.0	0
Swedbank	100	3.0	1.8	-5
Danske Bank	315	3.5	0.4	-2
Swedbank	400	4.0	2.2	-29
Swedbank	100	4.0	1.9	-6
Danske Bank	315	4.5	0.7	-3
Swedbank	400	5.0	2.4	-34
Swedbank	300	5.7	2.5	-27
Swedbank	200	6.0	2.5	-19
Swedbank	320	6.1	3.3	-46
Swedbank	960	6.1	3.3	-137
Swedbank	500	7.0	2.2	-35
Swedbank	100	7.3	2.2	-8
Swedbank	500	8.0	2.7	-53
<b>Total swaps</b>	<b>10,040</b>	<b>3.9</b>	<b>1.4</b>	<b>-467</b>

## Credit risks

Credit risks mean the risk of a 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	At most SEK 500m per group
Other Swedish mortgage institutions	At most SEK 100m per company
Foreign banks with rating at least Standard & Poor A- or Moody's A3	At most SEK 100m per group

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

There is also a certain element of credit risk in the current letting operations, i.e. a risk of a tenant not being able to pay the rent. However, this is 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. As from 2015, 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 1.5. Klöver has not set its own goal for leverage although the banks usually have a limit of 65-75 per cent.

Klöver meets all requirements for 2015 by a good margin.

The equity ratio was 31.7 per cent, the adjusted equity ratio 35.8 per cent and the interest coverage ratio 2.6. Leverage was 61 per cent and the leverage ratio on properties 47 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 +99 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2.6 to 2.3.

The calculations of the sensitivity analysis are based on the Group's earning capacity and balance sheet as at 31 December 2015. 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	+/- 32
Rental income	1 per cent	+/- 27
Property expenses	1 per cent	-/+ 10
Klöver's average interest rate	1 percentage point	-/+ 215

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

	2015				2014			
	Financial income	Financial expense	Changes in value	Net financial income	Financial income	Financial expense	Changes in value	Net financial income
<b>Financial assets and liabilities valued at fair value via the statement of income</b>								
Securities	–	–	–4	–4	–	–	–	–
Interest rate swaps relating to cash flow hedges	–	–	91	91	–	–	–565	–565
<b>Total</b>	<b>–</b>	<b>–</b>	<b>87</b>	<b>87</b>	<b>–</b>	<b>–</b>	<b>–565</b>	<b>–565</b>
<b>Loan receivables and accounts receivable</b>								
Accounts receivable	–	–	–	–	–	–	–	–
Accrued income and other receivables	2	–	–	2	2	–	–	2
Liquid funds	0	–	–	0	2	–	–	2
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>4</b>
<b>Total financial income</b>	<b>2</b>	<b>–</b>	<b>87</b>	<b>89</b>	<b>4</b>	<b>–</b>	<b>–565</b>	<b>–561</b>
<b>Financial liabilities valued at accrued acquisition value</b>								
Liabilities to credit institutions	–	–633	–	–633	–	–774	–	–774
Accounts payable	–	0	–	0	–	0	–	0
Accrued expenses and other liabilities	–	0	–	0	–	0	–	0
<b>Total financial expense</b>	<b>–</b>	<b>–633</b>	<b>–</b>	<b>–633</b>	<b>–</b>	<b>–774</b>	<b>–</b>	<b>–774</b>

**Fair value of financial assets and liabilities**

	2015			2014		
	Financial assets/liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value	Financial assets/liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value
Long-term receivable	112	1	–	35	6	–
Accounts receivable	–	41	–	–	130	–
Accrued income and prepaid expenses	–	205	–	–	120	–
Other receivables	–	77	–	–	61	–
Liquid funds	–	12	–	–	286	–
<b>Total</b>	<b>112</b>	<b>335</b>	<b>–</b>	<b>35</b>	<b>603</b>	<b>–</b>
Long-term interest-bearing liabilities	–	–	17,915	–	–	12,078
Derivatives	467	–	–	709	–	–
Current interest-bearing liabilities	–	–	3,571	–	–	6,792
Accounts payable	–	–	250	–	–	196
Other liabilities	–	–	166	–	–	172
Accrued expenses and prepaid income	–	–	526	–	–	632
<b>Total</b>	<b>467</b>	<b>–</b>	<b>22,428</b>	<b>709</b>	<b>–</b>	<b>19,870</b>

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

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

**NOTE 22 OTHER LIABILITIES**

	2015	2014
<b>Other current liabilities</b>		
<b>Group</b>		
Personnel's withholding tax and social security contributions	6	6
Dividend shares	164	164
Other items	2	2
<b>Total</b>	<b>172</b>	<b>172</b>
<b>Parent Company</b>		
Personnel's withholding tax and social security contributions	6	6
Dividend shares	164	164
Value-added tax	7	9
Other items	2	0
<b>Total</b>	<b>179</b>	<b>179</b>

**NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME**

	2015	2014
<b>Group</b>		
Prepaid rents, first quarter 2016/2015	434	528
Accrued property costs, properties	75	75
Accrued interest expense	57	64
Accrued personnel costs	27	26
Accrued issue expenses, preference shares	–	13
Other items	6	5
<b>Total</b>	<b>599</b>	<b>711</b>
<b>Parent Company</b>		
Accrued interest costs	38	37
Accrued personnel costs	17	17
Accrued costs, profit-sharing foundation	10	9
Accrued issue expenses, preference shares	–	13
Other items	6	5
<b>Total</b>	<b>71</b>	<b>81</b>

**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 3.5 years (3.3).

Maturity year	Contract value, SEKm	Proportion of contract value, %	Area, sq.m.
2016	763	26	614
2017	490	17	475
2018	448	16	396
2019	350	12	276
2020	210	7	162
2021	80	3	52
2022	190	7	146
2023	70	2	47
2024–	284	10	204
<b>Total</b>	<b>2,884</b>	<b>100</b>	<b>2,372</b>

The Group's leased assets including site leaseholds consist of operational lease contracts and amount to SEK 40.9 million (35.8). 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	
	2015	2014	2015	2014
<b>Assets pledged</b>				
Property mortgages	21,090 <sup>1</sup>	19,244	–	–
<b>Total assets pledged</b>	<b>21,090</b>	<b>19,244</b>	<b>–</b>	<b>–</b>
<b>Contingencies</b>				
Guarantees in favour of subsidiaries	–	–	9,872	10,575
Other contingencies	15	3	–	–
<b>Total contingencies</b>	<b>15</b>	<b>3</b>	<b>9,872</b>	<b>10,575</b>

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

In 2015, Klöver had one major tax case. The Tax Agency had previously decided to increase Klöver's tax assessment by approximately SEK 77 million for the 2008 income year, which could entail a tax expense of around SEK 21 million. During 2015, the Supreme Administrative Court decided to refer the case back to the Administrative Court. No provisions have been made in the accounts.

**NOTE 26 CLOSE ASSOCIATES**

	Year	Services sold	Services purchased	Receivable	Liability
<b>Group</b>					
Other close associates 2015		9	270	0	28
Other close associates 2014		3	202	0	1
<b>Parent Company</b>					
Subsidiary	2015	195	10	18,095	1,298
Subsidiary	2014	187	7	13,662	856
Other close associates 2015		–	1	–	–
Other close associates 2014		–	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 entered into contracts with Wästbygg for around SEK 204 million for construction projects. During the year, Wästbygg invoiced Klövern a total of SEK 270 million, which also includes a number of smaller projects. Lease contracts with Wästbygg AB has an annual contract value of SEK 2 million (0). Klövern AB has signed a lease with M2-Gruppen with an annual contract value of SEK 1 million (1). During 2015, notice has been given to terminate the least contract with Quality Hotel Västerås, which is a subsidiary of AB Arvid Svensson. The contract value amounted to SEK 2 million (2). The lease contract with Proact IT Group AB has an annual contract value totalling SEK 4 million (4). The annual contract value of the lease with Håkansgården Hotell & Konferens AB, a subsidiary of Aros Congress Center Holding AB, is SEK 1 million (1). The annual contract value of the lease to Svevia AB is SEK 0.2 million (0.2) and to Metria of SEK 0.3 million (0.3). Services have been purchased for SEK 4.0 million from Svevia AB mainly relating to snow clearance.

Pia Gideon is a board member of Svevia AB, Metria AB and Proact IT Group AB. Ann-Cathrin Bengtson resigned as chairman of the board of Aros Congress Center Holding AB in 2015. They are also board members of Klövern. Fredrik Svensson is CEO of AB Arvid Svensson and chairman 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. Payments to the CEO, Deputy CEOs, senior executives and the Board of Directors are shown in Note 3.

**NOTE 27 PARTICIPATION RIGHTS IN GROUP COMPANIES**

SEK 000s	31.12.2015	31.12.2014
<b>Accumulated acquisition values</b>		
Opening balance	1,728,527	1,703,147
Acquisitions	250	25,630
Divestments	–250	–250
<b>Reported closing balance</b>	<b>1,728,527</b>	<b>1,728,527</b>
<b>Accumulated shareholders' contributions</b>		
Opening balance	146,551	146,551
Shareholders' contributions for the year	–	–
<b>Closing balance</b>	<b>146,551</b>	<b>146,551</b>
<b>Total</b>	<b>1,875,078</b>	<b>1,875,078</b>

Specification of the Parent Company's directly-owned subsidiaries is shown below. Other group companies are included in the respective subsidiary's annual reports.

Subsidiary/Reg. No./Registered Office	No. of shares	Share in % <sup>1</sup>	Book value
Klövern Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klövern Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klövern Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klövern Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klövern Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klövern Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klövern Bobby AB, 556594-9780, Nyköping	1,000	100	8,138
Klövern Komp Bobby AB, 556678-9938, Nyköping	100,000	100	100
Klövern Charbel AB, 556594-9814, Nyköping	1,000	100	100
Klövern Dante AB, 556594-9830, Nyköping	1,000	100	100
Klövern Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klövern Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klövern Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klövern Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klövern Karl AB, 556708-7985, Nyköping	1,000	100	5,139
Klövern Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klövern Gerhard AB, 556634-5723, Nyköping	1,000	100	100
Klövern Helmut AB, 556634-5731, Nyköping	1,000	100	100
Klövern Ingmar AB, 556634-6598, Nyköping	1,000	100	100
Dagon AB, 556431-0067, Nyköping	23,580,999	100	1,519,055
Klövern Linus AB, 556896-7409, Nyköping	50,000	100	50
Klövern Verner AB, 556896-7474, Nyköping	50,000	100	10,050
Klövern Nord AB, 556072-3024, Nyköping	250,000	100	25,630
Klövern Mari AB, 556944-2196, Nyköping	50,000	100	50
Klövern Valdemar AB, 559003-2446, Nyköping	50,000	100	50
Klövern Gabriella AB, 556983-7544, Nyköping	50,000	100	50
Other subsidiaries, dormant			200
<b>Total</b>			<b>1,875,078</b>

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



**NOTE 28 CASH FLOW ANALYSIS**

	Parent Company	
	2015	2014
Investment in non-current financial assets		
Participation rights in group companies	–	–25
Participation rights in other companies	–	–87
Receivables from group companies	–5,323	–6,761
<b>Total</b>	<b>–5,323</b>	<b>–6,873</b>

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

In February 2016, Klöver AB acquired a site leasehold at the property Orgelpipan 4 in central Stockholm for SEK 340 million with taking of possession on 5 April. This is Klöver AB's first acquisition in central Stockholm and consists of a project property with a lettable area of around 4,500 sq.m. as well as around 1,300 sq.m. of garage space which could be refurbished and extended to become a modern office and retail property.

During the month of February 2016 a total of 2,000,972 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 79,861,425 constitute Class A ordinary shares, 836,132,555 constitute Class B ordinary shares and 16,444,000 constitute preference shares.

In March 2016 Klöver AB signed a 15-year lease with Nordic Choice Hotels in Kista. The lease contract, which is subject to the granting of a building permit, encompasses around 6,800 sq.m. of hotel space in a property that will be completely renovated. Moving in is estimated to be in the third quarter of 2017.

Klöver AB is investigating the possibilities of divesting the properties Isafjord 4 and Isafjord 5 in Kista. Isafjord 4 is Klöver AB's single largest property in terms of value and encompasses over 70,000 sq.m. of lettable area, mostly office space.

**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 profit, 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 2015 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

# 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 2016 Annual General Meeting is that a dividend of SEK 0.35 per ordinary share be paid. A dividend of SEK 20.00 per preference share and year is proposed, distributed equally over four quarters.

Together, this proposal for dividend in 2016 constitutes 62 per cent of the profit from property management for 2015. 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 (SEK) in the parent company available for distribution by the Annual General Meeting be allocated as follows:

Amount brought forward	4,068,994,514
Net profit for the year	685,331,076
<b>Total</b>	<b>4,754,325,590</b>
Dividend to ordinary shareholders	320,597,893
Dividend to preference shareholders	328,880,000
To be carried forward	4,104,847,697
<b>Total</b>	<b>4,754,325,590</b>

As at 31 December 2015, 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 2015 financial year, the Board of Directors proposes to the Annual General Meeting on 19 April 2016 that a dividend be paid of SEK 20.00 per preference share, distributed equally over four quarters and SEK 0.35 per ordinary share. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 21 April 2016 as the record day for the ordinary share. If the Annual General Meeting adopts this proposal, the expected payment date is 26 April 2016.

It is proposed that the record days for the preference share be 30 June, 30 September, 30 December 2016 and 31 March 2017. If the AGM votes according to the proposal the associated payment days are estimated to be 5 July, 5 October 2016 and 4 January and 5 April 2017.

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

Amount brought forward	4,068,994,514
Net profit for the year	685,331,076
<b>Total</b>	<b>4,754,325,590</b>

The Board proposes that the earnings be allocated as follows:

### Dividend to shareholders

SEK 0.35 per ordinary share, total	320,597,893
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,104,847,697
<b>Total</b>	<b>4,754,325,590</b>

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

In the event of a maximum use of the authorization for

the Board to decide on a new issue, a dividend for future preference shares of at most SEK 32,888,000 will be paid. At least SEK 4,071,959,697 of the amount available for distribution will remain after dividends totalling at most SEK 682,365,893.

#### **Klövern's financial position**

Klövern's financial goals for 2015 were:

- > Return on equity shall in the long term amount to the risk-free rate plus at least 9 percentage points.
- > Dividend to the shareholders shall in the long term exceed 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 equity ratio is to be at least 30 per cent. This goal was replaced in June 2015 by a goal that the adjusted equity ratio shall in the long term be 40 per cent.
- > The interest coverage ratio is to be at least 1.5. This goal was raised in June 2015 to at least 2.0.
- > The period of tied-up capital shall be at least 1.5 years.

All the financial goals were achieved in 2015, with the exception of the new goal adopted during the year for the adjusted equity ratio and the goal for dividend to preference shares in

relation to profit from property management. However, these are both long-term goals. According to the annual report, Klöver's equity ratio is 31.7 per cent in the Group and 35.9 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 30.5 per cent in the Group and 33.8 per cent in the Parent Company. The proposed dividend constitutes 5.7 per cent of shareholders' equity in the Group and 8.8 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 the necessary investments.

The undersigned certify that the annual accounts and the consolidated accounts have been prepared in compliance with the IFRS international accounting standards, as adopted by the EU, and with generally accepted accounting principles, and provide a true and fair picture of the Group's position and earnings, as well as that the administration report for the Group and the Parent Company provides a true and fair survey of the development of the Group and the company's business operations, its position and earnings, and describes the important risks and uncertainty factors facing the companies belonging to the Group.

Stockholm, 15 March 2016  
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

Fredrik Svensson  
*Chairman*

Rutger Arnhult  
*CEO*

Ann-Cathrin Bengtson  
*Board member*

Pia Gideon  
*Board member*

Eva Landén  
*Board member*

Our audit report was submitted on 17 March 2016  
Ernst & Young AB

Fredric Hävrén  
*Authorized public accountant*

# AUDIT REPORT

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and the consolidated accounts of Klöver AB (publ) for the 2015 financial year, with the exception of the Corporate Governance Report on pages 68-79. The annual report and consolidated accounts of the company are contained in the printed version of this document on pages 11-109.

### Responsibilities of the Board of Directors and the CEO for the annual accounts and the consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### The auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of its financial performance, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 68-79. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopt the statement of income and balance sheet for the parent company and the group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Directors and the CEO of Klöver AB (publ) for the 2015 financial year. We have also performed a statutory review of the corporate governance report.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the corporate governance report on pages 68-79 being drawn up in accordance with the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriation of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Director's proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has in, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

In addition, we have read the corporate governance report and, on the basis of this reading, and our knowledge about the company and the group, we consider that we have sufficient grounds for our statements. This means that our statutory review of the corporate governance report has another direction and a considerably lesser extent compared with the direction and extent that an audit, in accordance with the International Standards on Auditing and good auditing standards in Sweden, has.

### Opinions

We recommend to the Annual General Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A corporate governance report has been prepared and its statutory information is compatible with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 17 March 2016  
Ernst & Young AB

Fredric Hävrén  
Authorized Public Accountant



# SPECIFICATION OF PROPERTIES



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*Interior from the property Aprikosen 2 (Solna Gate).*

INTRODUCTION

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REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

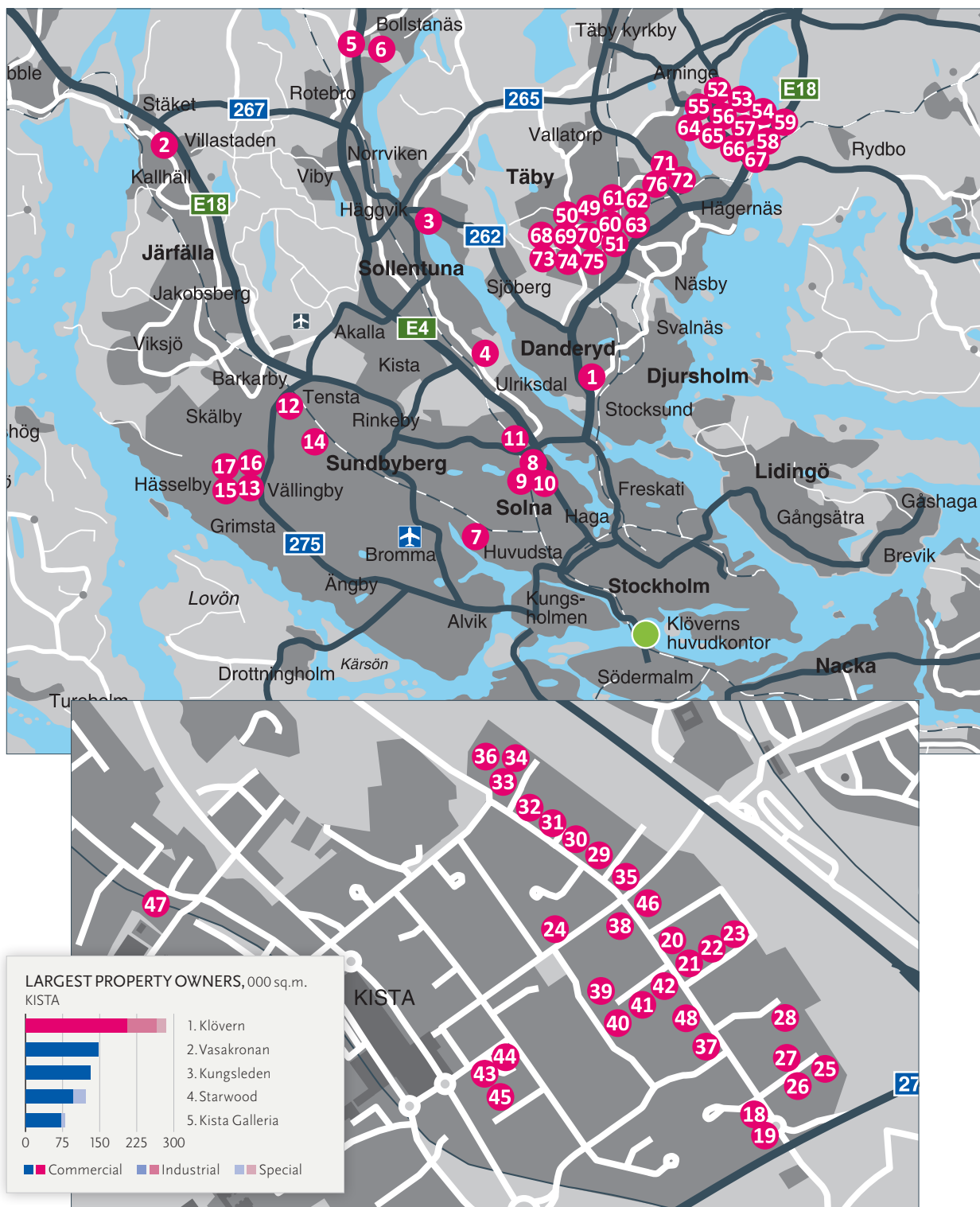
CORPORATE GOVERNANCE

FINANCIAL REPORTS

**SPECIFICATION OF PROPERTIES AND REVIEW**

# STOCKHOLM REGION

## Stockholm North



## STOCKHOLM NORTH

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*				
1	Timmerhug-garen 2	Vendev. 90, Danderyd		1969/1969	Office	6,881	1,941	1,225	540	10,587	15.4	92	74.6
2	Kallhäll 9:36	Galgbacken 3, Järfälla		1993/1993	Industry/warehouse		5,150			5,150	4.1	0	0.0
3	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna		1988/1988	Office	2,600				2,600	1.6	0	17.0
4	Malten 1	Vetenskapsv. 10, 12, 14, Sollentuna		2005/2005	Office	12,214	438	650	253	13,555	25.3	95	168.0
5	Revisorn 3	Bergkällav. 31C, Sollentuna		1988/1988	Office	1,108	30			1,138	1.0	85	5.9
6	Ringpärmen 6	Bergkällav. 36, Sollentuna		1990/1990	Industry/warehouse	3,692	4,010			7,702	6.8	79	42.4
7	Aprikosen 2	Hemvärnsg. 5, 7, 9, Solna		1975/1992	Office	26,625	3,076	1,875	3,582	35,158	78.8	96	412.0
8–10	Hilton 3	Gustav III:s Boulevard 40-46, Solna		2003/2003	Office	17,410	669	261	6	18,346	50.2	89	418.6
11	Startboxen 3	Vallg. 5-9, Solna		1985/1985	Office	11,311	762	7,172		19,245	37.6	91	214.0
12	Domnarvet 11	Domnarvet 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	14,044	8,397	505	709	23,655	20.3	49	62.9
14	Mandelblom-man 1	Kronofogdev. 54, Stockholm		1983/1983	Industry/warehouse	762	3,493	969	1,681	6,905	6.3	96	27.0
15	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,132	2,221			11,353	9.2	65	35.6
16	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Other	852	323	1,776	2,110	5,061	5.2	70	40.4
17	Stenmjölet 2	Siktg. 3A-3B, Stockholm	S	1960/1960	Retail	800	1,498	2,526		4,824	4.6	59	10.8
18	Alptanäs 2	Torshamnsg. 7, 7A, 9, Hau-kadalsg. 1, Kista	S	1981/1981	Office	3,030				3,030	2.4	56	19.3
19	Alptanäs 3	Torshamnsg. 1, 3, 5, Kista	S	Site	Other					0	0.5	100	1.2
20	Borg 1	Torshamnsg. 16, Kista	S	1977/1977	Office	1,411				1,411	1.8	83	10.2
21	Borg 2	Strömög. 3, Kista	S	1981/1981	Industry/warehouse		4,655			4,655	5.2	100	27.4
22	Borg 3	Strömög. 5, Kista	S	1978/1978	Industry/warehouse		1,837			1,837	2.1	100	11.9
23	Borg 6	Strömög. 7, Vågög. 8, Kista	S	1980/1980	Industry/warehouse	1,281	5,136			6,417	6.6	96	41.6
24	Borgarfjord 4	Kistagången 10, Torshamnsg. 31-33, Kista	S	1983/1983	Office	15,470			6	15,476	13.3	11	135.0
25	GeySir 1	Österög. 4, Kista	S	1979/1979	Industry/warehouse		5,110			5,110	5.6	100	34.8
26	GeySir 2	Österög. 2, Kista	S	1980/1980	Industry/warehouse	2,350	5,097	165		7,612	7.3	29	39.4
27	Gullfoss 3	Österög. 1, 3, Kista	S	1979/1983	Office	5,545	1,972			7,517	11.7	88	49.6
28	Gullfoss 5	Viderög. 6, Kista	S	1979/1983	Office	3,508				3,508	5.2	100	18.5
29	Helgafjäll 1	Torshamnsg. 22, 24 A-D, 26 A-B, Kista	S	1979/1979	Office	10,673	1,592			12,265	23.8	97	79.3
30–31	Helgafjäll 2	Torshamnsg. 28 A-B, 30 A-E, 32 A-D, 34 A-B, Kista	S	1981/1981	Office	25,836	1,058		53	26,947	33.5	71	164.0
32	Helgafjäll 3	Torshamnsg. 36, 38, 40, Kista	S	1980/1990	Industry/warehouse	3,965	10,502			14,467	19.0	100	91.6
33–34	Helgafjäll 4	Torshamnsg. 42, 44, 46, Kista	S	1998/1998	Office	16,778	225			17,003	35.0	100	218.0
35	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Kista	S	1978/1988	Office	13,987	262	1,567	269	16,085	25.8	100	160.0
36	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Kista		2001/2002	Office	24,414	30	0	6	24,450	50.1	100	329.0
37	Isafjord 1	Skaftåg. 2A-B, Kista		Site	Other					0	3.3	100	0.0
38	Isafjord 4	Torshamnsg. 21, 23, Kista		1976/2008	Office	62,231			8,847	71,078	134.1	100	918.0
39	Isafjord 5	Grönlandsgången 6, Kista		Site	Other					0	0.4	100	0.0
40	Isafjord 6	Grönlandsgången 6, Torshamnsg. 9, Kista		1976/2008	Other				3,222	3,222	3.3	100	0.0
41	Isafjord 7	Hans Werthéns Gata 19, Kista		Site	Other					0	1.5	100	0.0
42	Isafjord 8	Torshamnsg. 17, Hans Werthéns Gata 19, Torshamnsg. 17, Skaftåg. 14-16, Kista		Site	Other					0	0.0	0	137.0
43	Knarrarnäs 3	Färög. 5, 7, Kista	S	1985/1985	Office	6,921	234			7,155	15.2	99	81.5
44	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Kista	S	1985/1985	Office	6,543	1,054	488		8,085	5.8	18	64.9
45	Knarrarnäs 9	Knarrarnäsg. 15, Kista	S	1984/1986	Office	4,748	119		3	4,870	9.5	83	63.0
46	Lidarände 1	Torshamnsg. 18, Kista		1979/2008	Industry/warehouse	2,855	16,406	685		19,946	32.0	97	165.2
47	Röros 1	Norgeg. 1, Kista	S	1985/1985	Office	3,312	7			3,319	5.3	87	17.9
48	Skaftå 1	Torshamnsg. 19, Kista		Site	Other					0	0.0	0	0.0
49	Kannringen 1	Enhagsslingan 2, 4, Täby		1988/1988	Office	4,101				4,101	5.5	98	29.4
50	Kannringen 2	Enhagsslingan 6, 8, Täby		1991/1991	Office	1,972	34			2,006	2.6	96	14.1
51	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,541	314		1,374	14,229	18.4	99	90.4
52	Linjalen 60	Mättbandsv. 12, Täby		1991/1991	Office	2,873	950			3,823	3.9	90	22.9

# STOCKHOLM NORTH CONT.

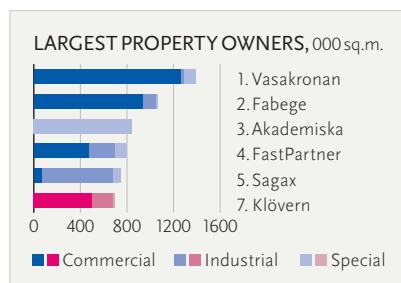
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*				
53	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Industry/warehouse		778			778	0.8	100	6.7
54	Linjalen 65	Måttbandsv. 8, 10, Täby		1989/1989	Retail		600	750		1,350	1.1	100	6.8
55	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Industry/warehouse		3,815	108		3,923	4.4	100	19.4
56	Linjalen 7	Måttbandsv. 4, Täby		1989/1989	Industry/warehouse		800			800	0.7	100	4.4
57	Linjalen 8	Måttbandsv. 6, Täby		1989/1989	Industry/warehouse		600			600	0.5	100	3.2
58	Lodet 2	Tumstocksv. 9, 11		1990/1990	Office	5,082	3,321	70	6	8,479	8.5	92	47.4
59	Mätstången 2	Linjalv. 6 A-B, Kundv. 5, Täby		1991/1991	Office	3,809				3,809	4.1	97	25.3
60	Roslags-Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0	0.0
61	Roslags-Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0	0.0
62	Roslags-Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Retail		530	2,181		2,711	3.0	100	11.3
63	Roslags-Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Retail					0	0.0	0	0.0
64	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Industry/warehouse	197	630			827	0.5	28	5.4
65	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Industry/warehouse		1,634	258		1,892	1.8	100	11.9
66	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	850	714			1,564	1.6	100	17.4
67	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Industry/warehouse		960			960	0.4	0	5.0
68	Svånghjulet 1	Enhagslingan 23, 25, Täby		1990/1990	Other	591	424	445	2,731	4,191	4.8	98	0.0
69	Svånghjulet 2	Enhagslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12		1,323	2,995	3.8	99	18.9
70	Svånghjulet 3	Enhagslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579			4,908	5.4	90	30.9
71-72	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Industry/warehouse	1,585	2,011			3,596	3.3	86	15.9
73	Ventilen 1	Enhagslingan 1A-B, Täby		1987/1987	Office	1,984	675	296		2,955	3.2	93	15.0
74	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,315	389			2,704	3.0	82	16.8
75	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,335	228	337		1,900	1.5	69	8.3
76	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	941	12		254	1,207	1.3	93	6.7
TOTAL STOCKHOLM NORTH						370,349	109,092	24,309	26,975	530,725	813.9	90	4,867.5

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

■ Acquisitions during 2015

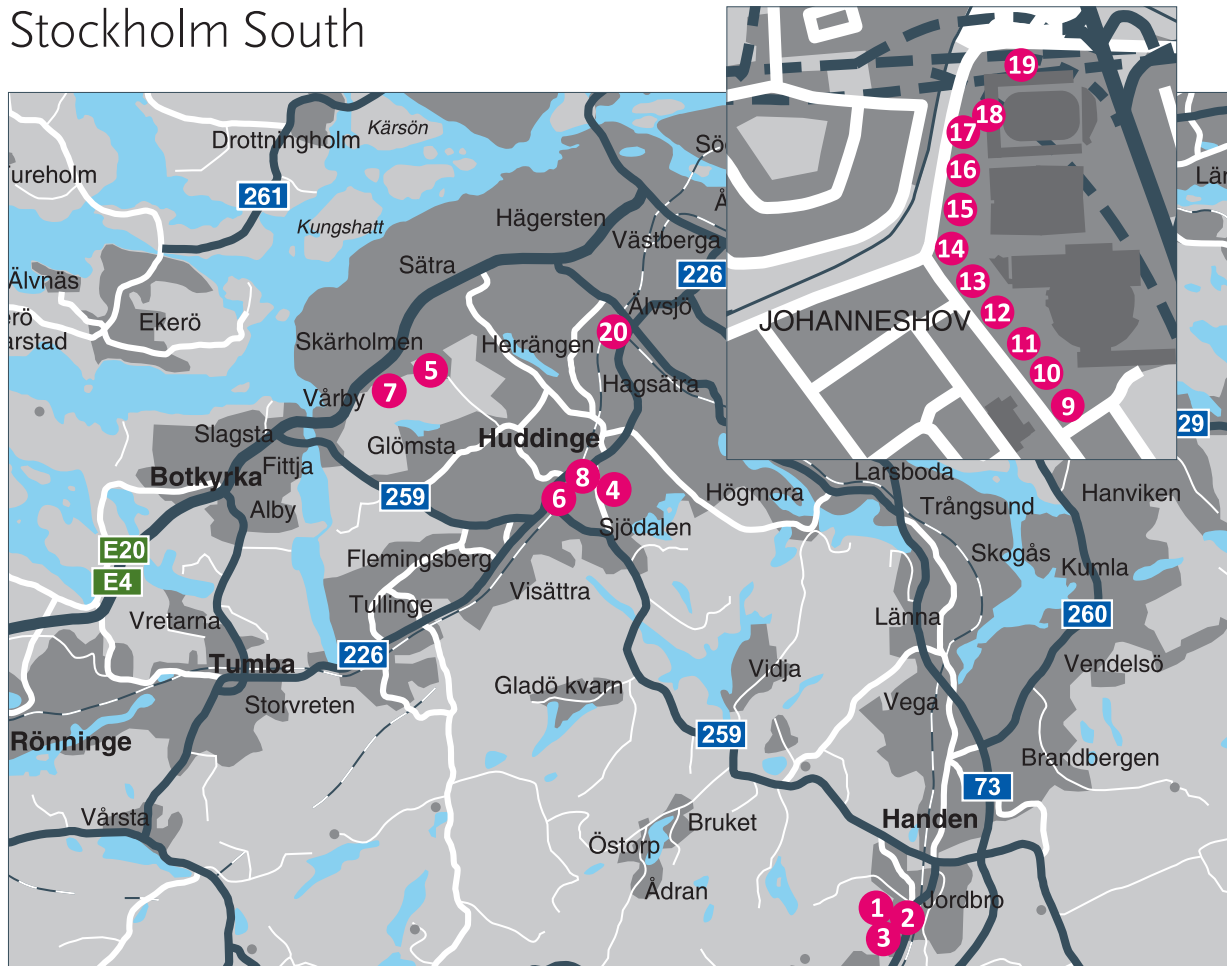
# STOCKHOLM

Ranking refers to the County of Stockholm.





## Stockholm South



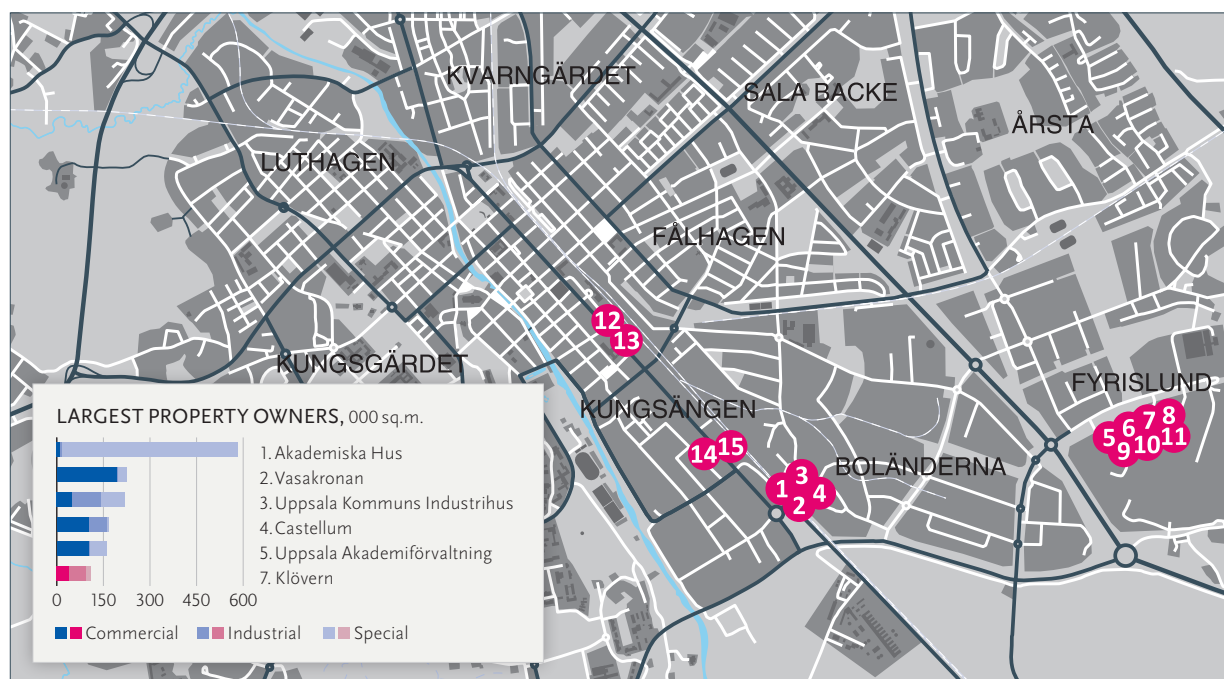
### STOCKHOLM SOUTH

No.	Property	Address	Site lease- hold	Building year/value	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*			
1	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Industry/warehouse					0	0.0	0
2	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Industry/warehouse		26,617		1,008	27,625	18.8	100
3	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Industry/warehouse					0	0.0	0
4	Brynjan 5	Solfagrav. 33, 35, Huddinge		1965/1965	Industry/warehouse	758	1,795			2,553	2.7	99
5	Ellipsen 5	Ellipsv., Huddinge		1997/1997	Office	2,800				2,800	2.6	100
6	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600				1,600	3.2	100
7	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Other		477		2,459	2,936	7.2	100
8	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232			4,480	7.5	98
9-12	Arenan 2	Arenaslingan 1-3, Arenav. 49, 55-63, Johanneshov		1989/1989	Office	32,515	3,492	17,382	18	53,407	145.4	94
13-14	Arenan 3	Arenav. 39-47, Johanneshov		1989/1989	Office	13,810	997		1,799	16,606	44.5	91
15-18	Arenan 6	Arenav. 17, 21-35, Johanneshov		1991/1993	Office	23,291	2,617	3,595	959	30,462	79.8	90
19	Arenan 8	Arenav. 7-13, Johanneshov		2001/2001	Office	14,150				14,150	37.3	100
20	Konsumenten 3	Konsumentv. Varuv. 7, Älvsjö	S	1966/1966	Industry/warehouse	700	9,488		31	10,219	9.8	91
TOTAL STOCKHOLM SOUTH						93,872	45,715	20,977	6,274	166,838	358.8	94

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisitions during 2015

# Uppsala



## UPPSALA

No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*			
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	18,636	360	86	19,082	28.4	92	143.0
5-11	Fyrislund 6:6	Rapsgr. 7, Uppsala		1921/2003	Other*	22,005	19,760	1,716	26,971	115.9	84	470.6
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office	9,205	310	591	952	21.5	83	67.4
13	Kungsängen 10:2	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1920/1966	Office					0.0	0	6.3
14	Kungsängen 24:3	Kungsängsg. 70-74, Uppsala		1998/1998	Retail	696		5,665	6,361	8.8	93	53.6
15	Kungsängen 29:1	Kungsg. 70A-E, Uppsala		1985/1985	Office	2,319	342	1,816	4,477	6.1	100	30.0
TOTAL UPPSALA						52,861	20,772	9,874	27,923	180.7	86	770.9

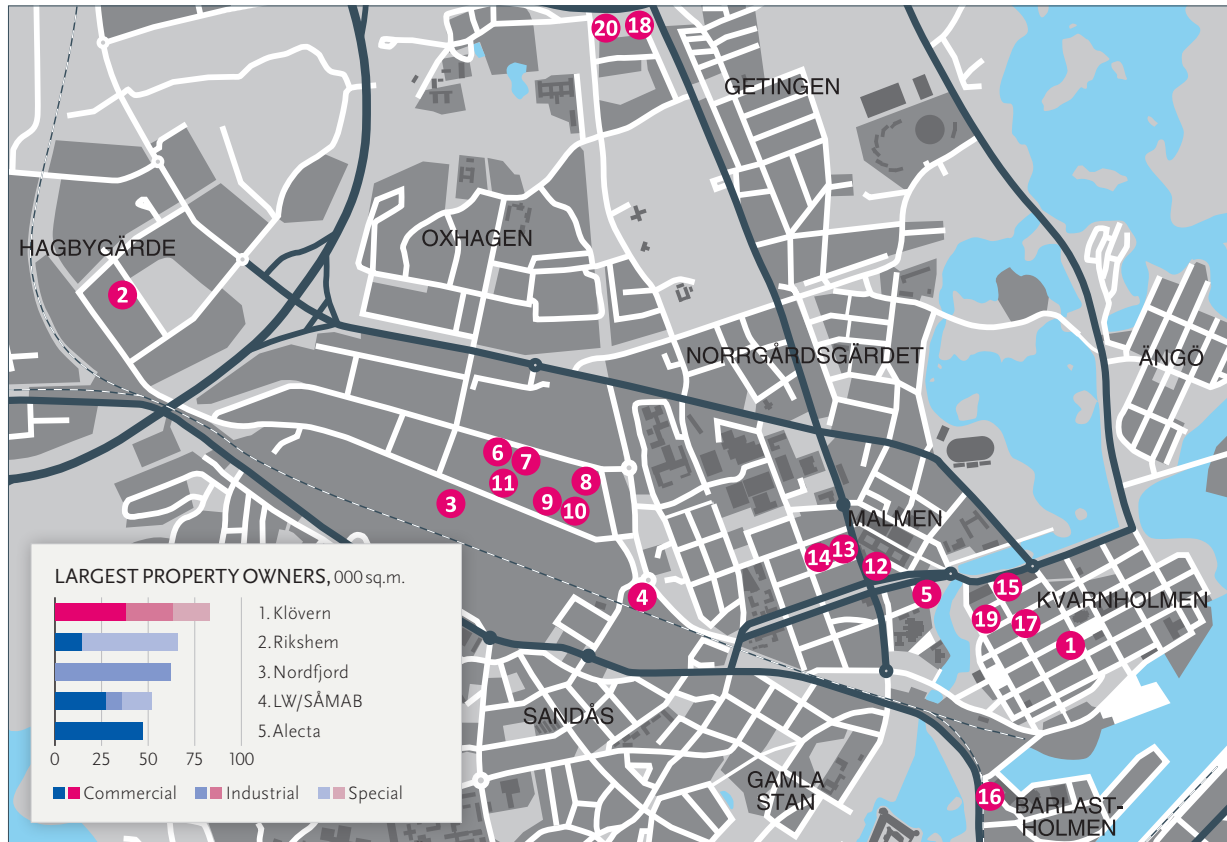
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Acquisitions during 2015

	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/ warehouse	Retail	Other*	Area, sq.m.			
TOTAL STOCKHOLM REGION	517,082	175,579	55,160	61,172	808,993	1,353.4	90	7,787.0
TOTAL KLÖVERN	1,329,769	950,687	259,071	332,039	2,871,566	3,182.0	91	15,646.4

## EAST REGION

## Kalmar



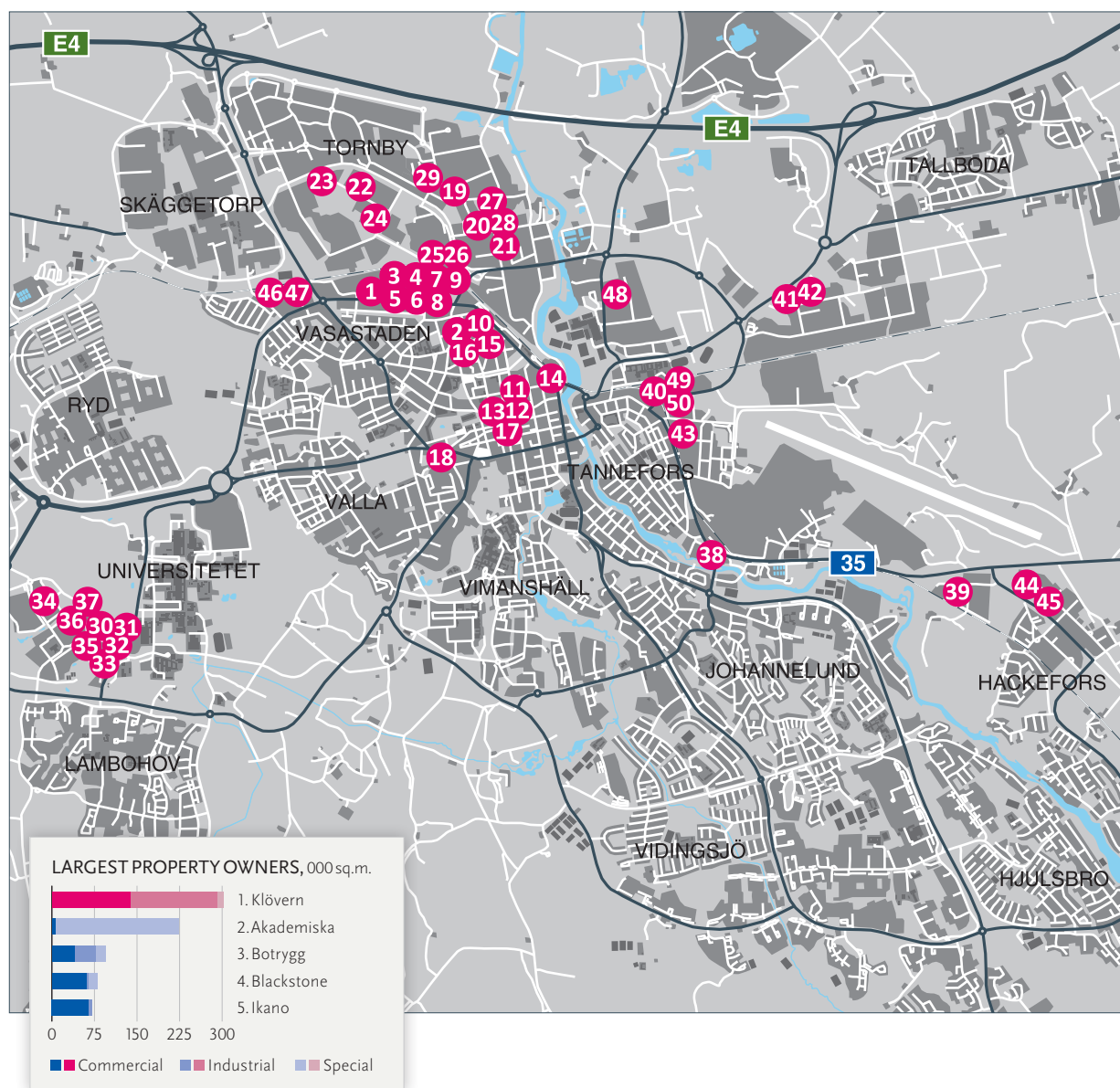
## KALMAR

			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Retail	771	101	817	182	1,871	2.9	96	20.4
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Industry/ warehouse	1,035	9,863			10,898	6.7	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	0.0
5	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Office	1,503	404		1,122	3,029	3.2	60	19.6
6-10	Gumsen 31	Verkstadsg. 3, Kalmar		1950/1960	Industry/ warehouse	5,798	11,558	1,153	6,545	25,054	15.6	93	39.7
11	Gumsen 41	Torsåsg. 16, Kalmar		1975/1975	Office	2,042				2,042	1.2	100	5.2
12	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Övrigt*	2,173	1,094	615	2,911	6,793	7.2	91	13.9
13	Korpen 18	Fabriksg. 31, Kalmar		1976/1976	Office	2,072	192		1,402	3,666	4.2	84	26.1
14	Korpen 20	Fabriksg. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,351	101		3,930	6,382	7.6	94	0.0
15	Lärlingen 5	Kaggensg 40, 42, 44, Strörmg. 7, Kalmar		1960/1960	Office	2,189	255	375	1,752	4,570	5.0	99	30.2
16	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Office	1,253			1,006	2,259	3.4	100	10.8
17	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Retail	568	21	748		1,337	2.1	100	14.6
18	Rybzen 1	Dagöv. 1B, Kalmar		2000/2000	Office	1,112				1,112	1.3	100	7.8
19	Tenngjutaren 1	Strörmg. 2, Larmg. 40, Kalmar		1974/1979	Office	1,286	68		297	1,651	1.9	99	12.7
20	Timotejen 1	Öselv. 1, Kalmar		1991/1991	Office	902		650		1,552	1.4	100	4.6
TOTAL KALMAR						29,716	26,764	6,858	20,787	84,124	73.1	94	250.0

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Acquisitions during 2015

## Linköping





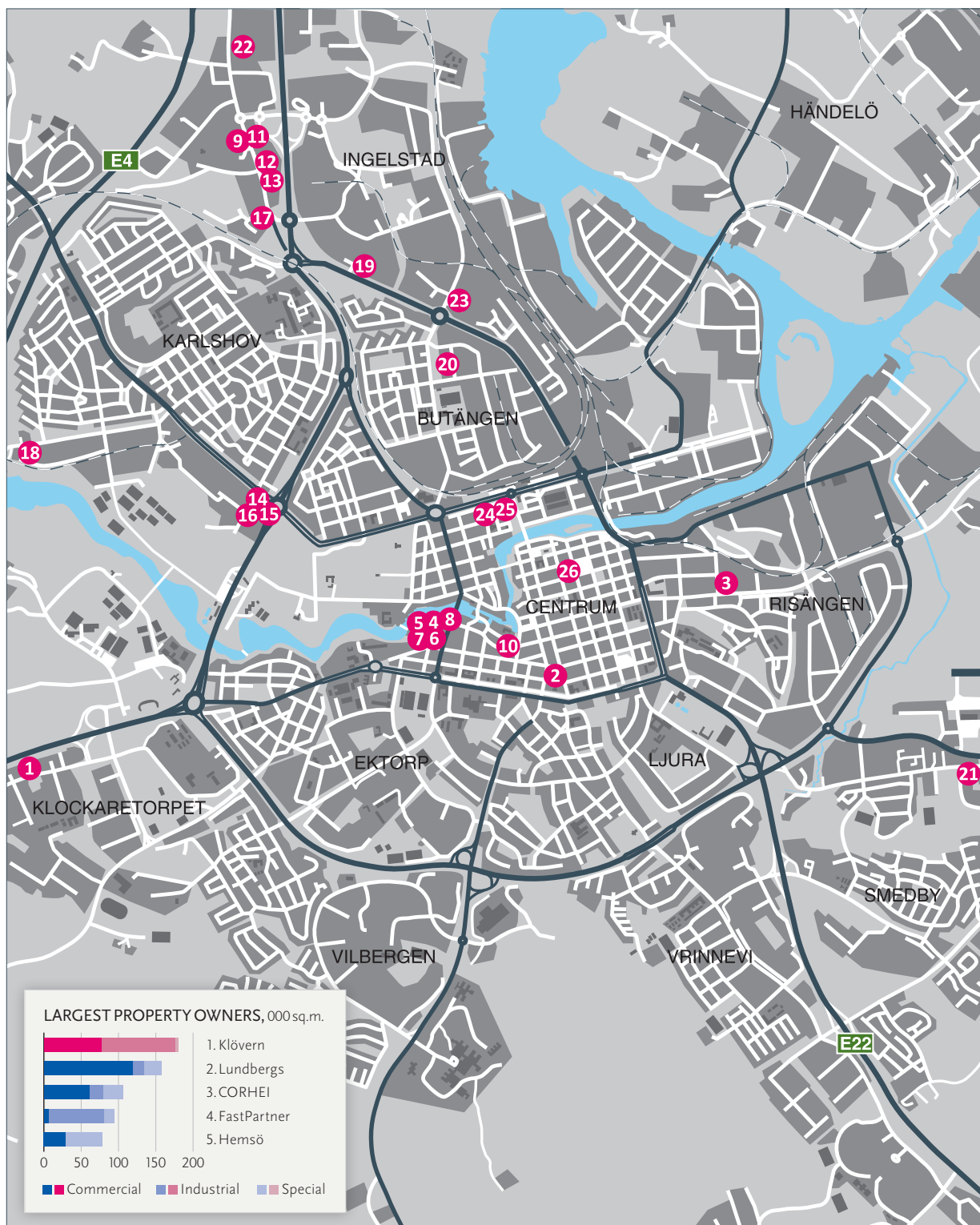
## LINKÖPING

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Industry/warehouse	Retail	Other*				
1	Ackordet 10	Industrig. 15, Linköping		1954/1954	Retail	779	324	3,269		4,372	4.3	86	20.7
2	Amor 1	Platensg. 26, Linköping		1929/1990	Office	3,292				3,292	6.5	100	29.8
3	Antennen 15	Mellang. 9, Linköping		1986/1986	Office	7,453	2,919	972	464	11,808	8.0	73	33.6
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office					0	0.0	0	0.0
5	Antennen 23	Industrig. 11A-C, Linköping		1986/1986	Office					0	0.0	0	19.0
6	Antennen 24	Industrig. 11A-C, Linköping		1947/1972	Office					0	0.0	0	4.2
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	Industry/warehouse	928	1,875			2,803	1.0	91	8.8
8	Antennen 6	Industrig. 9, Linköping		1954/1988	Industry/warehouse					0	0.0	0	0.0
9	Antennen 9	Alkag. 4-6, Linköping		1948/1988	Office	3,798	2,494			6,292	3.5	39	22.8
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A-D, Linköping		1929/1959	Office	3,725	361	112	271	4,469	6.8	96	26.5
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,330	584			7,914	12.0	96	45.4
12	Brevduvan 20	Åg. 31, S:t Larsg. 24, Linköping		1990/1990	Office	3,298	223	509	38	4,068	6.2	97	40.2
13	Brevduvan 21	Klosterg. 19, Åg. 33-37, Linköping		1991/1991	Office	8,938	68	348	234	9,588	12.6	100	85.9
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1-3, Linköping		1958/1992	Office	5,853	55	1,528	3,047	10,483	15.2	100	90.2
15	Bävern 13	Hertig Karlsg. 2 A-C, 4 A-B, Linköping		1981/1981	Office	5,441	395		55	5,891	7.8	95	38.6
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				996	996	0.8	98	0.0
17	Dahlän 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Retail	1,778	319	2,249	298	4,644	8.0	98	47.6
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,310				6,310	9.4	99	41.2
19	Galgen 3	Gillbergag. 23, 25, Linköping		1975/1975	Office	1,553	846	1,409	96	3,904	2.8	97	16.9
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	Industry/warehouse	5,149	9,298	440	472	15,359	7.4	76	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A-D, Roxeng. 18, Linköping		1946/1960	Office	3,674	590			4,264	3.3	92	18.4
22	Glasberget 1	Attorpsg. 7-23, Linköping		1989/1992	Office	7,030	1,003		1,575	9,608	8.2	87	44.5
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	Industry/warehouse	2,021	9,591			11,612	12.9	92	42.2
25-26	Glasblåsaren 7	Tornbyv. 1, Linköping		1929/1929	Retail	3,449	804	5,721	264	10,238	11.5	83	75.2
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	Industry/warehouse	924	1,897		360	3,181	1.7	76	10.0
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,772		310		2,082	1.9	87	10.9
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,449	99			1,548	1.9	89	6.3
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,946	66			4,012	4.5	94	24.4
31-33	Idéläran 1	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping		1986/1999	Office	15,746	824		22	16,592	22.6	95	109.6
34	Idéskaparen 2	Datalinjen 4, Linköping		1999/2002	Office	23,650				23,650	23.8	100	128.2
35	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5.1	100	0.0
36-37	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping		1990/2001	Office	21,551	86	670	345	22,652	27.8	91	158.9
38	Kvarnen 4	Nya Tanneforsv. 96, 96A-B, Linköping		1935/1955	Retail	2,036	907	2,205		5,148	3.6	83	17.0
39	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	Industry/warehouse	450	14,440			14,890	5.1	79	32.3
40	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	Industry/warehouse		635			635	0.2	100	2.8
41	Magneten 2	Finnög. 12, Linköping	S	1980/1980	Industry/warehouse	54	6,175			6,229	3.5	89	20.5
42	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	Industry/warehouse					0	0.0	0	0.0
43	Mekanikern 22	G Tanneforsv. 17A, Vimarkg. 1, 3, 5, 7, 9, Linköping		1947/1998	Industry/warehouse	4,861	12,638		3,457	20,956	13.4	96	44.4
44	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	Industry/warehouse	525	10,665		22	11,212	5.8	59	30.1
45	Navhålet 3	Låsblecksg. 5, Linköping		1991/1991	Industry/warehouse	2,778	3,684			6,462	3.3	65	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	5.9	97	24.6
49	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	Industry/warehouse		1,071			1,071	0.5	100	4.6
50	Tannefors 1:90	Hagalundsv. 3B, Linköping		Site						0	0.0	0	0.0
TOTAL LINKÖPING						166,957	98,430	20,310	16,750	302,447	286.4	91	1,474.7

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisitions during 2015

## Norrköping



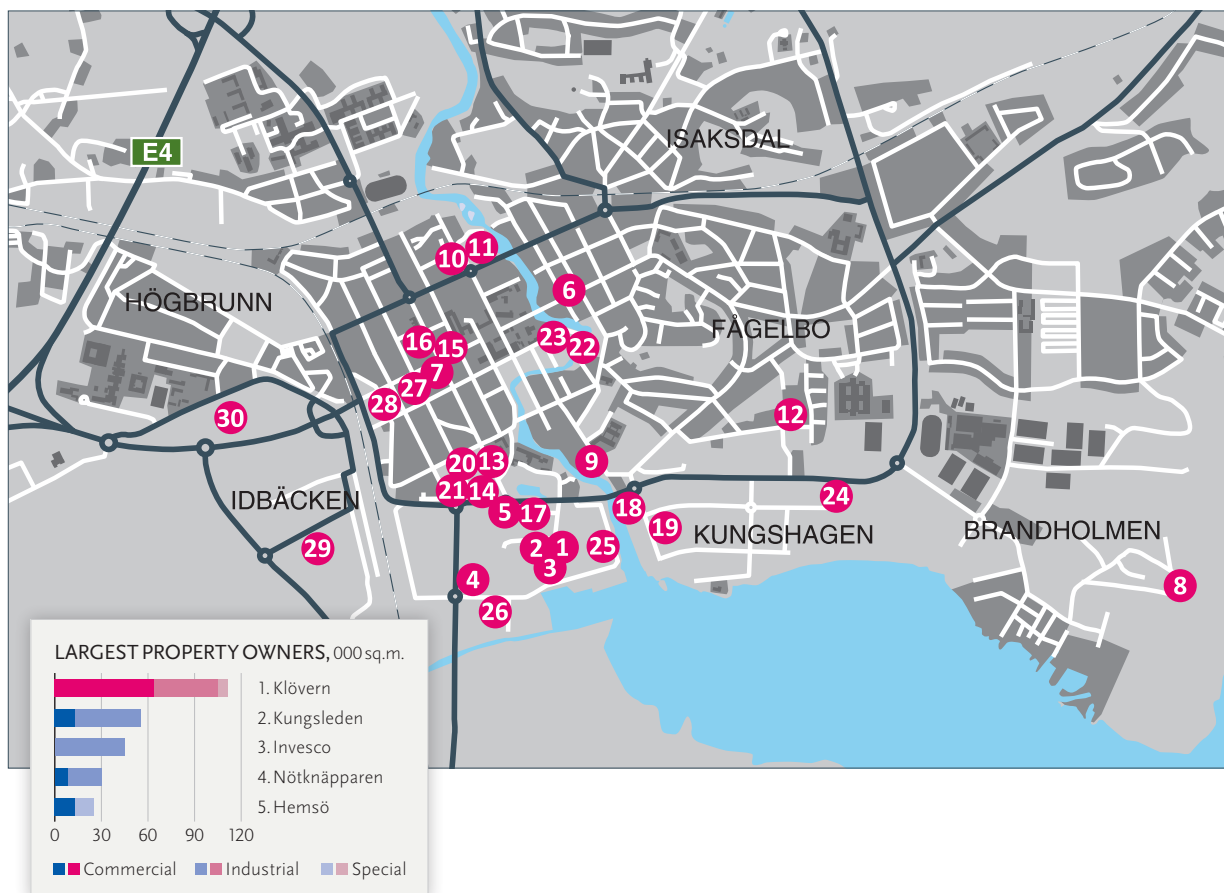
## NORRKÖPING

						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Industry/warehouse	Retail	Other*				Area, sq.m.
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58			1,204	1.1	90	4.0
2	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	3,119	164	1,364	266	4,913	8.0	93	51.1
3	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	3,189	1,698			4,887	4.3	90	12.5
4-7	Kopparham-maren 2	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	28,946	1,282	1,096	7,484	38,808	47.8	88	163.6
8	Kopparham-maren 7	Kungsg. 56, N Grytsg. 2,4,6, Norrköping		1929/1929	Office	3,377	113		990	4,480	9.0	99	0.0
9	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	3,956	3,031			6,987	5.4	91	42.3
10	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.5	100	75.4
11	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Industry/warehouse	755	2,623	610		3,988	3.0	91	15.9
12	Malmen 6	Kopparg. 10, Norrköping		1963/1963	Industry/warehouse		6,900			6,900	2.1	0	19.7
13	Malmen 8	Kopparg. 10, Norrköping		Site	Other*					0	0.9	100	1.5
14-16	Omformaren 7	Hagag. 10, Norrköping		1951/1968	Industry/warehouse	0	4,920	4,178	3,065	12,163	7.8	99	21.3
17	Platinan 1	Platinag. 1, Norrköping		1988/1988	Retail			4,375		4,375	2.9	100	14.4
18	Regulatorn 3	Kabelv. 15, Norrköping		1996/1996	Industry/warehouse	1,365	2,287	580	473	4,705	2.8	46	14.9
19	Reläet 9	Ståthögav. 48, Norrköping		1960/1993	Industry/warehouse	5,407	22,201	1,621	2,961	32,190	19.6	70	82.7
20	Ritsaren 10	Industrig. 7-9, Masking. 23, Norrköping		1964/1986	Retail	586	209	4,851		5,646	4.6	94	18.4
21	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	4,545	2,284			6,829	6.3	90	28.1
22	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Industry/warehouse		6,866			6,866	2.7	100	31.8
23	Statorn 10	Malmg. 4, Norrköping		1938/1978	Industry/warehouse	1,747	1,758	1,085	61	4,651	3.7	81	14.9
24	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,586	243	2,878	810	12,517	14.3	87	69.8
25	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office					0	0.0	0	0.0
26	Svärdet 8	Hospitalsg. 17 mfl, Norrköping		1967/1976	Office	7,638	15	365		8,018	12.6	100	56.6
TOTAL NORRKÖPING						82,511	56,652	23,003	17,726	179,892	174.4	88	738.9

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
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■ Acquisitions during 2015

## Nyköping





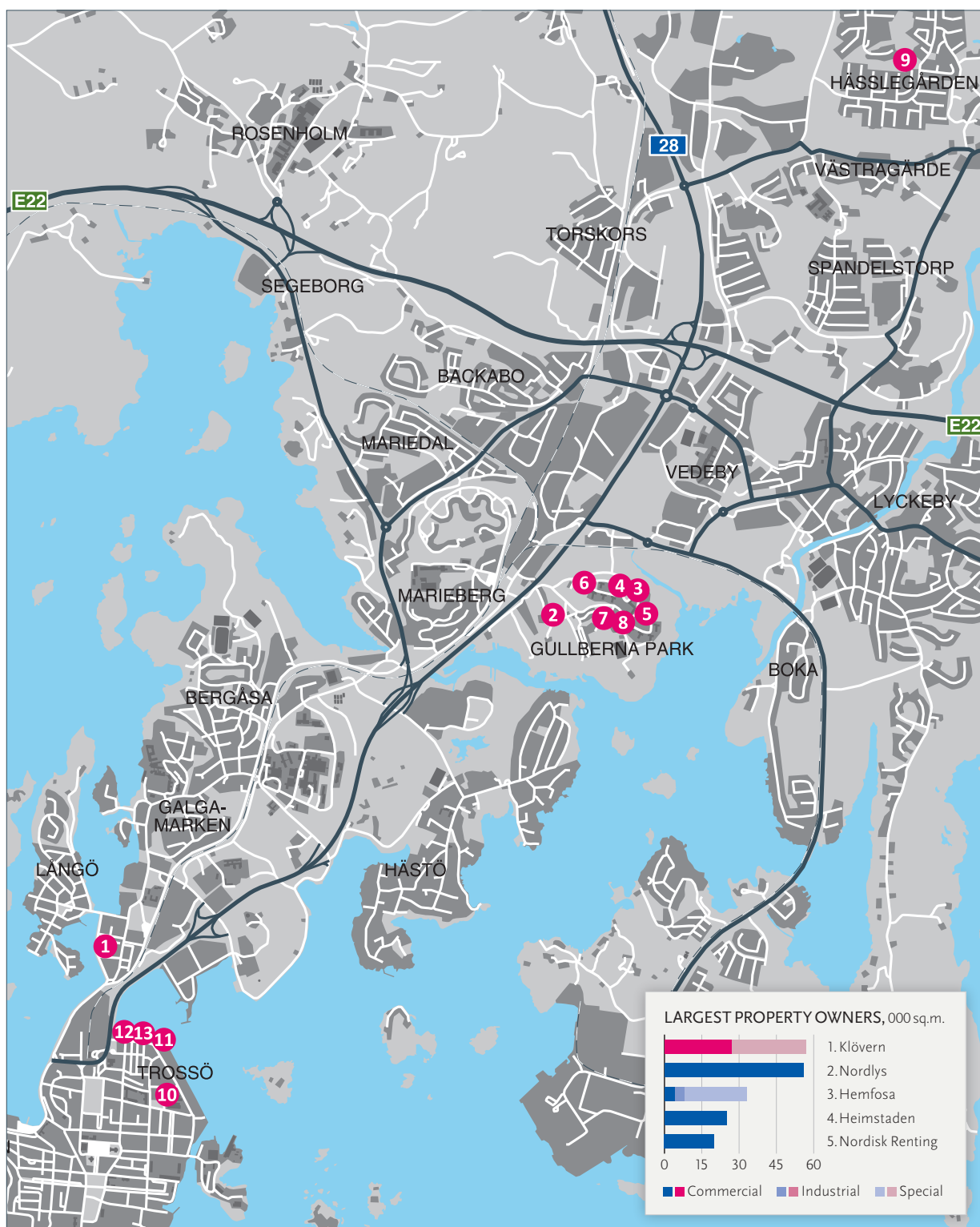
## NYKÖPING

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/warehouse	Retail	Other*				
1-3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,554	12,855	0	5,018	31,427	21.9	68	91.5
4	Ana 12	Spelhagsvägen 1, Nyköping		1984/1984	Industry/warehouse		2,720	520		3,240	2.5	87	9.6
5	Ana 13	Nyckelv. 14, Nyköping		Site	Other*					0	0.0	0	0.7
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Retail	400		802	681	1,883	2.3	100	14.0
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping		1929/1987	Retail	175	19	1,531	856	2,581	3.7	100	27.9
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Industry/warehouse	251	7,464		97	7,812	3.8	84	23.2
9	Brädgården 3	Folkkungav. 1, Nyköping		Site	Other*					0	0.2	90	0.0
10-11	Fors 11	Repslagareg. 43, Nyköping		1929/1987	Office	8,622	2,114	506		11,242	13.4	91	52.9
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.4	100	0.0
13	Glödlampan 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Retail	228		570		798	1.0	97	2.7
14	Glödlampan 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535				535	1.0	100	2.0
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Retail	475		691		1,166	1.7	98	12.7
16	Hotellet 18	Brunnsg. 35, Nyköping		1940/1940	Retail			487	335	822	0.7	100	4.1
17	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	1.0	100	5.5
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg 4, 6, Nyköping		1929/1989	Office	1,167		450		1,617	2.2	85	8.5
19	Lansen 13	Gasverksv. 2, Ö Längdg. 5, 7, Nyköping		1977/1991	Office	4,007		2,270		6,277	7.0	91	35.1
20-21	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
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,854	20	270		2,144	3.0	96	13.7
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,626	217			1,843	1.9	85	13.8
24	Skölden 2	Gasverksv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.8	100	9.3
25	Spelhamen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Industry/warehouse	190	4,613		1,200	6,003	1.8	71	7.8
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Retail			1,280		1,280	1.3	100	10.9
27-28	Standard 17	V Storg. 2-6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping		1969/1993	Office	3,057	44	2,975	550	6,626	9.6	97	73.1
29	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Retail	338	2,160	2,420		4,918	3.5	100	13.4
30	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.0	100	0.0
-	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Industry/warehouse	647	1,826	761	1,423	4,657	3.9	67	13.7
-	Fabrikatet 4	Materialv. 3, Nyköping		Site	Industry/warehouse					0	0.0	0	0.5
-	Fabrikatet 5	Materialv. 3, Nyköping		Site	Industry/warehouse					0	0.0	0	0.3
TOTAL NYKÖPING						43,515	34,488	15,690	19,612	113,305	106.1	88	446.9

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Acquisitions during 2015

## Karlskrona



## KARLSKRONA

No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*			
1	Fregatten 16	Långg. 7, Karlskrona		1980/1980	Other*				5,935	5,935	6.2	0.0
2	Gullbernahult 1	Koloniv. m.fl. Gullberna Park, Karlskrona		Site	Other*					0	0.0	0.0
3	Gullberna- hult 12	Adoniv. Gullberna Park, Karlskrona		Site	Other*					0	0.0	1.5
4	Gullberna- hult 13	Adoniv. Gullberna Park, Karlskrona		Site	Other*					0	0.0	1.5
5	Gullberna- hult 21	Storören, Måsskär, Gullberna Park, Karlskrona		1961/1961	Other*	650	176		5,322	6,148	5.8	6.4
6	Gullbernahult 26	Ljungskär, Tvegölja, Gullberna Park, Karlskrona		1956/1956	Other*	1,597	1,786	650	8,736	12,769	11.7	19.3
7	Gullberna- hult 31	Koloniv. 58, 60, 62, Karlskrona		1993/1993	Other*		108		4,198	4,306	4.5	27.8
8	Gullbernahult 82	Flaggskär, Söderskär, Gullberna Park, Karlskrona		1958/1958	Office	3,029	1,595	657	2,053	7,334	4.5	18.7
9	Pimpinellan 1	Väderg. 9, Karlskrona		2009/2009	Other*				960	960	2.4	0.0
10	Psilander 60	Ölandsg. 1, Karlskrona		1939/1995	Office	14,470				14,470	13.5	94.5
11	Skeppsbron 1	Skeppsbrokajen 4a, 4b, 6, Karlskrona		2012/2012	Office	2,727		280		3,007	8.3	44.8
12	Skeppsbron 2	Skeppsbrokajen 10, Karlskrona		2013/2013	Office	200		200	400		0.8	4.2
13	Skeppsbron 3	Skeppsbrokajen 8, Karlskrona		2015/2015	Office	1,715		140	1,855		4.6	12.3
–	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.3	42.8
–	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Industry/ warehouse		5,300			5,300	3.3	19.5
TOTAL KARLSKRONA						32,588	8,965	1,587	27,544	70,683	73.9	293.3

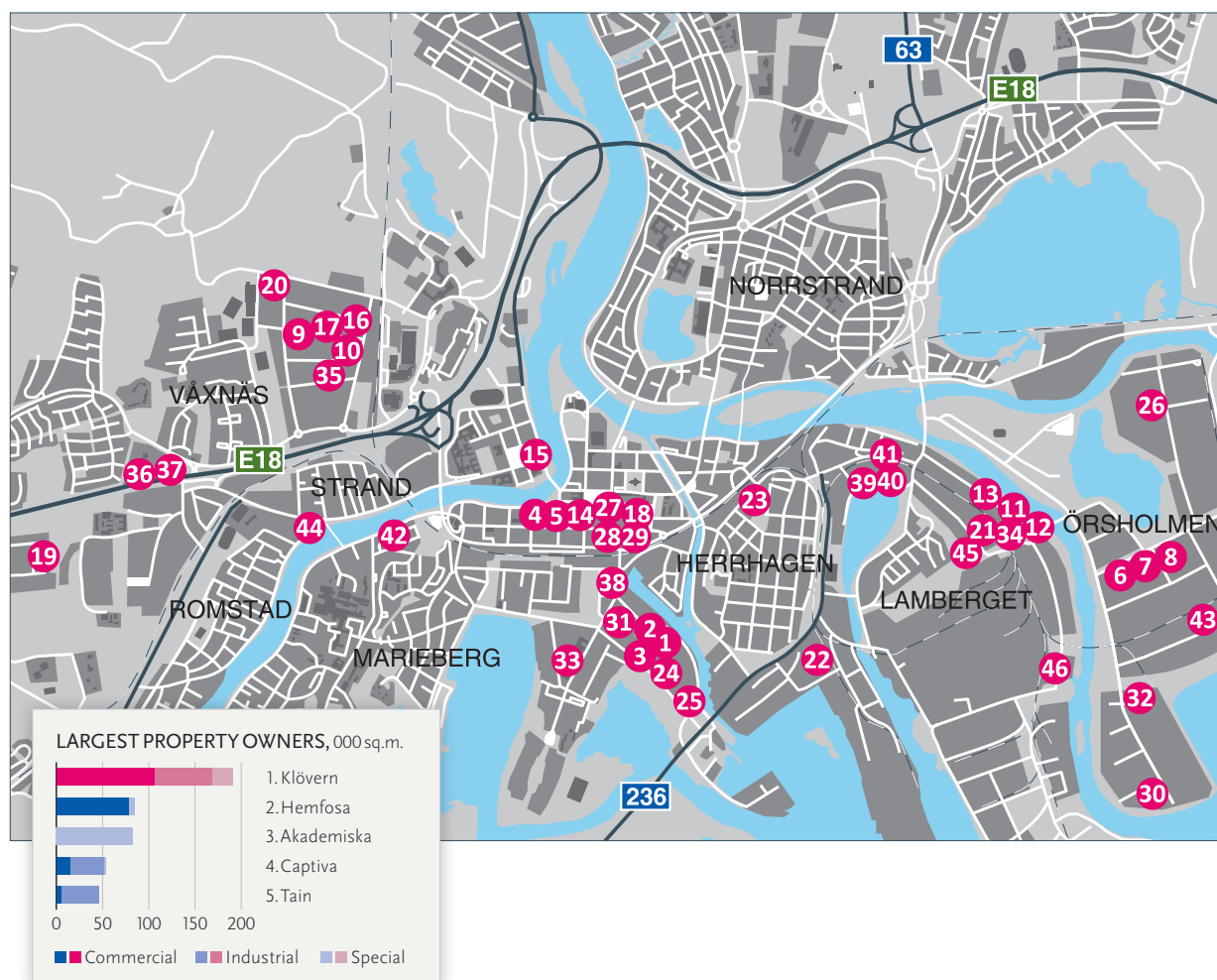
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■ Acquisitions during 2015

	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/ warehouse	Retail	Other*			
TOTAL EAST REGION	355,287	225,298	67,448	102,418	713.9	91	3,203.8
TOTAL KLÖVERN	1,329,769	950,687	259,071	332,039	2,871,566	3,182.0	15,646.4

# CENTRAL REGION

## Karlstad





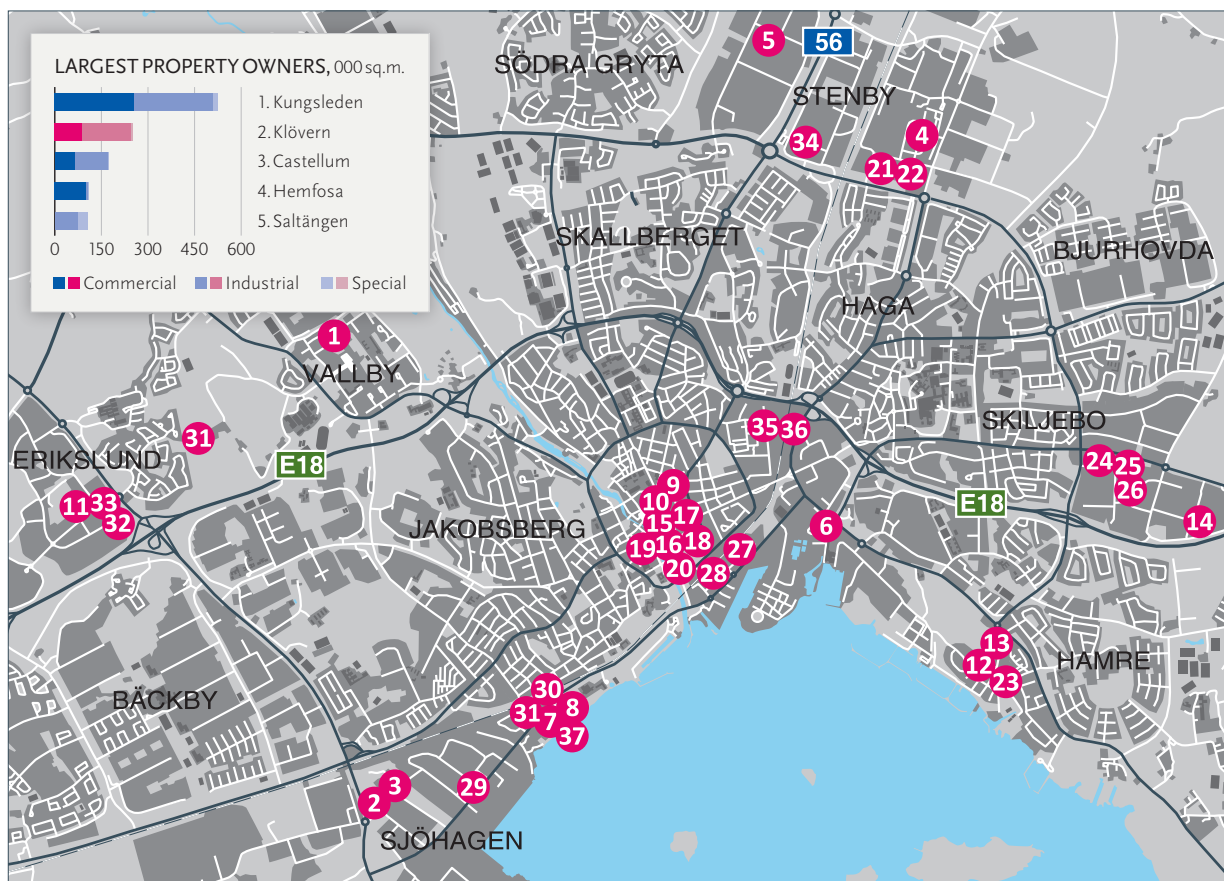
## KARLSTAD

No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*			
1-2	Barkassen 7	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	11,715	53	569		12,337	17.8	94
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,867	178			7,045	9.1	85
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,782	3,631		40	7,453	7.6	95
5	Björnen 7	Järnvägsg. 7, Karlstad		1965/1965	Office	1,380	216	398	1,330	3,324	5.3	99
6	Blåsten 3	Stormg. 6, Karlstad		1975/1975	Industry/warehouse	473	1,615			2,088	1.5	100
7	Blåsten 4	Stormg. 8, Karlstad		1975/1979	Office	2,341				2,341	1.8	100
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	100
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Retail	359		861		1,220	0.9	100
10	Bromsen 6	Ramg. 7, Karlstad		1967/1977	Industry/warehouse	1,660	1,742	204		3,606	3.2	100
11	Bälgen 10	Sågverksg. 35, Karlstad		1959/1988	Office					0	0.0	0
12	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office					0	0.0	0
13	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	2.2	94
14	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Retail	1,875	43	1,985	348	4,251	6.5	100
15	Ekorren 11	Malmortorgsg. 6, Karlstad		1929/1992	Office	3,986	501		2,068	6,555	8.0	90
16	Fjädern 14	Kolv. 1, Karlstad		1966/1971	Retail	1,323	29	2,780		4,132	3.5	95
17	Fjädern 16	Bromsg. 4, Karlstad		1991/1991	Office	2,681		1,653		4,334	3.9	90
18	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	492	2,059	958	6,826	9.0	96
19	Grästege 2	Stråg. 3, Karlstad		1990/1990	Office	2,664	24			2,688	2.5	79
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	Other*		475		1,040	1,515	2.0	100
23	Hybelejen 17	Verkstadsg. 20, Karlstad		1929/1985	Office	2,782	98			2,880	2.7	92
24	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,857	738	477		10,072	16.3	98
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		7,720	450		8,170	4.8	99
27-28	Mercurius 3	V Torgg. 10-12, Karlstad		1929/1939	Retail	711	74	1,820		2,605	4.0	92
29	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	3,009	89	344		3,442	6.1	97
30	Passadvinden 3	Regnvindsg. 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	4,706	5,288			9,994	7.3	95
33	Skepparen 15	Orrholmsg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,576	270		19,203	22,049	22.9	72
34	Släggen 13	Sågverksg. 20, Karlstad		1981/1981	Industry/warehouse	302	882	566		1,750	1.0	91
35	Spärren 7	Rattlg. 6, Karlstad		1968/1968	Office	834	598	476		1,908	1.5	100
36	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	4,049	73			4,122	3.8	88
37	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	598				598	0.7	100
38	Styrmannen 5	Hamntorget 1-3, Karlstad		1991/1991	Office	6,931	267			7,198	9.0	100
39	Sågen 1	Faktorig. 13, Industrig. 1, Karlstad	T	1986/1986	Office	3,213				3,213	2.8	88
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	1,071	0		2,285	2.0	86
42	Sälgen 6	Älvg. 39, Karlstad		1929/1949	Office	1,574				1,574	2.1	100
43	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Industry/warehouse	303	12,854			13,157	8.0	94
44	Tvätten 3	Romstadsv. 2, Karlstad		1929/1986	Office	2,041	504			2,545	1.9	87
45	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Office	984	490	500		1,974	1.4	86
46	Uggen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.3	100
-	Uroxen 14	Kungsg. 28, Kristinehamn		1954/1954	Office	1,675	231		1,100	3,006	2.8	96
TOTAL KARLSTAD						107,372	48,414	15,142	26,087	197,015	205.5	93

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

■ Acquisitions during 2015

## Västerås



## VÄSTERÅS

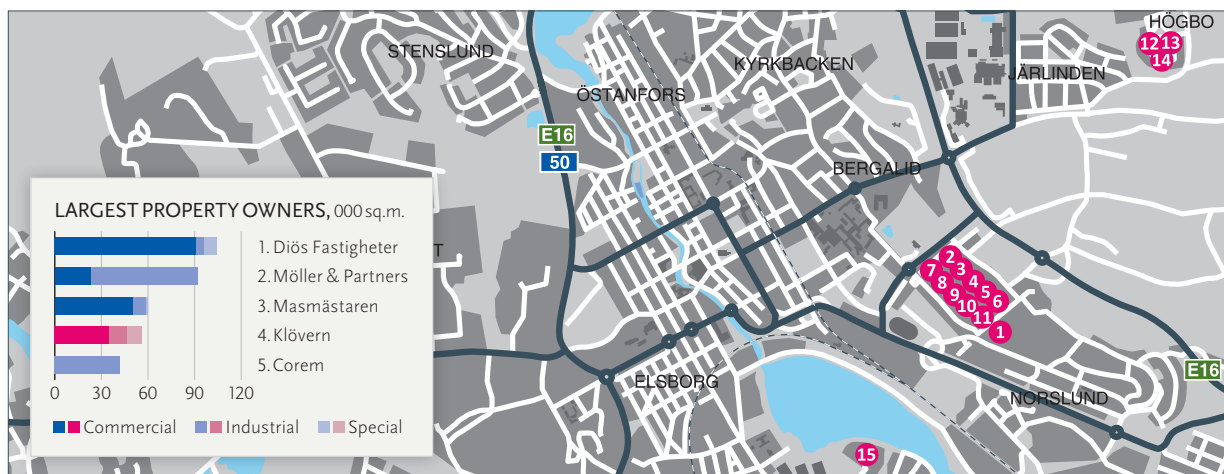
			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				
1	Allmogekul- turen 5	Svalgången, Västerås		1966/1991	Office	5,446	363	5,187	3,936	14,932	10.2	70	44.6
2	Bogserbåten 1	Saltängsv. 22, Västerås		Site	Other*					0	0.0	0	1.0
3	Briggen 3	Saltängsv. 14, 16, Västerås		1963/1973	Industry/warehouse	115	4,987			5,102	3.7	100	16.4
4	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås		1966/1990	Office	5,945				5,945	4.4	100	22.6
5	Friledningen 18	Elledningsg. 5B, Västerås		1988/1988	Industry/warehouse		940			940	0.4	100	4.2
6	Gastuben 5	Björnö. 8, Västerås		1943/1943	Retail			2,442		2,442	2.1	92	12.5
7	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås		1957/1962	Office	12,877	11,529	450	5,000	29,856	18.0	84	72.8
8	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Retail			2,992	8	3,000	0.9	100	8.1
9	Inge 10	Smedjeg. 8, Västerås		1939/1960	Retail	528	265	3,532	1,550	5,875	6.6	97	36.1
10	Klas 8	Smedjeg. 13, Västerås		1956/1956	Retail	1,322	183	2,196	1,774	5,475	8.8	99	36.5
11	Kranlinan 1	Traversg. 13, Västerås		2009/2009	Industry/warehouse		2,582	2,423		5,005	5.6	100	27.5
12-13	Kryssen 3	Regattag. 7-31, 33-53, Västerås		1940/1980	Industry/warehouse	3,431	11,877	220	3,936	19,464	13.0	86	44.3
14	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås		1984/1984	Retail			16,742		16,742	17.8	63	89.0
15-18	Leif 19	Hantverkarg. 2, Västerås		1929/1964	Retail	4,939	733	12,468	2,797	20,937	33.8	92	196.4
19	Livia 16	Skomakarg. 2, Västerås		1992/1992	Office	4,989	378	595		5,962	11.4	98	54.8
20	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	1,783	183		2,311	4,277	5.2	95	36.9
21-22	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Industry/warehouse	2,393	7,468			9,861	5.4	47	33.6
23	Regattan 46	Regattag. 8-28 etc, Västerås		1940/1970	Industry/warehouse	2,302	9,203	111		11,616	7.2	81	40.7
24	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627				1,627	1.2	100	5.5
25-26	Ringborren 15	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Industry/warehouse	3,961	14,776	494	378	19,609	15.6	93	58.6
27	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Industry/warehouse	2,317	4,242	2,547	952	10,058	10.4	91	33.6
28	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Industry/warehouse		3,213			3,213	0.5	0	2.5
29	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Industry/warehouse	329	6,729			7,058	5.0	96	17.3
30	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	755	134			889	0.9	75	3.9
31	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*		18		1,526	1,544	1.6	82	0.0
32	Traversföaren 1	Traversg. 2, Västerås		1988/1996	Retail			2,500		2,500	1.7	100	19.3
33	Traversföaren 3	Traversg. 4, Västerås		1990/1990	Retail			2,572		2,572	3.5	100	10.9
34	Turbinen 1	Stenbyg. 2-4, Västerås		1968/1986	Industry/warehouse		17,757			17,757	7.9	100	54.0
35-36	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Industry/warehouse	3,728	13,271	2,660	778	20,437	15.8	92	37.5
37	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450				1,450	1.5	86	6.6
-	Drotten 2	V Långg. 6, Köping		1988/1988	Office	2,130			1,343	3,473	3.9	98	17.6
-	Valpen 3	Björkg. 5, 7, Eskilstuna		1992/1992	Other*				4,308	4,308	4.2	100	0.0
TOTAL VÄSTERÅS						62,367	110,831	60,131	30,597	263,926	228.2	88	1,045.3

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

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

Acquisitions during 2015

## Falun



## Säter



### FALUN/SÄTER

FALUN/SÄTER													
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Falun 8:31	Surbrunnsv. 28, Falun		1941/1941	Industry/ warehouse		449			449	0.1	100	3.7
2-11	Falun 8:9	Bataljonsv., Soldatv. m.fl, Falun		1908 m.fl	Office	16,446	10,347	1,209	9,769	37,772	29.5	90	99.7
12-14	Högbo 1:22	Högbo 5, 6, 11, 13, 15, Falun		1929/1929	Other*		202		5,499	5,701	6.7	99	5.7
15	Kvarnberget 1:6	Pelle Bergs Backe 3, Falun		1977/1977	Office	8,587	2,969	556	245	12,357	8.5	69	28.4
16	Skönvik 1:15	N. Uppfartsv., Jönshyttv. m.fl, Säter		1930/1930	Other*	5,525	5,141	4,145	28,798	43,609	36.9	91	0.7
17-20	Skönvik 1:17	N. Uppfartsv., Jönshyttv. m.fl, Säter		1985/1985	Other*					0	0.0	0	0.0
21	Skönvik 1:21	N. Uppfartsv., Jönshyttv. m.fl, Säter		2010/2010	Other*					0	0.0	0	0.4
22-27	Skönvik 1:6	N. Uppfartsv., Jönshyttv. m.fl, Säter		1929/1929	Other*					0	0.0	0	5.8
TOTAL FALUN/SÄTER						30,558	19,108	5,910	44,311	99,888	81.7	89	144.4

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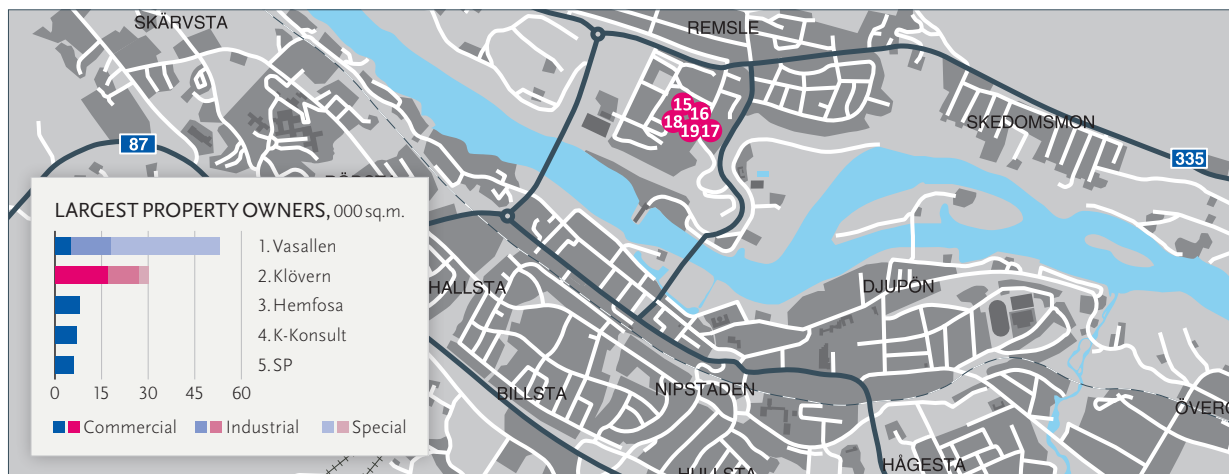
Acquisitions during 2015



## Härnösand



## Sollefteå



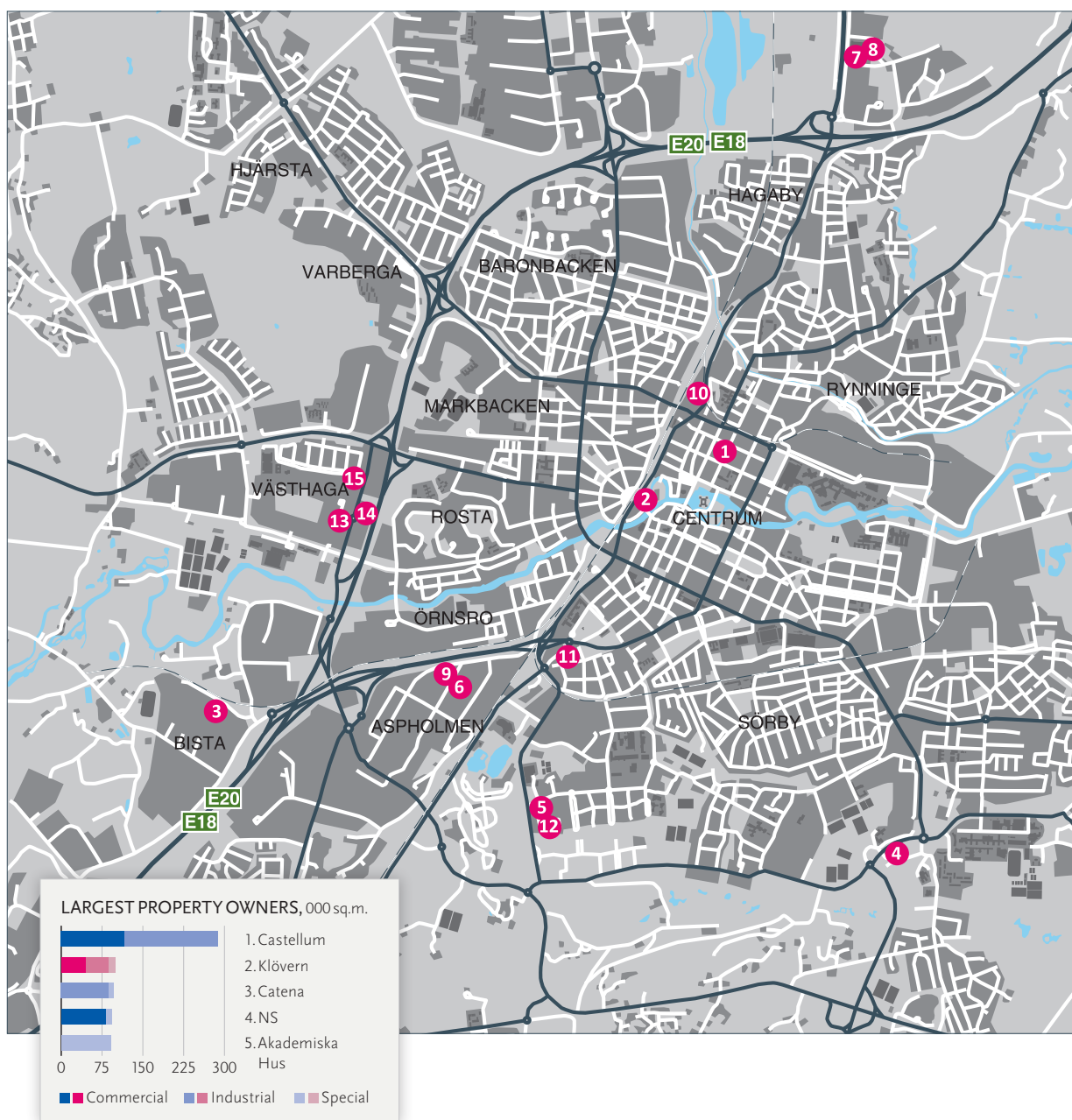
### HÄRNÖSAND/SOLLEFTEÅ

HÄRNÖSAND/SOLLEFTEÅ						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	Industry/ warehouse	Retail	Other*				Area, sq.m.
1-2	Seminarieriet 16	Kastellg., Gångsviksv., Härnösand		1912/1960	Office	2,369	53		1,930	4,352	3.2	26	0.0
3-6	Ädelstenen 6	Brunnshusg, Nybrog, Trädgårdsg, Gångsviksv, Härnösand		1912/1947	Other*	8,810	2,190		14,301	25,301	22.9	89	0.0
7-14	Ön 2:41	Kusthöjden, Sälstensgränd, Officersgränd, Härnösand		1944/1975	Office	19,790	7,006	315	2,378	29,489	25.1	87	31.3
15-19	Remsle 13:64	Nipån, Sollefteå		1929/1929	Office	13,058	9,632	2,360	4,633	29,683	20.7	98	50.5
TOTAL HÄRNÖSAND/SOLLEFTEÅ						44,027	18,881	2,675	23,242	88,824	71.9	88	81.8

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
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Acquisitions during 2015

## Örebro



## ÖREBRO

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/warehouse	Retail	Other*				
1	Bageriet 2	Storg. 24, Örebro		1929/1979	Retail			3,109		3,109	4.6	100	24.4
2	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302			2,819	4.4	98	22.6
3	Bleckslagaren 3	Handelsg. 5, Örebro		1969/2007	Industry/warehouse		18,842			18,842	10.7	100	53.9
4	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,145	16	136		5,297	7.7	96	28.8
5	Fåraherden 1	Riag. 1,3, Örebro		1992/1992	Office	1,765	5		752	2,522	3.1	99	18.7
6	Importören 2	Skvadronv. 5, Örebro		1970/1970	Industry/warehouse	1,055	1,510			2,565	0.7	0	7.4
7	Karossen 19	Bettorpsg. 10, Örebro		1975/2006	Industry/warehouse	2,799	4,260	1,525	4,170	12,754	10.3	83	38.8
8	Karossen 5	Bettorpsg. 12 B-C, Örebro		2004/2009	Office	2,768	206		2,153	5,127	6.8	100	19.4
9	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Industry/warehouse	1,222	4,843	3,091	1,324	10,480	6.8	97	27.1
10	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	1,964	2,357	9	4,491	8,821	8.4	92	0.0
11	Oxbacken 7	Krontorpsg. 1, Örebro		1981/1988	Office	2,942				2,942	4.4	100	14.9
12	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931				931	1.0	100	0.0
13	Vindhjulet 3	Tunnlandsg. 1, 3, 5, Örebro		1970/1970	Office	17,120	875		962	18,957	17.7	94	79.0
14	Vindrutan 1	Västthagag. 3, Örebro		1975/1992	Retail		85	1,230		1,315	2.3	100	8.7
15	Vindtunneln 1	Skäpplandsg. 1A-C, Örebro		1989/1989	Office	3,318	37			3,355	3.3	99	13.8
TOTAL ÖREBRO						43,546	33,338	9,100	13,852	99,836	92.2	95	357.5

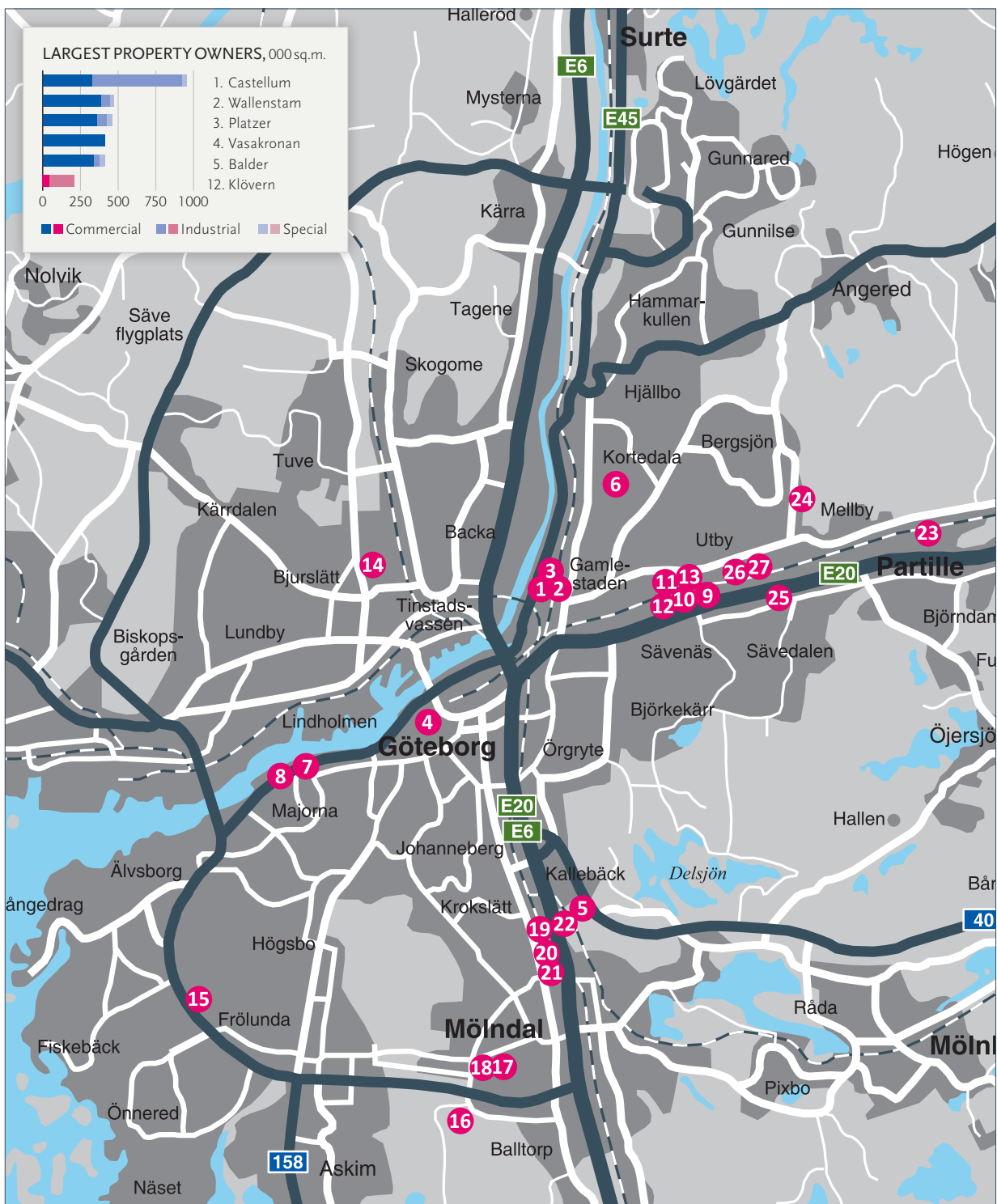
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Acquisitions during 2015

	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Industry/warehouse	Retail	Other*				
TOTAL CENTRAL REGION	287,870	230,572	92,958	138,089	749,489	679.5	90	2,610.1
TOTAL KLÖVERN	1,329,769	950,687	259,071	332,039	2,871,566	3,182.0	91	15,646.4

## SOUTH REGION

Gothenburg





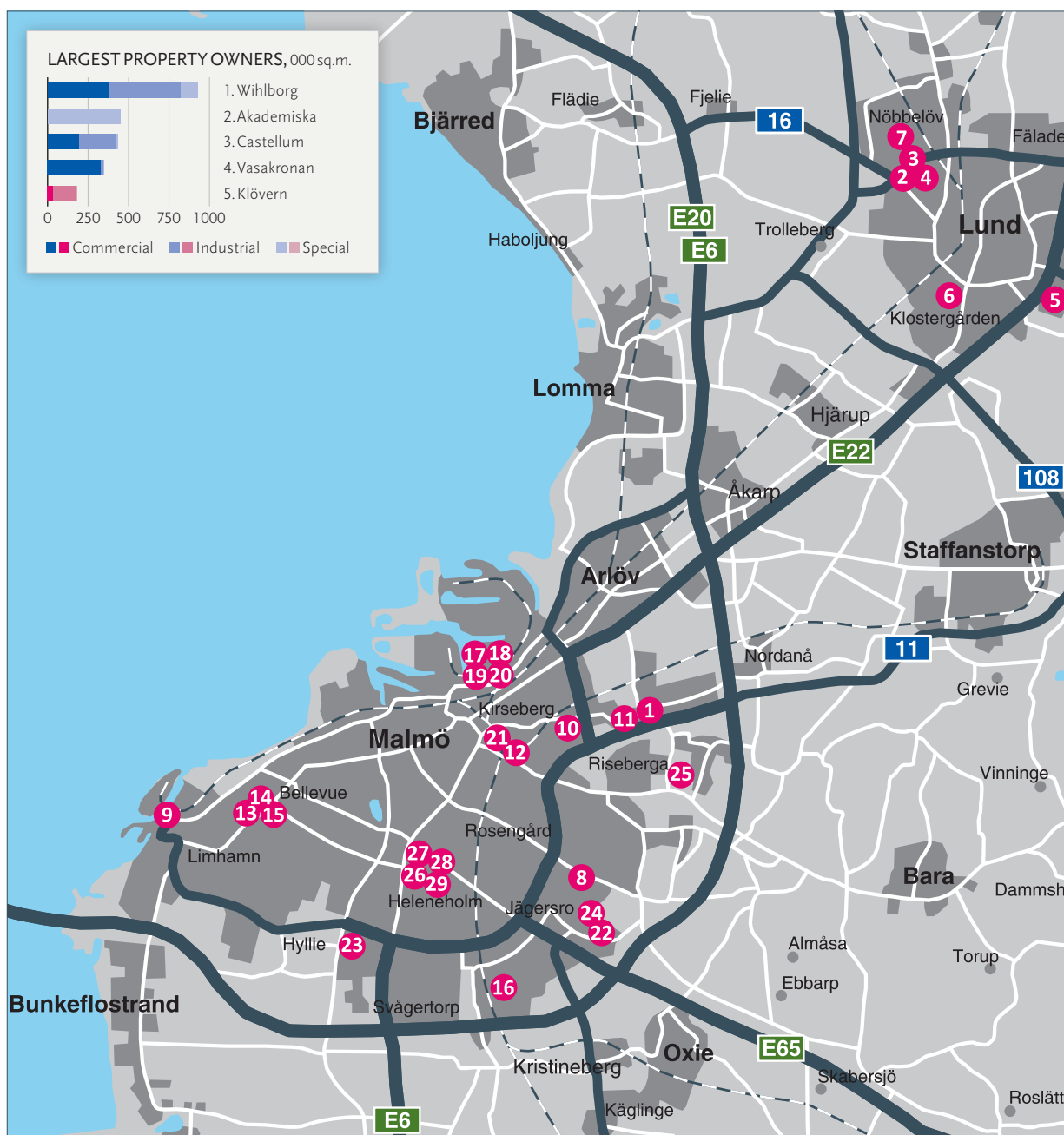
## GOTHENBURG

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	Industry/warehouse	Retail	Other*				
1-2	Gamlestaden 39:13	Slakthusg. 8, Gothenburg		1963/1963	Industry/warehouse	4,055	6,807	328		11,190	11.8	93	39.0
3	Gamlestaden 39:14	Slakthusg. 6, Gothenburg		1905/1952	Industry/warehouse		1,000			1,000	0.4	8	2.7
4	Inom Vall-graven 15:2	Drottningg. 28, Södra Hamng. 27, Gothenburg		2003/2003	Office	4,123		217		4,340	12.9	100	92.6
5	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	22,097				22,097	22.0	100	93.8
6	Kortedala 36:23	Dagjämningsg. 2, Gothenburg	S	1961/1969	Industry/warehouse		8,620			8,620	3.3	100	16.8
7	Majorna 219:7	Fiskhamnsg. 6A-C, Skärgårdsg. 1, Gothenburg	S	2002/2002	Office	11,679	1,933	1,897	201	15,710	26.1	100	157.0
8	Majorna 220:4	Fiskhamnsg. 2, Gothenburg		1986/1986	Office	5,709				5,709	8.6	97	48.4
9	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	Industry/warehouse	169	7,408			7,577	5.4	97	18.4
10	Sävenäs 170:12	von Utfallsg. 18, 20, Gothenburg		1990/1990	Industry/warehouse	950	3,156			4,106	3.2	100	13.4
11	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,624	465			2,089	1.4	88	8.4
12	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg		1991/1991	Office	4,950	509			5,459	5.0	89	25.2
13	Sävenäs 170:17	von Utfallsg. 18, 20, Gothenburg		1990/1990	Industry/warehouse					0	0.0	0	0.0
14	Tuve 86:2	Hildedalsg. 1, Gothenburg	S	2007/2007	Industry/warehouse		5,301			5,301	4.6	100	24.7
15	Tynnered 1:15	Fernvägsskålet 4, Gothenburg	S	1979/1979	Industry/warehouse		2,600			2,600	2.5	100	16.6
16	Gastuben 3	Argong. 2D, Mölndal		1991/1994	Office	5,990				5,990	6.1	0	45.4
17-18	Hästägaren 3	Idrottsg. 14-16, Mölndal		2002/2002	Industry/warehouse	9,022	39,042			48,064	39.8	100	173.4
19	Spinnaren 5	Göteborgsv. 44, Mölndal		1973/1973	Industry/warehouse		1,763			1,763	1.2	100	5.1
20	Stockrosen 2	Norra Åg. 40, Mölndal		1988/1988	Retail	1,102		1,937		3,039	4.0	100	10.3
21	Stockrosen 7	Norra Åg. 32, Mölndal		1947/1997	Office	3,592	1,033	97		4,722	5.1	96	31.6
22	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	3,263	197			3,460	4.4	100	13.1
23	Lexby 11:236	Laxfiskev. 4B, Partille		2007/2007	Industry/warehouse		14,756			14,756	10.0	100	70.2
24	Mellby 5:120	Ögårdesv. 19, Partille		1990/1990	Office	3,837	1,255			5,092	5.4	94	26.7
25	Ugglum 1:76	Göteborgsv.88, Tillfallav. 27-29, Partille		1988/1988	Retail	1,018	270	2,570	421	4,279	5.0	100	27.2
26	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,838	4,494	365	1,270	15,967	13.8	88	60.6
27	Ugglum 9:243	Industriv., Partille			Other*					0	0.0	0	3.3
-	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	0.8	100	0.0
-	Berg 1:91	Täljstensv., Lerum			Other*					0	0.0	0	0.7
-	Tollestorp 7:6	Tollestorp sv. 2A-F, Lerum		1990/1990	Industry/warehouse		3,191			3,191	1.8	88	9.0
-	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*			121	3,358	3,479	3.1	100	0.0
-	Ölslanda 10:81	Hantverk sv. 21, Lerum		1990/1990	Industry/warehouse		1,716			1,716	0.8	100	4.1
TOTAL GOTHEBURG						93,519	105,576	7,532	6,145	212,772	208.5	95	1,037.7

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
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■ Acquisitions during 2015

## Malmö



The ranking refers to Greater Malmö.

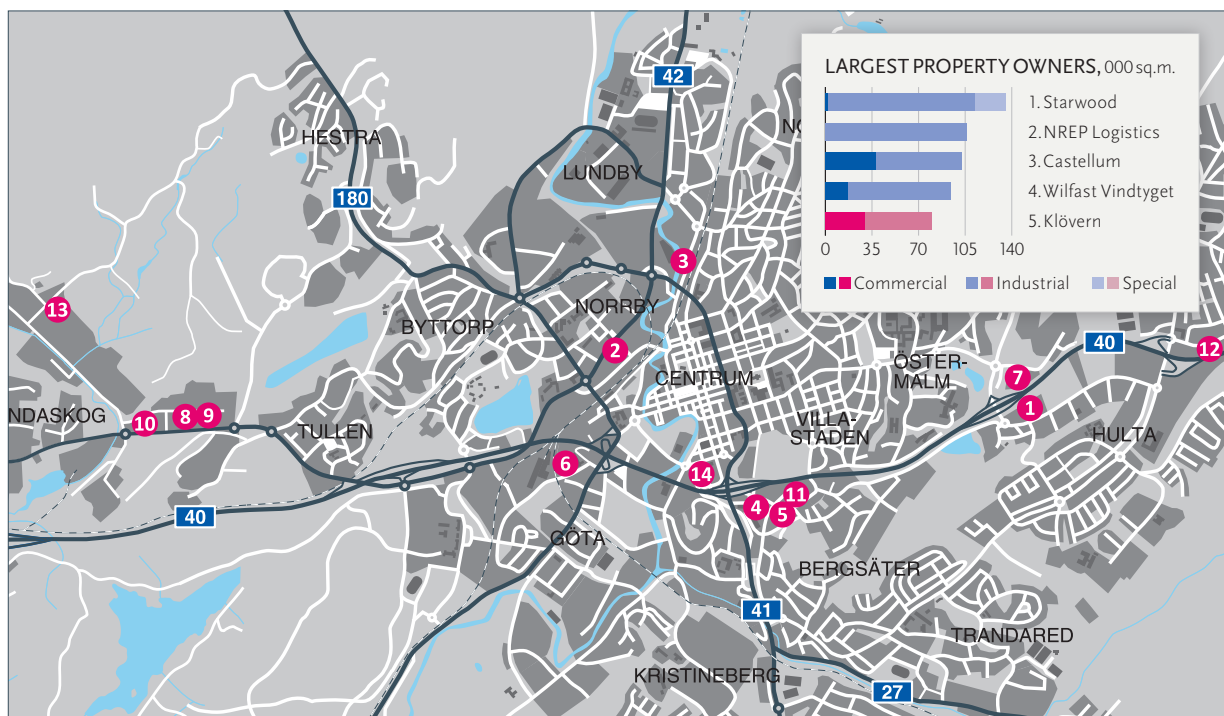
## MALMÖ

No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Area, sq.m.	Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*				
1	Sunnanå 12:26	G:a Staffanstopsv., Burlöv		Site	Other*					0	0.0	0	1.2
2-3	Gustavshem 2	Gustavshemsv. 9, Lund		1972/1972	Industry/warehouse		2,164			2,164	1.7	100	10.7
4	Gustavshem 6	Gustavshemsv. 1, Lund		1990/1990	Other*	296		1,371	2,936	4,603	6.2	100	0.0
5	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Industry/warehouse		4,650			4,650	4.5	100	20.1
6	Nordanvin- den 3	Nordanv. 5,7,9, Östanv. 2, Lund		1966/1966	Retail	595		1,996		2,591	2.9	100	16.0
7	Rivan 1	Odlarev. 5, Åkergränd 8, Lund		1978/1988	Office	1,484				1,484	2.0	100	13.7
8	Brudbuket- ten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.7	94	6.6
9	Dragör 1	Öv. 6, Malmö		2014/2014	Office	1,692	48	618		2,358	5.6	93	34.6
10	Flygfyn 3	Höjdroderg. 25, Malmö		1990/1990	Office	3,985	644	595		5,224	4.2	65	26.6
11	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Industry/warehouse		3,975			3,975	3.5	100	20.0
12	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	S	1962/1962	Industry/warehouse		5,455	2,890		8,345	3.4	86	18.1
13	Gjuteriet 21	Limhamnsv. 113, Malmö		Site	Other*					0	0.0	100	1.1
14	Gjutformen 1	Limhamnsv. 113, Malmö		Site	Other*					0	0.0	0	3.1
15	Kajan 33	Limhamnsv. 104, Malmö		Site	Other*					0	0.0	0	1.1
16	Krukskärvan 9	Stenyxeg. 32, Malmö	S	1981/1981	Industry/warehouse		2,680			2,680	2.1	100	11.2
17-20	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Industry/warehouse	4,598	79,617	1,285		85,500	30.2	66	162.8
21	Spindeln 2	Singelg. 2A-D, Stålkuleg. 2, Malmö	S	1968/2001	Industry/warehouse	3,568	3,680			7,248	5.3	100	23.6
22	Stiglädret 10	Sadelg. 16, Betselg. 6A-B, Malmö	S	1978/1978	Industry/warehouse	387	2,598			2,985	2.7	100	16.2
23	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270		843		5,113	5.7	100	22.5
24	Tränsbattet 2	Travbaneg. 4, Malmö		1989/1989	Industry/warehouse	982	2,730			3,712	1.7	83	14.4
25	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	Industry/warehouse	621	1,771			2,392	2.2	100	12.4
26-27	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	5,337	728	6,511	14,735	13.9	86	10.5
28-29	Västerbotten 9	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Retail	3,903	2,208	10,249	4,137	20,497	22.0	96	53.3
-	Piken 4	Kabing. 38, Helsingborg		1980/1980	Office	2,509				2,509	2.2	100	6.4
-	Triangeln 3	Industrig. 61 mfl, Hässleholm		1950/1950	Industry/warehouse	1,478	3,922	70		5,470	0.4	100	0.0
-	Ekstaven 2	Industrig. 4, Spång. 1, Hässleholm		1979/1979	Retail	794	2,417	4,493		7,704	4.5	92	23.8
-	Köpmannen 4	Andra Avenyn 3 mfl, Hässleholm		1950/1973	Other*	194	63	160	1,296	1,713	2.1	46	12.7
-	Urmakaren 10	Herrestadsg. 8, Ystad		1893/1929	Other*					0	0.0	0	1.9
-	Urmakaren 13	Fridhemsg. 43, Ystad		1909/1929	Other*				90	90	0.0	0	1.4
-	Urmakaren 16	Industrig. 1A, Ystad		1959/1959	Other*					0	0.0	0	1.2
-	Urmakaren 17	Industrig. 1B, Ystad		1970/1970	Industry/warehouse		841			841	0.2	100	2.0
-	Urmakaren 18	Herrestadsg. 10, 12, Ystad		1974/1974	Retail			1,672		1,672	0.0	0	3.0
-	Urmakaren 2	Disponentg. 1, Industig. 3, Ystad		1949/1949	Other*				140	140	0.0	100	2.0
-	Urmakaren 21	Disponentg. 11, Ystad		1973/1973	Industry/warehouse		936			936	0.0	100	2.6
-	Urmakaren 22	Disponentg. 13, Fridhemsg. 41, Ystad		1956/1956	Industry/warehouse		420			420	0.0	100	0.0
-	Urmakaren 23	Herrestadsg. 6, Disponentg. 3, 5, Ystad		1965/1965	Industry/warehouse		3,527	480		4,007	0.0	0	1.7
-	Urmakaren 6	Disponentg. 7, Ystad		1952/1952	Industry/warehouse		100	100		200	0.0	0	2.4
-	Urmakaren 7	Herrestadsg. 2, Ystad		1957/1957	Industry/warehouse		686			686	0.0	0	0.7
-	Programmer- aren 9	Metallg. 23, Ystad		Site	Other*					0	0.0	100	8.0
TOTAL MALMÖ						34,861	130,469	26,970	15,690	207,990	130.9	87	569.6

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisitions during 2015

## Borås



### BORÅS

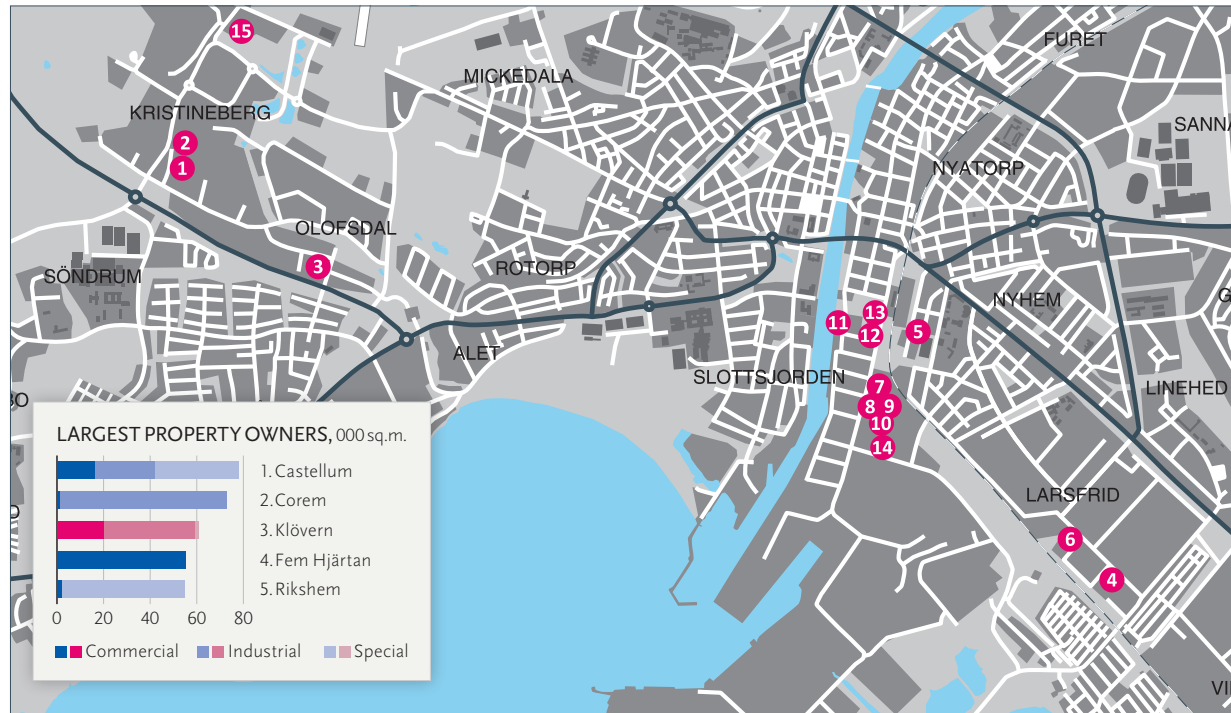
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Industry/ warehouse	Retail	Other*			
1	Ekholma 7	Hultag. 15-17, Borås		2000/2001	Industry/warehouse	854	4,296			5,150	3.3	20.9
2	Gjutaren 10	Norrby Tvärg. 7, Norrby Långg. 18, Borås		1966/1966	Industry/warehouse	837	6,079		2,024	8,940	4.4	14.7
3	Grävlingen 5	Skaraborgsv. 21, 21 A, Borås		1887/1990	Office	6,732	23	625		7,380	7.0	48.1
4	Katrinedal 2	Katrinedalsg. 14, 16, 18, 20, Åsboholmsg. 12, Borås		1955/1988	Other*	1,907	2,645	280	3,806	8,638	7.2	34.6
5	Katrinehill 8	Åsboholmsg. 16, Borås		1959/1959	Office	5,159	1,255			6,414	5.1	23.6
6	Laxöringen 1	Tullkammareg. 1, 3, 5, 7, Borås		1943/1960	Office	1,442	1,335			2,777	1.4	8.7
7	Milen 7	Solvarvsg. 4, 6, Borås		1969/1989	Industry/warehouse	2,405	7,543			9,948	5.2	24.7
8	Muttern 2	Verkstadsg. 12, Borås		1963/1989	Industry/warehouse	595	1,656			2,251	1.6	7.2
9	Muttern 3	Verkstadsg. 14, Borås		1992/1996	Industry/warehouse		2,322			2,322	1.4	8.8
10	Niten 6	Verkstadsg. 2-4, Borås		1974/1974	Retail		1,601	2,457		4,058	3.0	7.3
11	Näckrosen 3	Katrinedalsg. 1, 3, Åsboholmsg. 25, Borås		1990/1990	Office	3,908	1,360			5,268	5.5	26.3
12	Raklinjen 2	Källbäcksvägg. 6, 8, Borås		1968/1970	Industry/warehouse		7,876			7,876	4.0	15.3
13	Rotorn 3	Masking. 4, Borås		1972/1975	Industry/warehouse		3,037			3,037	1.4	7.7
14	Uranus 16	Bryggareg. 18, 20, Borås		1949/1960	Industry/warehouse		4,586	110	2,494	7,190	3.2	11.2
TOTAL BORÅS						23,839	45,614	3,472	8,324	81,249	53.7	259.1

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisitions during 2015



# Halmstad



## HALMSTAD

			Site lease- hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address				Office	Industry/ warehouse	Retail	Other*				Area, sq.m.
1	Eketånga 24:37	Kristinebergsv. 18-20, Halmstad		1989/1990	Industry/warehouse	746	972		1,718	0.9	93	6.3	
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Industry/warehouse	1,811	3,449		5,260	2.6	70	17.0	
3	Eketånga 5:417	Industriv. 1, Halmstad		1962/1962	Industry/warehouse	384	3,168		3,552	1.4	92	8.9	
4	Fläkten 1	Svetsareg. 16, Halmstad	S	1974/1974	Industry/warehouse		12,200		12,200	4.5	94	17.0	
5	Fotbollen 17	Bolmeng 11, Halmstad		1929/1929	Office	480			480	0.4	100	0.0	
6	Fregatten 7	Svetsareg. 8, Halmstad		1978/1978	Office	1,517			1,517	1.1	100	5.4	
7	Halmstad 2:25	Stationsg. 37, Halmstad		Site	Other*				0	0.0	0	0.0	
8-10	Halmstad 2:28	Stationsg. 37, Halmstad		1920/1929	Industry/warehouse	2,145	9,648	1,915	200	13,908	15.3	100	58.8
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Office	3,025			3,025	6.0	89	13.7	
12	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Industry/warehouse	183	1,223		1,406	0.3	4	2.7	
13	Orkanen 2	Stationsg. 50, Halmstad		1948/1948	Industry/warehouse		1,300		1,300	0.4	0	1.3	
14	Ostkupan 3	Stålverksg. 1, Halmstad		1950/1950	Office	7,021	5,619		12,640	5.4	93	28.2	
15	Slätttern 2	Kundv. 15, Halmstad		2008/2008	Retail			3,616	3,616	3.6	50	19.8	
TOTAL HALMSTAD						17,312	37,579	5,531	200	60,622	41.9	88	179.1

\* Consists of education, health care, residential properties, laboratory and gym/leisure facilities.  
A property can consist of a number of jointly administered properties or several large buildings.

Acquisitions during 2015

	Area, sq.m.				Area, sq.m.	Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
	Office	Industry/ warehouse	Retail	Other*				
TOTAL SOUTH REGION	169,531	319,238	43,505	30,359	562,633	435.0	91	2,045.5
TOTAL KLÖVERN	1,329,769	950,687	259,071	332,039	2,871,566	3,182.0	91	15,646.4

## FIVE-YEAR REVIEW AND KEY RATIOS

Statement of Income, SEK m	2015	2014	2013	2012	2011
Income	2,718	2,521	2,220	1,948	1,364
Property costs	– 952	– 878	– 828	– 733	– 507
<b>Operating surplus</b>	<b>1,766</b>	<b>1,643</b>	<b>1,392</b>	<b>1,215</b>	<b>857</b>
Central administration	– 92	– 84	– 78	– 86	– 71
Net financial income	– 631	– 770	– 678	– 605	– 358
<b>Profit from property management</b>	<b>1,043</b>	<b>789</b>	<b>636</b>	<b>524</b>	<b>428</b>
Shares of profit in associated companies	171	– 126	5	–	–
Change in value, properties	1,252	1,207	– 28	– 33	435
Change in value, derivatives	91	– 565	337	– 175	– 225
Change in value, financial assets	– 4	–	71	10	–
Impairment of goodwill	– 12	– 10	– 34	– 95	–
<b>Profit before tax</b>	<b>2,541</b>	<b>1,295</b>	<b>987</b>	<b>231</b>	<b>638</b>
Current tax	– 2	– 2	– 1	– 2	0
Deferred tax	– 531	– 129	– 178	110	– 173
<b>Net profit</b>	<b>2,008</b>	<b>1,164</b>	<b>808</b>	<b>339</b>	<b>465</b>
Other comprehensive income	– 2	4	– 2	–	–
<b>Comprehensive income</b>	<b>2,006</b>	<b>1,168</b>	<b>806</b>	<b>339</b>	<b>465</b>

Balance Sheet, SEKm	2015	2014	2013	2012	2011
Goodwill	233	245	255	289	–
Investment properties	35,032	30,208	24,059	22,624	14,880
Machinery and equipment	12	12	12	14	8
Participation rights in associated companies	–	448	488	–	–
Financial assets at fair value via statement of income	112	35	30	330	–
Other receivables	482	424	302	163	94
Liquid funds	12	286	84	375	11
<b>Total assets</b>	<b>35,883</b>	<b>31,658</b>	<b>25,230</b>	<b>23,795</b>	<b>14,993</b>
Shareholders' equity	11,390	9,988	7,198	6,696	4,740
Deferred tax liability	1 503	978	861	681	276
Interest-bearing liabilities	21,486	18,870	16,163	15,229	9,345
Derivatives	467	709	144	432	242
Accounts payable	250	197	193	158	49
Other liabilities	188	206	132	140	34
Accrued expenses and prepaid income	599	710	539	459	307
<b>Total shareholders' equity and liabilities</b>	<b>35,883</b>	<b>31,658</b>	<b>25,230</b>	<b>23,795</b>	<b>14,993</b>

Statements of Cash Flow, SEKm	2015	2014	2013	2012	2011
Cash flow from current operations	898	843	657	712	341
Cash flow from investment operations	– 3,033	– 5,041	– 1,625	– 2,457	– 953
Cash flow from financing operations	1,861	4,400	677	2,109	587
Cash flow for the year	– 274	202	– 291	364	– 25
Liquid funds at beginning of year	286	84	375	11	36
Liquid funds at year-end	12	286	84	375	11

	2015	2014	2013	2012	2011
<b>Property</b>					
Number of properties	415	408	402	387	255
Lettable area, 000 sq.m.	2,872	2,792	2,624	2,529	1,561
Rental value, SEKm	3,182	2,983	2,570	2,468	1,554
Fair value of properties, SEKm	35,032	30,208	24,059	22,624	14,880
Yield requirement, valuation, SEKm	6.5	6.9	7.2	7.2	7.1
Operating margin	65	65	63	62	63
Economic occupancy rate, %	91	90	90	88	89
Area-based occupancy rate, %	83	81	82	81	80
Average lease contract term, years	3.5	3.3	3.5	3.4	2.8
<b>Financial</b>					
Return on equity, %	18.9	14.5	11.6	5.8	10.1
Equity ratio, %	31.7	31.5	28.5	28.1	31.6
Adjusted equity ratio, %	35.8	35.9	31.4	31.9	35.8
Leverage, %	61	60	65	64	63
Leverage, properties, %	47	51	57	59	63
Interest coverage ratio	2.6	2.0	1.9	1.9	2.2
Average interest, %	2.7	3.5	4.3	4.3	4.2
Average period of fixed interest, years	2.1	2.1	2.7	3.0	2.7
Average period of tied-up capital, years	2.8	2.1	2.0	2.2	1.9
Interest-bearing liabilities, SEKm	21,486	18,870	16,163	15,229	9,345
<b>Share<sup>1</sup></b>					
Equity per ordinary share, SEK	7.38	5.20	4.83	4.69	5.36
EPRA NAV, SEK	9.53	7.05	5.93	5.94	5.95
Equity per preference share, SEK	281.50	317.50	300.00	273.50	–
Profit from property management per ordinary share, SEK	0.78	0.61	0.49	0.43	0.48
Earnings per ordinary share, SEK	1.83	1.02	0.68	0.23	0.53
Share price, ordinary share Class A at end of period, SEK	9.45	8.20	5.18	4.65	4.71
Share price ordinary share Class B at end of period, SEK	9.50	7.60	–	–	–
Share price preference share at end of period, SEK	281.50	317.50	300.00	273.50	–
Market capitalization, SEKm	13,327	12,232	7,527	6,670	4,165
Number of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0
Number of ordinary shares outstanding at end of period, million	916.0	916.0	916.0	888.5	884.4
Number of registered preference shares at end of period, million	16.4	16.4	9.3	9.3	–
Number of preference shares outstanding at end of period, million	16.4	16.4	9.3	9.3	–
Dividend per ordinary share, SEK	0.35 <sup>2</sup>	0.30	0.27	0.27	0.23
Dividend per preference share, SEK	20.00 <sup>2</sup>	20.00	20.00	20.00	20.00
Dividend ordinary and preference shares in relation to profit from property management, %	62 <sup>2</sup>	77	68	83	79
Dividend preference shares in relation to profit from property management, %	32 <sup>2</sup>	42	29	35	27

1) Historical figures 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 the properties' most recent reported fair value and selling expenses.

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

**CONTRACT VALUE** Rent for 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.

**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.

**INCOME** Rental income and other income.

**VALUE ADDED FROM IMPROVEMENT** Sale price less invested capital.

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

## FINANCE

**EQUITY RATIO** Reported 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 taxable 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 the 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 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 for 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.



## 2016 ANNUAL GENERAL MEETING

Shareholders of Klöver AB are warmly welcomed to the Annual General Meeting at 10 am on Tuesday, 19 April 2016 at Quality Hotel Globe, Stockholm. The notice of the meeting, proposed dividend and information about notification of participation is available on Klöver's website, [www.klovern.se](http://www.klovern.se).

## CALENDAR

Interim report Jan–Mar	Tue 19 April 2016
Interim report, Jan–Jun	Mon 11 July 2016
Interim report, Jan–Sep	Thu 20 October 2016
Year-end report 2016	Fri 10 February 2017

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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](http://www.klovern.se).

## Cover pictures

Front page: Solna Gate

Back page: Klöver's office, Gothenburg

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.



**2015** During the year, Klöver has acquired 19 properties for SEK 2,732 million. The largest purchase was Aprikosen 2, more known by the name Solna Gate, which was taken possession of in October. The lettable area encompasses around 35,200 sq.m. and consists mainly of office space. In all, 14 properties have been sold for a total of SEK 546 million. The property value is 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. Klöver launched its business centre operations under the brand name First Office. The self-storage operations were also launched under a separate brand name: Big Pink. During the year, 13 properties were sold for a total of SEK 531 million. The property value was SEK 30,208 million.

**2013** During the year, Klöver has taken 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 has also announced that it intends to conceptualize the business centres under the common brand name of First Office. During the year Klöver has sold 12 properties for SEK 387 million. The property value was SEK 24,059 million.

**2012** Rutger Arnhult became CEO in January 2012. During the year, Klöver has acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon in March. With the purchase of Dagon, Klöver became established in new expansive markets, 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). Gustaf Hermelin resigned as CEO at the year-end. 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 and acquired an additional property for SEK 12 million. The property value was SEK 13,493 million.

**2009** Kistamässan was completed in May and the first sod was cut for the adjacent Victoria Tower. 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 a value of almost SEK 1 billion. 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 is listed on the stock exchange's O list. In August, properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. During the year, 15 properties were sold at unprioritized locations for SEK 185 million. The property value was SEK 2,890 million.

**2002** The then IT company Adcore's business was split up and Adcore AB's name was changed to 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, Gustaf Hermelin became CEO. The property value was SEK 1,876 million.

www.klovern.se

## VARHET OCH ENGAGEMANG.

Attra  
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Nöjd kund.

Tak.  
tell. Handel. Butik. Re  
eckling. Förädling. Till  
Personlig service  
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