

- » Income increased by 6 per cent to SEK 2,876 million (2,718).
- » The operating surplus increased by 7 per cent to SEK 1,891 million (1,766).
- » Profit from property management increased by 13 per cent to SEK 1,180 million (1,043).
- » Changes in value of properties amounted to SEK 1,709 million (1,252).
- » Net profit increased by 13 per cent to SEK 2,259 million (2,008), corresponding to SEK 2.11 (1.83) per ordinary share.
- » After taking possession of 32 properties for SEK 1,484 million, sale of 15 properties for SEK 630 million and investments of SEK 1,626 million, the value of the property portfolio amounted to SEK 39,234 million.
- » The Board of Directors proposes a dividend of SEK 0.40 (0.35) per ordinary share to be paid in four instalments of SEK 0.10.
- » The Board of Directors proposes a dividend of SEK 20.00 (20.00) per preference share to be paid in four instalments of SEK 5.00.

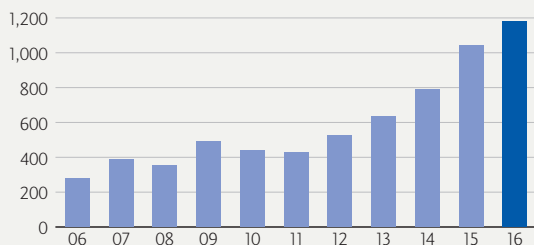
THIS IS KLÖVERN

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

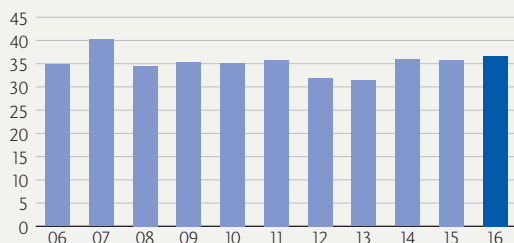
Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

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

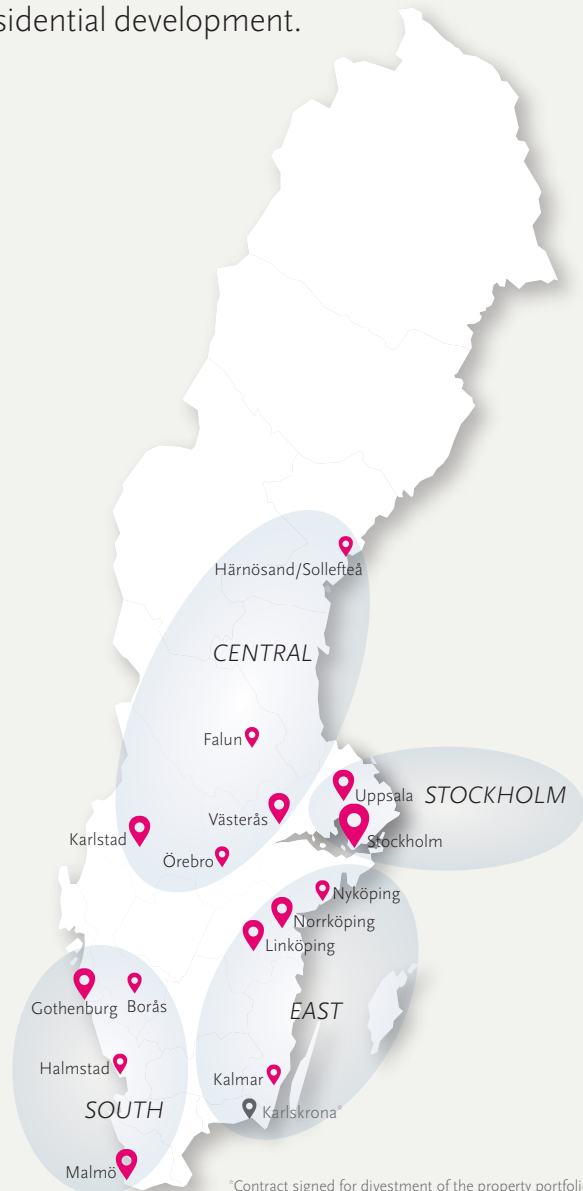
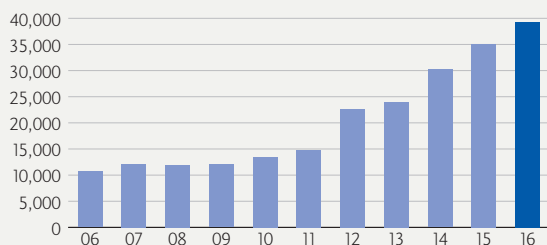
PROFIT FROM PROPERTY MANAGEMENT, SEKm



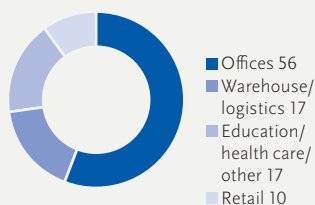
EQUITY RATIO, adjusted, %



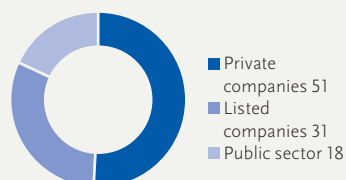
PROPERTY VALUE, SEKm



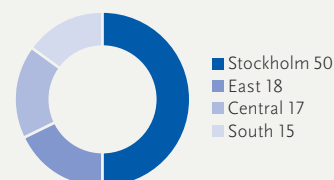
RENTAL VALUE BY TYPE OF PREMISES %



CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE BY REGION, %



Record profit with continued expansion in combination with further streamlining of the property portfolio

Klövern reports a record result for 2016. Profit from property management showed strong development while continued positive changes in value contributed to the good result. Profit before tax increased to SEK 2,756 million, to be compared with the preceding year's record profit of SEK 2,541 million. Net moving-in, strong rental development, acquisitions and cost control contributed to the positive development. During the year we have made acquisitions in Stockholm, Malmö, Lund and Gothenburg. A number of less prioritized properties have also been divested in order to further streamline the property portfolio. Project development operations are making good progress and we see great potential in new future projects of commercial premises as well as residential.

Klövern's results for 2016 beat all our previous records. A continued stable and strong development of profit from property management in combination with low interest rates and good value development of the property portfolio led to a 2016 profit before tax of SEK 2,756 million, to be compared with the previous year's record profit of SEK 2,541 million.

The rental market continues to be strong which is reflected in positive net moving-in during the fourth quarter as well as during full year 2016 when we achieved a total net moving-in of SEK 20 million.

During the fourth quarter we concluded transactions which reinforce Klöverns position in Malmö, Lund and Gothenburg. At the same time the portfolio was further concentrated by divestment of the property holdings in Säter and agreement to divest all of our holdings in Karlskrona. In all during 2016, Klöverns acquired 32 properties, divested 15 properties and signed contracts to divest 13 additional properties. Geographic streamlining and expansion in selected growth cities will continue to be guiding stars for Klöverns transaction activities during 2017.

Klövern's project development has, in line with our strategy, expanded in recent years. During 2016 we have invested SEK 1,626 million (1,386) in new and profitable projects. During the year, major projects have been successfully completed for the Swedish Transport Agency, StayAt and Tele2, among other. We experience strong demand in our ongoing projects such as the office/hotel building S7 in Västerås, the office building Skeppet in Karlstad and the Gamlestaden

district in Gothenburg. We see great potential for value creation through future project development, both as regards offices and housing. In all, we make the assessment that our investments in projects will be at about the same level in 2017 as in 2016.

Klövern Living is working with a large number of different residential development projects which we – in the long term – assess can lead to between 8,000 and 12,000 apartments in Stockholm, Uppsala, Västerås, Karlstad and Linköping among other places. Our assessment is that Klöverns Living will start production of at least 200–300 apartments in 2017/2018 and at least 300–500 apartments in 2019/2020.

Klövern's financial strength improved during 2016. The adjusted equity ratio was 36.7 per cent at the end of December, an increase during the year towards our long-term goal of 40 per cent. At the same time, the interest coverage ratio improved to 2.9, which in combination with an average period of fixed interest of 2.6 years provide good resistance against potentially higher interest rates.

Due to the profit development and positive changes in value, EPRA NAV continued to develop well and amounted to SEK 11.70 at the end of the year, a rise of 23 per cent during 2016.

Overall, we are very satisfied with developments during 2016 and market conditions appear good for a continued healthy development in 2017.

Rutger Arnhult, CEO Klöverns



The property Flygvärdinnan 4 in Malmö.



The property Välten 4 in Lund.

The income statement items are compared with the corresponding period last year. The balance sheet items refer to the position at the end of the period and are compared with the preceding year-end. The quarter refers to October–December, the period refers to January–December and the year refers to January–December.

PROFIT

The operating surplus decreased to SEK 452 million (433) during the fourth quarter and to SEK 1,891 million (1,766) during the year. The operating surplus for a comparable portfolio increased to SEK 384 million (386) during the quarter. The operating margin amounted to 61 per cent (61) during the quarter and 66 per cent (65) during the year. Profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 262 million (257) in the quarter and SEK 1,180 million (1,043) during the year. The operating surplus and profit from property management were both positively affected by net acquisitions and net moving-in. During the quarter, profit before tax increased to SEK 655 million (653) and was affected by SEK 303 million (168) relating to changes in value of properties and SEK 111 million (79) for derivatives. During the year, profit before tax rose to SEK 2,756 million (2,541).

INCOME AND EXPENSES

Income increased to SEK 738 million (705) during the fourth quarter and to SEK 2,876 million (2,718) during the year. The increase in income is mainly attributable to net acquisitions and net moving-in. For a comparable portfolio, income rose to SEK 643 million (642) during the quarter. Property costs totalled SEK 286 million (272) during the quarter and SEK 985 million (952) during the year. Property costs include rent losses of SEK 1 million (2) during the quarter or a total of SEK 3 million (9) during the year. Property costs for a comparable portfolio increased to SEK 259 million (256). Central administration costs amounted to SEK 27 million (26) during the quarter and SEK 100 million (92) during the year.

NET MOVING-IN AND THE OCCUPANCY RATE

Net moving-in amounted to SEK 14 million (28) during the quarter, the corresponding amount during the period January to December being SEK 20 million (51).

Among the largest tenants moving in during the quarter were the public employment agency, Arbetsförmedlingen,

encompassing around 1,300 sq.m. at the properties Arenan 2 and Arenan 6 in the Globen area and the Swedish Migration Board, with just over 1,600 sq.m. at the property Barkassen 9 in Karlstad.

The largest vacating tenants included PASS of Sweden in Västerås, encompassing around 1,400 sq.m. and PWS Nordic in Norrköping with 4,000 sq.m.

The average remaining lease contract period as at 31 December was 3.7 years (3.5). The economic occupancy rate for all properties was 89 per cent (91) and the area-based occupancy rate was 82 per cent (83). The economic occupancy rate for investment properties was 90 per cent (93) and for development properties 75 per cent (62).

The major contracts signed during the quarter where the tenant has not yet moved in include a five-year lease contract with Tieto at the property Pinassen 2 in Karlstad, encompassing just over 2,900 sq.m, a ten-year lease contract with Swedbank regarding around 1,100 sq.m. in the property Sigurd 7 in Västerås and a seven-year lease contract with PBM Sweden at the property Knarrarnäs 9 in Kista with a bit more than 900 sq.m.

SHAREHOLDINGS

Klövern's holding in the real estate company A Group Of Retail Assets Sweden (Agora) amounts to 2,909,342 ordinary shares of Class B corresponding to 9.3 per cent of the total number of outstanding shares. The holding in Agora is reported as financial assets with changes in value reported in the income statement.

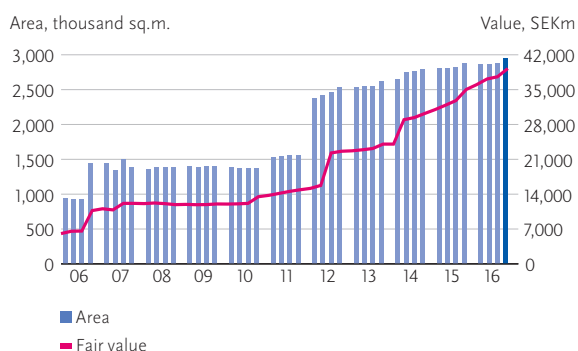
CASH FLOW

The cash flow from current operations amounted during the quarter to SEK 519 million (347). Investment operations have affected the cash flow by SEK –1,532 million (–1,458) net, mainly by a combination of property transactions and investments in existing properties. Financing operations have affected the cash flow by SEK 871 million (999). Overall, total cash flow amounted to SEK –142 million (–112). Liquid assets at the end of the quarter totalled SEK 129 million compared with SEK 12 million as at 31 December 2015.

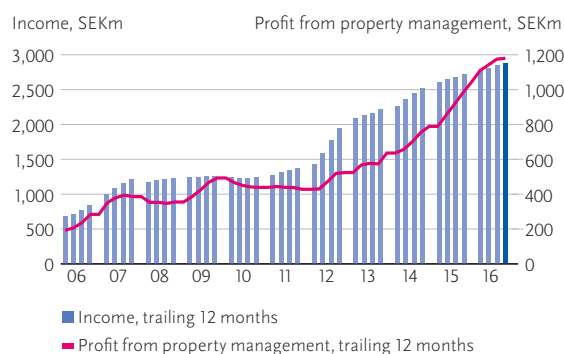
FINANCING

At year-end, the interest-bearing liabilities amounted to SEK 23,869 million (21,486) and the average financing rate

PROPERTIES: VALUE AND AREA



INCOME & PROFIT



for the whole financial portfolio was 2.5 per cent (2.7). Net financial income during the quarter totalled SEK –163 million (–150), of which financial income accounted for SEK 1 million (1). The interest coverage ratio amounted to 2.6 (2.7) during the fourth quarter and 2.9 (2.6) during the year. The average period of fixed interest as at 31 December was 2.6 years (2.1). The target for 2017 is for an average period of fixed interest of at least 2.0 years. Credit volumes with swap agreements are treated as having fixed interest. At the end of the period, Klöver had interest swaps totalling SEK 9,055 million (10,040) and interest-rate caps of SEK 5,000 million (0). The average remaining term of derivatives was 4.1 years.

The average period of tied-up capital was 3.0 years (2.8) as at 31 December which can be compared with a target for 2016 of at least 1.5 years. Klöver's target for 2017 is an average period of tied-up capital of at least 2.0 years. Unutilized credit volumes, including unused credit facilities of SEK 400 million (359), amounted to SEK 3,201 million (2,954).

Klöver's interest-bearing liabilities are mainly secured by mortgages in properties. Unsecured interest-bearing liabilities consist of outstanding commercial

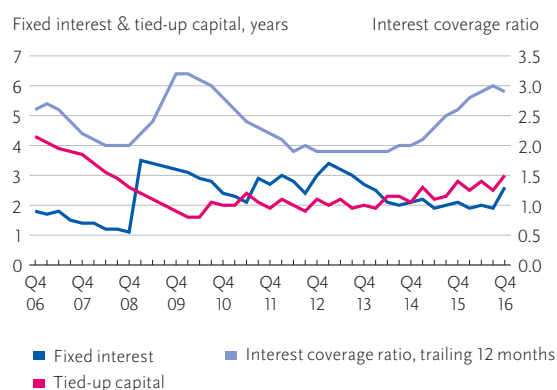
paper and unsecured bonds, SEK 2,448 million (1,622) and SEK 4,350 million (3,200) respectively, at the end of the period. The commercial paper programme has a framework amount of SEK 3,000 million, after an increase of the framework amount by SEK 500 million at the beginning of the first quarter 2017.

Interest rate swaps effectively limit the interest rate risk. An increase in the short market rates of one percentage point would increase Klöver's average borrowing rate by 0.5 percentage points and Klöver's financial expenses by SEK 125 million. Changes in value of derivatives amounted during the quarter to SEK 111 million (79). On 31 December, the value was SEK –482 million (–467).

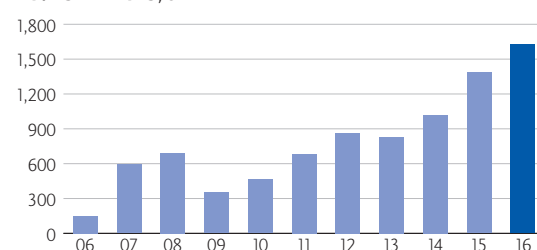
Unrealized change in value does not affect the cash flow. On maturity, the value of the derivative is always zero. All derivatives are classified at Level 2 according to IFRS 13. No derivatives have changed classification during the period. Klöver's assessment is that there is no significant difference between the book value and the fair value of interest-bearing liabilities.

At the end of the period, the adjusted equity ratio was 36.7 per cent (35.8).

FIXED INTEREST, TIED-UP CAPITAL & INTEREST COVERAGE RATIO



INVESTMENTS, SEKm



FIXED INTEREST AND TIED-UP CAPITAL

Year due	Fixed interest		Tied-up capital			
	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unutilized, SEKm
Floating*	14,529	2.1	—	—	—	—
2017	1,015	3.1	6,666	5,866	—	800
2018	315	2.1	8,652	6,693	1,800	1,959
2019	1,415	2.1	6,494	6,052	1,000	442
2020	1,815	2.8	2,250	2,250	2,250	—
2021	2,400	2.7	—	—	—	—
2022	1,280	5.3	—	—	—	—
2023	1,100	4.4	—	—	—	—
2024	—	—	—	—	—	—
Later	—	—	3,008	3,008	—	—
Total	23,869	2.5	27,070	23,869	5,050	3,201

* SEK 5,000 million of Floating volume is covered by interest-rate caps.

KLÖVERN'S LARGEST PROJECTS IN PROGRESS

Municipality	Property	Project type	Contractor	Largest tenant, moving-in year/quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value, SEKm	Estimated completion year/quarter
Karlstad	Pinassen 2	Office	Peab	Tieto, 17Q4	14,099	227	292	83	29	17Q4
Uppsala	Kungsängen 10:1/2	Hotel	Wästbygg	Elite Hotels, 17Q1	9,612	335	224	31	18	17Q1
Västerås	Sigurd 7	Office/hotel	Aros Bygg	Choice Hotels, 18Q1	8,059	100	216	136	16	18Q2
Stockholm	Knarrarnäs 4	Hotel	—	Choice Hotels, 18Q1	6,800	88	163	148	11	18Q1
Stockholm	Hilton 3	Office	—	ECDC, 18Q1	9,407	190	148	139	15	18Q1
Gothenburg	Gamlestaden 39:13	Office	AF Bygg	Tholin&Larsson, 17Q3	11,478	159	127	58	11	17Q4
Lund	Traktorn 4	Retail	Veidekke	Mio, 17Q3	5,165	19	52	45	3	17Q3
Total					64,620	1,118	1,222	640	103	

INVESTMENTS AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernising the premises and thus increasing the rental value. A total of SEK 1,626 million (1,386) was invested during the year. In all, 304 projects (310) are in process and SEK 1,096 million (1,606) remains to be invested in these properties. Total estimated expenditure for the same projects amounts to SEK 2,973 million (3,451).

At the end of the year, assessed building rights and building rights with local plans totalled 2,164,000 sq.m. (2,225,000) and are valued at SEK 1,126 million (1,023). 729,000 sq.m. (817,000) of the building rights are included in local plans and the remainder are classified as assessed. Within the building rights portfolio, Klöver Living is working with a number of housing development projects. Klöver Living makes the assessment that there is potential, within the existing portfolio, mostly by amended local plans, to create as many as 8,000 to 12,000 apartments – in Stockholm, Uppsala, Västerås, Karlstad and Linköping, among other places.

BUILDING RIGHTS W/ LOCAL PLANS SQ.M. BY REGION, %



■ Stockholm 51
■ East 7
■ Central 31
■ South 11

PROJECT VOLUME BY REGION, %



■ Stockholm 51
■ East 7
■ Central 31
■ South 11

BUILDING RIGHTS WITH LOCAL PLANS BY TYPE OF PREMISES, %



■ Office 44
■ Warehouse/logistics 28
■ Residential 13
■ Other 15

PROPERTY TRANSACTIONS 2016: ACQUISITIONS

City	Property	Category	Lettable area, sq.m.	Quarter
Stockholm	Orgelpipan 4 ¹	Office	4,507	Q2
Gothenburg	Mellby 3:198	Education/Health care/Other	2,576	Q2
Gothenburg	Violen 1	Retail	956	Q4
Gothenburg	Majorna 220:5	Education/Health care/Other	4,410	Q4
Malmö	Nejlikebuketten 6	Office	1,765	Q4
Malmö	Nejlikebuketten 4	Office	6,565	Q4
Malmö	Vårbuketten 3	Warehouse/logistics	3,317	Q4
Malmö	Brandnåvan 1 ¹	Land	0	Q4
Malmö	Brandnåvan 2 ¹	Office	2,822	Q4
Malmö	Svedjenåvan 3	Office	4,905	Q4
Malmö	Svedjenåvan 4 ¹	Land	0	Q4
Malmö	Flygfyren 1	Warehouse/logistics	12,040	Q4
Malmö	Flygledaren 3 ¹	Office	1,597	Q4
Malmö	Höjdrodret 3	Office	1,344	Q4
Malmö	Skevrodret 1	Office	2,158	Q4
Malmö	Flygvärdinnan 4 ¹	Office	9,648	Q4
Malmö	Skjutstallslyckan 3	Warehouse/logistics	3,096	Q4
Malmö	Stillman 40	Office	1,787	Q4
Malmö	Murman 7 ¹	Warehouse/logistics	6,510	Q4
Malmö	Murman 8	Office	7,198	Q4
Malmö	Murman 11 ¹	Warehouse/logistics	8,437	Q4
Malmö	Haken 3 ¹	Warehouse/logistics	3,441	Q4
Malmö	Bjälken 3	Warehouse/logistics	2,631	Q4
Malmö	Lillgrund 5	Warehouse/logistics	4,430	Q4
Malmö	Betongen 11 ¹	Office	4,909	Q4
Lund	Annedal 9	Warehouse/logistics	1,296	Q4
Lund	Traktorn 2	Office	12,174	Q4
Lund	Traktorn 4	Warehouse/logistics	1,796	Q4
Lund	Trumlan 1	Warehouse/logistics	2,517	Q4
Lund	Välten 4	Warehouse/logistics	3,100	Q4
Lund	Välten 5	Warehouse/logistics	3,645	Q4
Lund	Årdret 12	Warehouse/logistics	2,049	Q4
Total			127,626	

¹Site leasehold

PROPERTY TRANSACTIONS 2016: DIVESTMENTS

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

¹Site leasehold

PROPERTY TRANSACTIONS

During the period January–December, 32 properties (19) have been taken possession of for a total purchase price of SEK 1,484 million (2,732). Klövern has sold and handed over 15 properties (14) during the period for a total of SEK 630 million (548) including Klövern's entire property holdings in Säter. During December 2016, Klövern contracted to divest all of the company's 12 properties in Karlskrona with planned transfer of possession on 2 May 2017. The agreement to divest the properties in Karlskrona includes a clause relating to financing.

PROPERTIES AND CHANGES IN VALUE

As at 31 December 2016, Klövern's portfolio consisted of 431 properties (415). The rental value amounted to SEK 3,386 million (3,182) and the fair value of the properties was SEK 39,234 million (35,032).

The total lettable area amounted to 2,943,000 sq.m. (2,872,000). The changes in value of the properties totalled SEK 1,709 million (1,252) during the year. The changes in value include realized changes in value of SEK 0 million (–2) and unrealized changes in value of SEK 1,709 million (1,254). The unrealized changes in value do not affect the cash flow. On average, Klövern's property portfolio, as at 31 December has been valued with a yield requirement of 6.2 per cent (6.5). The value of the properties has increased, mainly due to investments made in connection with new letting, rising market rents, lower yield requirements and the development of the building rights portfolio.

PROPERTIES: FAIR VALUE

SEKm	2016 Jan–Dec	2015 Jan–Dec
Fair value, as per January 1	35,032	30,208
Aquisitions	1,484	2,732
Investments	1,626	1,386
Divestments	–617	–548
Unrealized changes in value	1,709	1,254
Fair value at the end of the period	39,234	35,032

CHANGES IN FAIR VALUE OF PROPERTIES, EXCL. TRANSACTIONS

SEKm	16Q1	16Q2	16Q3	16Q4	2016
Operating surplus and required yield	607	149	193	156	1,105
Development of building rights	83	146	63	72	364
Projects >25 million	275	350	253	398	1,276
Projects <25 million	108	146	132	205	591
Total changes in value (excluding transactions)	1,073	791	641	831	3,336

Klövern values 100 per cent of the property portfolio every quarter, of which 20 to 30 per cent are normally valued externally. The external valuations have been performed by Cushman & Wakefield and Savills. Every property in the portfolio has thus been valued externally at least once during a rolling 12-month period. All properties are classified at Level 3 in accordance with IFRS 13.

No properties have changed classification during the period. See Klövern's annual report for 2015 for a detailed description of valuation principles.

SHARES

At year-end, the total number of registered shares in the company was 932,437,980, of which 78,360,480 were ordinary shares of Class A, 837,633,500 ordinary shares of Class B and 16,444,000 preference shares. An ordinary share of Class A confers entitlement to one vote while an ordinary share of Class B, like a preference share, confers entitlement to one-tenth of a vote. Klövern's shares are listed on Nasdaq Stockholm. On 30 December, the closing price was SEK 9.38 per ordinary share of Class A, SEK 9.55 per ordinary share of Class B and SEK 288.50 per preference share, corresponding to a total market capitalization of SEK 13,479 million (13,327). The number of shareholders at the end of the period was approximately 46,500 (43,900). 77 per cent (80) of the total number of shares are Swedish-owned. Klövern does not hold any of its own ordinary or preference shares.

LARGEST SHAREHOLDERS 31.12.2016 SORTED BY SHARE OF VOTES

	No. ordinary shares A thousands	No. ordinary shares B thousands	No. preference shares, thousands	Share of capital, %	Share of votes, %
Rutger Arnhult via companies	15,785	104,913	655	13.0	16.0
Corem Property Group	9,500	129,400	—	14.9	13.7
Arvid Svensson Invest	13,300	52,997	685	7.1	11.4
Gårdarike	10,119	2,250	46	1.3	6.3
Länsförsäkringar funds	882	68,895	—	7.4	4.7
Handelsbanken funds	1,299	43,465	—	4.8	3.4
Swedbank Robur funds	1,301	21,541	—	2.4	2.1
CBNY-Norges Bank	538	28,739	54	3.1	2.0
Nordea Investment Funds	546	16,312	162	1.8	1.3
Swedbank AS (Estonia)	1	18,538	58	1.9	1.1
Total largest shareholders	53,271	487,050	1,660	58.1	62.4
Other shareholders	25,089	350,584	14,784	41.9	37.6
Total outstanding shares	78,360	837,634	16,444	100.0	100.0
Repurchased own shares	—	—	—	—	—
Total registered shares	78,360	837,634	16,444		

Shares of capital/votes have been rounded off downwards to the nearest one-tenth of a percentage point.

LARGEST HOLDERS OF PREFERENCE SHARES 31.12.2016

	No. preference shares, thousands	No. ordinary shares A thousands	No. ordinary shares B thousands	Share of capital, %	Share of votes, %
Avanza Pension	748	537	4,789	0.6	0.6
PPB Holding	721	—	—	0.0	0.0
Arvid Svensson Invest	685	13,300	52,997	7.1	11.4
Rutger Arnhult via companies	655	15,785	104,913	13.0	16.0
Cormac Förvaltnings AB	460	—	—	0.0	0.0
Swedbank Försäkring	454	300	5,836	0.7	0.5
Lantbruksintressenter	349	—	—	0.0	0.0
Patrik Brummer	255	—	—	0.0	0.0
ICA-handlarnas Förbund	252	—	—	0.0	0.0
Axel Johnson AB	221	—	—	0.0	0.0
Total largest shareholders	4,800	29,922	168,535	21.8	22.8
Other shareholders	11,644	48,438	669,099	78.2	77.2
Total outstanding shares	16,444	78,360	837,634	100.0	100.0
Repurchased own shares	—	—	—	—	—
Total registered shares	16,444	78,360	837,634		

Shares of capital/votes have been rounded off downwards to the nearest one-tenth of a percentage point.

DEVELOPMENT OF SHARE CAPITAL

Date	Event	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 of B-shares	166,544,360	1,665,443,600	1,831,987,960	32,888,000	1,864,875,960
22.12.2014	Reverse split	83,272,180	832,721,800	915,993,980	16,444,000	1,864,875,960
20.01.2015	Conversion	82,187,432	833,806,548	915,993,980	16,444,000	1,864,875,960
03.02.2015	Conversion	81,871,406	834,122,574	915,993,980	16,444,000	1,864,875,960
16.07.2015	Conversion	81,862,506	834,131,474	915,993,980	16,444,000	1,864,875,960
05.08.2015	Conversion	81,862,397	834,131,583	915,993,980	16,444,000	1,864,875,960
04.02.2016	Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960
09.08.2016	Conversion	78,360,480	837,633,500	915,993,980	16,444,000	1,864,875,960

TAXES

In the fourth quarter, deferred tax amounted to SEK –88 million (–125) whereas current tax amounted to SEK –2 million (–2).

During the second quarter of 2015, the Supreme Administrative Court decided to refer the case concerning upward adjustment of tax of SEK 77 million made by the Tax Agency, to the Administrative Court. During the second quarter of 2016, the Administrative Court decided to increase the company's tax due by this amount. The judgment has been appealed against to the Administrative Court of Appeal. The company has made provision for current tax amounting to SEK 21 million. The deferred tax decreases on the other hand by SEK 17 million, as the tax value of the properties increases by SEK 77 million. The total net tax effect thereby amounts to SEK 4 million due to different tax rates. The net amount burdened results in the second quarter of 2016.

ORGANIZATION

Klövern's business model entails closeness to the customer by having own local staff at all 17 business units, allocated to four geographic regions. The regions are Stockholm (Stockholm North, Stockholm South and Uppsala), East (Linköping, Norrköping, Nyköping, Karlskrona and Kalmar), Central (Västerås, Karlstad, Örebro, Falun and Härnösand/Sollefteå) and South (Gothenburg, Malmö, Borås and Halmstad).

At the end of the quarter, Klövern had 227 employees (214). The average age was 44 (43) and the proportion of women was 40 per cent (39).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

A real estate company is exposed to various risks and opportunities in its business activities. Internal regulations and policies limit exposure to different risks. Klövern's significant risks and exposure and their management are described on pages 62–65 of the 2015 annual report.

DISPUTES

Klövern has no major ongoing disputes.

PROFIT AND KEY RATIOS

The tables below show income statement items and key ratios broken down according to Klövern's regions. For the group as a whole, the corresponding figures are also broken down according to investment and development properties. The operating surplus is affected by projects or restrictions on letting before development of the properties. The upper table shows current operations, including properties sold during the period, and investments made. The lower table shows the situation at the end of the respective quarter.

INCOME STATEMENT ITEMS AND INVESTMENTS PER PROPERTY SEGMENT AND REGION

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

KEY RATIOS PER PROPERTY SEGMENT AND REGION

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

¹⁾ Yield requirement is estimated excluding building rights.

ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Statements and, in the case of the parent company, the Annual Accounts Act. The accounting policies applied in this interim report are in essential parts those described in Note 1 of Klöver's annual report for 2015.

Klöver's holding in Tribona AB (publ) amounted to 29.5 per cent at the opening of the fourth quarter of 2015. The whole shareholding was divested at the end of October 2015. Holdings, which exceed 20 per cent, but are less than 50 per cent of the voting rights, are reported as participation rights in associated companies and Klöver therefore reported the holding in Tribona as participation rights in associated companies until the shares were divested. The holding was reported in accordance with the equity method. This means that the book value for the Group of the holding is adjusted by Klöver's share of the net profit and other comprehensive income with the exception of any dividend received. Associated companies are reported at acquisition value in the parent company.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting, for the 2016 financial year, a dividend of SEK 0.40 (0.35) per ordinary share to be paid in four instalments of SEK 0.10 and a dividend of SEK 20.00 (20.00) per preference share to be paid in four instalments of SEK 5.00.

It is proposed that the record dates for dividends on ordinary shares and preference shares be 30 June 2017, 29 September 2017, 29 December 2017 and 29 March 2018. During the fourth quarter of 2016, dividend totalling SEK 82 million (82) has been paid to the preference shareholders.

The annual general meeting will be on 26 April 2017. The notice of the meeting and prerequisites for notification of attendance at the annual general meeting will be advertised in the Official Swedish Gazette, Post & Inrikes Tidningar, and on www.klovern.se. Notification that notice has been given will be published in an advertisement in Svenska Dagbladet. Shareholders wishing to make proposals to the Nomination Committee may do so by e-mail.

EVENTS AFTER THE END OF THE PERIOD

At the end of January 2017 Klöver acquired the property Klädhandlaren 15 in Nyköping. The underlying property value amounts to SEK 190 million. The lettable area amounts to 12,225 sq.m. and consists of office and retail space. Transfer of possession will be on 7 March 2017.

Stockholm, 10 February 2017

The Board of Directors of Klöver AB (publ).

This year-end report has not been reviewed by Klöver's auditors.



Interior from the newly renovated property Borgarfjord 4, also known as Time Building, in Kista.

Consolidated Statement of Income

Summary

SEKm	2016 3 months Oct–Dec	2015 3 months Oct–Dec	2016 12 months Jan–Dec	2015 12 months Jan–Dec
Income	738	705	2,876	2,718
Property costs	–286	–272	–985	–952
Operating surplus	452	433	1,891	1,766
Central administration	–27	–26	–100	–92
Net financial items	–163	–150	–611	–631
Profit from property management	262	257	1,180	1,043
Share in earnings of associated companies	—	147	—	171
Changes in value, properties	303	168	1,709	1,252
Changes in value, derivatives	111	79	–114	91
Changes in value, financial assets	–21	4	–19	–4
Write-down of goodwill	—	–2	0	–12
Profit before tax	655	653	2,756	2,541
Current tax	–2	–2	–24	–2
Deferred tax	–88	–125	–473	–531
Net profit for the period	565	526	2,259	2,008
Other comprehensive income, items which may later be reversed in the income statement	—	–2	—	–2
Comprehensive income for the period	565	524	2,259	2,006
Earnings per ordinary share, SEK	0.53	0.48	2.11	1.83
No. of ordinary shares outstanding at the end of the period, million	916.0	916.0	916.0	916.0
No. of preference shares outstanding at the end of the period, million	16.4	16.4	16.4	16.4
Average no. of outstanding ordinary shares, million	916.0	916.0	916.0	916.0
Average no. of outstanding preference shares, million	16.4	16.4	16.4	16.4

The profit is fully attributable to the parent company's shareholders.
There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

Summary

SEKm	31.12.2016	31.12.2015
ASSETS		
Goodwill	233	233
Investment properties	39,234	35,032
Machinery and equipment	18	12
Financial assets at fair value through statement of income	99	112
Other receivables	814	482
Liquid funds	129	12
TOTAL ASSETS	40,527	35,883
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	12,999	11,390
Minority interest	0	0
Deferred tax liability	1,978	1,503
Interest-bearing liabilities	23,869	21,486
Derivatives	482	467
Accounts payable	259	250
Other liabilities	251	188
Accrued expenses and prepaid income	689	599
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	40,527	35,883

Change in Consolidated Shareholders' Equity

Summary

SEKm	
Shareholders' equity 31.12.2014	9,988
Dividend	–604
Other comprehensive income	–2
Net profit for the period	2,008
Shareholders' equity 31.12.2015	11,390
Dividend	–650
Other comprehensive income	—
Net profit for the period	2,259
Shareholders' equity 31.12.2016	12,999

Consolidated Cash Flow Statement

Summary

SEKm	2016 3 months Oct–Dec	2015 3 months Oct–Dec	2016 12 months Jan–Dec	2015 12 months Jan–Dec
Current operations				
Profit from property management	261	257	1,179	1,043
Adjustment for items not included in the cash flow	2	1	5	4
Income tax paid	–22	–2	–26	–2
Cash flow from current operations before change in working capital	241	256	1,158	1,045
Changes in working capital				
Change in operating receivables	–47	–107	11	–70
Change in operating liabilities	325	198	167	–77
Total change in working capital	278	91	178	–147
Cash flow from current operations	519	347	1,336	898
Investment operations				
Divestment of properties	260	3	465	411
Acquisition of and investment in properties	–1,606	–2,067	–3,118	–4,118
Acquisition of machinery and equipment	–4	0	–10	–4
Change in financial assets	–182	606	–189	678
Cash flow from investment operations	–1,532	–1,458	–2,852	–3,033
Financing operations				
Change in interest-bearing liabilities	974	1,177	2,382	2,616
Realized changes in value, derivatives	–20	–95	–99	–151
Dividend	–83	–83	–650	–604
Cash flow from financing operations	871	999	1,633	1,861
Total cash flow	–142	–112	117	–274
Liquid funds at the beginning of the period	271	124	12	286
Liquid funds at the end of the period	129	12	129	12

Parent Company Income Statement

Summary

SEKm	2016 3 months Oct–Dec	2015 3 months Oct–Dec	2016 12 months Jan–Dec	2015 12 months Jan–Dec
Net sales	58	46	205	195
Cost of services sold	–51	–53	–171	–155
Gross profit	7	–7	34	40
Central administration	–27	–26	–100	–92
Operating profit	–20	–33	–66	–52
Net financial items	1,090	1,045	743	761
Profit before tax	1,070	1,012	677	709
Current tax	—	—	—	—
Deferred tax	15	–24	15	–24
Net profit for the period	1,085	988	692	685
Other comprehensive income	—	—	—	—
Comprehensive income for the period	1,085	988	692	685

Parent Company Balance Sheet

Summary

SEKm	31.12.2016	31.12.2015
ASSETS		
Machinery and equipment	6	5
Participation rights in group companies	1,875	1,875
Receivables from group companies	20,699	18,095
Derivatives	11	—
Deferred tax assets	355	340
Accounts receivables	60	58
Liquid funds	74	100
TOTAL ASSETS	23,080	20,473
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	7,383	7,340
Interest-bearing liabilities	14,142	11,578
Liabilities to group companies	1,280	1,298
Accounts payable	21	7
Other liabilities	181	179
Accrued expenses and prepaid income	73	71
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	23,080	20,473

Key ratios

	31.12.2016 3 months Oct–Dec	31.12.2015 3 months Oct–Dec	2016	2015	2014	2013	2012
Property							
Number of properties	431	415	431	415	408	402	387
Lettable area, 000 sq.m.	2,943	2,872	2,943	2,872	2,792	2,624	2,529
Rental value, SEKm	3,386	3,182	3,386	3,182	2,983	2,570	2,468
Fair value properties, SEKm	39,234	35,032	39,234	35,032	30,208	24,059	22,624
Yield requirement valuation, %	6.2	6.5	6.2	6.5	6.9	7.2	7.2
Operating margin, %	61	61	66	65	65	63	62
Occupancy rate, economic, %	89	91	89	91	90	90	88
Occupancy rate, area, %	82	83	82	83	81	82	81
Average lease term, years	3.7	3.5	3.7	3.5	3.3	3.5	3.4
Financial							
Return on equity, %	4.4	4.7	18.6	18.9	14.5	11.6	5.8
Equity ratio, %	32.1	31.7	32.1	31.7	31.5	28.5	28.1
Equity ratio, adjusted, %	36.7	35.8	36.7	35.8	35.9	31.4	31.9
Leverage, %	60	61	60	61	60	65	64
Leverage properties, %	44	47	44	47	51	57	59
Interest coverage ratio	2.6	2.7	2.9	2.6	2.0	1.9	1.9
Average interest, %	2.5	2.7	2.5	2.7	3.5	4.3	4.3
Average fixed-interest period, years	2.6	2.1	2.6	2.1	2.1	2.7	3.0
Average period of tied-up capital, years	3.0	2.8	3.0	2.8	2.1	2.0	2.2
Interest-bearing liabilities, SEKm	23,869	21,486	23,869	21,486	18,870	16,163	15,229
Share¹							
Equity per ordinary share, SEK	9.01	7.38	9.01	7.38	5.20	4.83	4.69
EPRA NAV, SEK	11.70	9.53	11.70	9.53	7.05	5.93	5.94
Equity per preference share, SEK	288.50	281.50	288.50	281.50	317.50	300.00	273.50
Profit from property management per ordinary share, SEK	0.20	0.19	0.93	0.78	0.61	0.49	0.43
Earnings per ordinary share, SEK	0.53	0.48	2.11	1.83	1.02	0.68	0.23
Share price ordinary share A at end of period, SEK	9.38	9.45	9.38	9.45	8.20	5.18	4.65
Share price ordinary share B at end of period, SEK	9.55	9.50	9.55	9.50	7.60	—	—
Share price preference share at end of period, SEK	288.50	281.50	288.50	281.50	317.50	300.00	273.50
Market capitalization, SEKm	13,479	13,327	13,479	13,327	12,232	7,527	6,670
Total no. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0
Total no. of outstanding ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	888.5
Total no. of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	9.3	9.3
Total no. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	9.3	9.3
Dividend per ordinary share, SEK	—	—	0.40 ²⁾	0.35	0.30	0.27	0.27
Dividend per preference share, SEK	—	—	20.00 ²⁾	20.00	20.00	20.00	20.00
Dividend in relation to profit from property management, %	—	—	59 ²⁾	62	77	68	83
Dividend preference shares in relation to profit from property management, %	—	—	28 ²⁾	32	42	29	35

¹⁾ Historical figures are adjusted for the bonus issue and reverse share split completed during Q4 2014.

Klövern shows some key figures in the interim report which are not defined under IFRS. The company considers that these key figures provide essential additional information about the company. For additional information about these key figures see Klövern's website under the heading Financial statistics.

²⁾ Proposed dividend.

PROPERTY VALUE,
SEK BILLION

39.2

RENTAL VALUE,
SEK BILLION

3.4

LETTABLE AREA,
THOUSAND SQ.M.

2,943

Definitions

PROPERTY

AREA-BASED OCCUPANCY RATE

Let area in relation to total lettable area.

DEVELOPMENT PROPERTIES

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

ECONOMIC OCCUPANCY RATE

Lease value in relation to rental value.

INVESTMENT PROPERTIES

Properties currently being actively managed.

LEASE VALUE

Rent for premises, index and rent supplement, according to lease.

NET MOVING-IN

Lease value of tenants moving in less lease value of vacating tenants.

OPERATING MARGIN

Operating surplus as a percentage of income.

OPERATING SURPLUS

Income less property costs.

PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax.

REALIZED CHANGE IN VALUE

Property sales after deduction of the properties' most recently reported fair value and selling expenses.

RENTAL VALUE

Lease value plus assessed market value for space not rented.

UNREALIZED CHANGE IN VALUE

Change in fair value excluding acquisitions, sales, investments and realized changes in value.

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

EARNINGS PER ORDINARY SHARE

Net profit for the period, 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.

INTEREST COVERAGE
RATIO

2.9

EQUITY RATIO,
ADJUSTED, %

36.7

NUMBER OF
SHAREHOLDERS

46,500

Calendar

Annual Report 2016	Week 12, 2017
Final day for trading conferring the right to dividend for preference shareholders	29 March 2017
Record date for dividend to preference shareholders	31 March 2017
Expected date for dividend to preference shareholders	5 April 2017
Annual General Meeting	26 April 2017
Interim report, January–March 2017	26 April 2017
Interim report, January–June 2017	12 July 2017
Interim report, January–September 2017	19 October 2017

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