

KLÖVERN
ANNUAL REPORT 18



CONTENTS

Statement by the CEO	2
Statement by the Chairman	4
BUSINESS CONCEPT, GOALS AND STRATEGY	5
ADMINISTRATION REPORT	11–62
MARKETS	11
The economy and the real estate market	12
Kløvern's business units and New York	14
REAL ESTATE OPERATIONS	29
Property management	30
Project development	36
Transactions	40
Property value	42
FINANCE	45
Financing	46
Bonds and commercial paper	50
Shares	52
Taxes	57
Risk and sensitivity	58
Investor relations	62
CORPORATE GOVERNANCE	63
Corporate Governance Report	64
Board of Directors	70
Executive Management	71
SUSTAINABILITY	75
Sustainability strategy and goals	76
Economic	78
Environment	79
Social	81
FINANCIAL REPORTS	83
Consolidated Statement of Income	84
Consolidated Report of Comprehensive Income	84
Consolidated Balance Sheet	85
Consolidated Report of Change in Group Shareholders' Equity	86
Consolidated Statement of Cash Flow	87
Parent Company Statement of Income	88
Parent Company Report of Comprehensive Income	88
Parent Company Balance Sheet	89
Change in Parent Company Shareholders' Equity	90
Parent Company Statement of Cash Flow	91
Notes	92
Appropriation of profits	112
Allocation of earnings	112
Audit Report	114
PROPERTY LIST AND OVERVIEW	117
Property list	118
Historical overview and key figures	144
Definitions	146
History	147

Statement by the CEO
Strong earnings



p.2

Transactions
Establishment in
Copenhagen and
New York



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Project development
Project development
creates value



p.36

Sustainability
Kløvern takes
responsibility

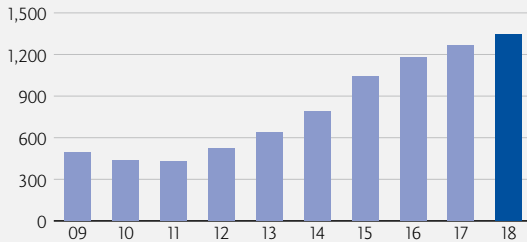


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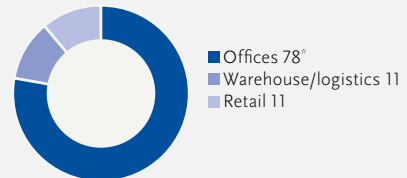
THIS IS KLÖVERN

Klövern is one of the larger listed real estate companies in Sweden, mainly focusing on commercial premises.

PROFIT FROM PROPERTY MANAGEMENT, SEKm

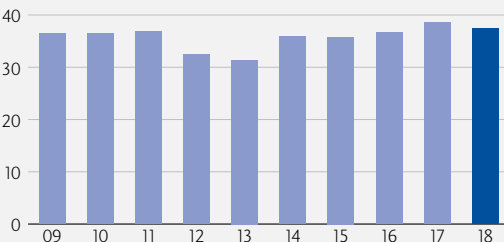


PROPERTY VALUE BY TYPE OF PROPERTY, %

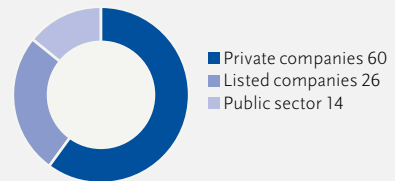


*Includes education/health care/other.

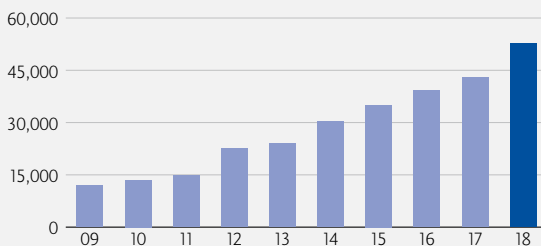
EQUITY RATIO, adjusted, %



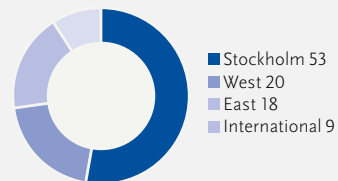
CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE, SEKm



PROPERTY VALUE BY REGION*, %



* On 1 January 2019 the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region. In addition to the regions, Klöver has international operations in Denmark and USA.

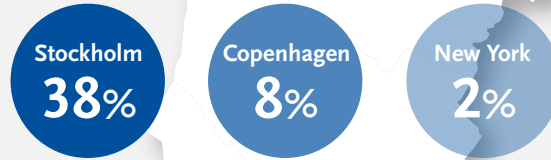
KEY FIGURES	2018	2017	2016	2015	2014	2018Q4	2018Q3	2018Q2	2018Q1
Number of properties	426	405	431	415	408	426	403	404	406
Lettable area, 000 sq.m.	2,969	2,900	2,943	2,872	2,792	2,969	2,779	2,912	2,913
Rental value, SEKm	4,063	3,507	3,386	3,182	2,983	4,063	3,672	3,725	3,651
Fair value, properties, SEKm	52,713	42,961	39,234	35,032	30,208	52,713	47,378	46,625	46,114
Operating margin, %	67	66	66	65	65	61	71	69	66
Occupancy rate economic, %	89	89	89	91	90	89	90	89	89
Return on equity, %	21.2	18.9	18.6	18.9	14.5	9.2	3.7	4.0	4.0
Adjusted equity ratio, %	37.4	38.5	36.7	35.8	35.9	37.4	37.0	35.8	36.4
Leverage, %	60	58	60	61	60	60	60	60	60
Leverage, properties, %	48	42	44	47	51	48	46	44	45
Interest coverage ratio	2.7	2.9	2.9	2.6	2.0	2.3	2.8	2.9	2.9
Fixed-interest period, years	2.9	2.8	2.6	2.1	2.1	2.9	2.8	3.0	2.3
Period of tied-up capital, years	4.3	3.0	3.0	2.8	2.1	4.3	4.2	4.0	3.6

VISION

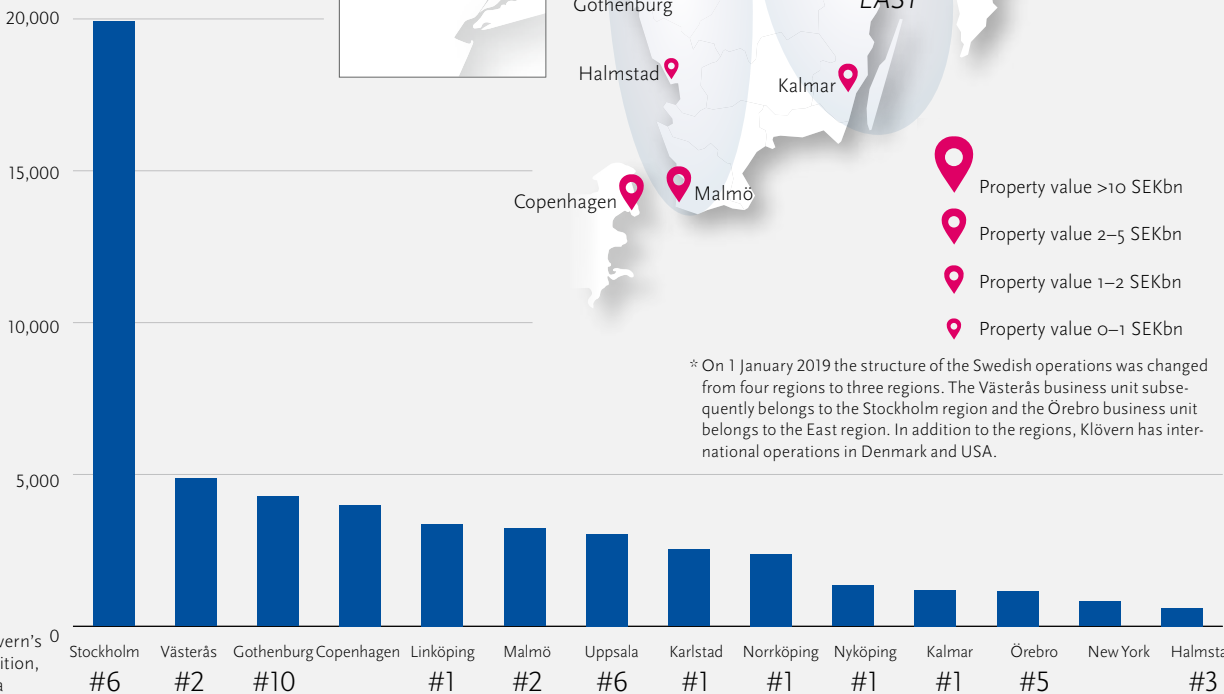
Klövern creates attractive and sustainable environments for future enterprise, individuals and society.

BUSINESS CONCEPT

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



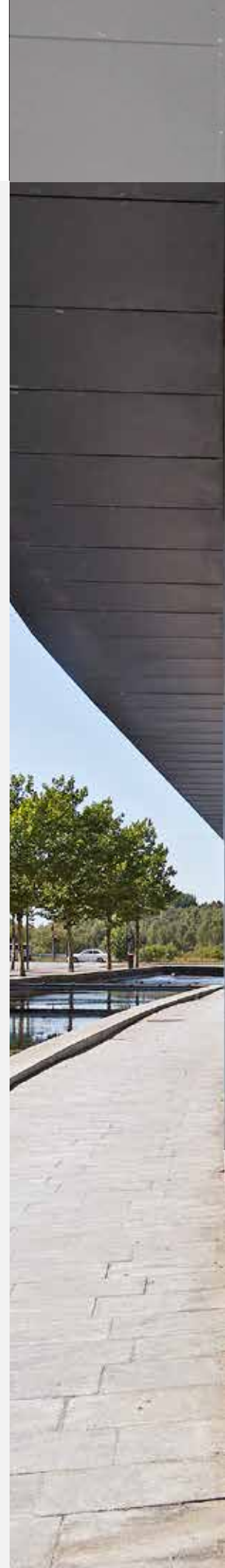
PROPERTY VALUE**, SEKm



* On 1 January 2019 the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region. In addition to the regions, Klövern has international operations in Denmark and USA.

Klövern's position, area

** The figure shows the property value per business unit and New York. The Stockholm North and Stockholm South business units are shown in the same bar.



2018 IN BRIEF



Q1 A property is acquired in Copenhagen for DKK 1,440 million.

Q1 Klöver issues SEK 900 million of green bonds.

NUMBER OF PROPERTIES

426

Q1 Klöver announces a mandatory cash offer to the shareholders of Tobin Properties.



PROPERTY VALUE, SEK BN

52.7

Q2 Klöver issues SEK 800 million of hybrid bonds.

Q2 A contract is signed for acquisition of four properties in Copenhagen for DKK 735 million.

RENTAL VALUE, SEK BN

4.1



Q2 A contract is signed for acquisition of a property in Gothenburg for SEK 68 million.

Q2 A contract is signed for divestment of seven properties in Härnösand, Sollefteå, Falun and Örebro for SEK 1,145 million.

EQUITY RATIO, ADJUSTED, %

37.4

Q3 Klöver acquires a property in New York for USD 36 million.

Q3 A property in Gothenburg is divested for SEK 148 million.

PROFIT FROM PROPERTY MANAGEMENT, %

+6



Q4 Klöver acquires an office property in Copenhagen for DKK 174 million.

Q4 Klöver announces a public cash offer to the shareholders of Agora.

EARNINGS PER ORDINARY SHARE, SEK

3.54



STRONG EARNINGS AND ESTABLISHMENT IN COPENHAGEN AND NEW YORK

2018 has been an incredible year for Klöver in many ways. We are once again reporting strong earnings. The pace of business has been very high. We have had further successful lettings and project development has continued to create substantial value. During the year, we have also established Klöver internationally by acquisitions in Copenhagen and New York.

STRONG EARNINGS DEVELOPMENT

Klöver is again reporting record earnings. Profit from property management improved by 6 per cent to SEK 1,344 million. After positive changes in value of properties amounting to SEK 2,309 million (of which SEK 382 million is a one-off related to the acquisition of Agora), profit before tax totalled SEK 3,688 million. After tax, this corresponds to earnings per share of SEK 3.54 and a return on equity of 21 per cent.

GOOD RENTAL MARKET

All of our geographic markets have continued to develop well. Net moving-in has been strong during 2018 and amounted to SEK 89 million. From a letting perspective we have, in Stockholm, been very successful in establishing Kista Gate as a new modern and attractive business park where among others Samsung is going to establish its new Swedish head office in 2019.

STREAMLINING AND INTERNATIONAL EXPANSION

The streamlining of the property portfolio continued during the year. Both geographically to fewer locations by selling

all properties in Falun, Härnösand and Sollefteå and product-wise by divestment of a couple of large logistics properties in Gothenburg. At the same time, we have, through acquisitions and development projects, expanded in the office segment at major growth locations such as Gothenburg and Stockholm. At the end of the year, we acquired the listed real estate company Agora. This acquisition adds centrally located properties in Västerås, Malmö, Örebro and Kalmar to Klöver's portfolio. Altogether, Klöver's Swedish portfolio is mainly concentrated in 12 cities.

In parallel with streamlining in Sweden, we have expanded internationally during 2018. With a number of acquisitions and with our own organization in the city, we have relatively quickly succeeded in establishing Klöver as a local player of some importance in Copenhagen's real estate market. Volume is of crucial importance for achieving efficient and successful property management. It is therefore positive that we have already reached SEK 4 billion in property value in Copenhagen, corresponding to 8 per cent of our total property portfolio. During the year, Klöver has also crossed the Atlantic through acquisitions of two well-located project properties in Manhattan, New York. During the coming 2–3 years, we are going to build two top-modern office properties with a total of around 25,000 sq.m. The total investment is expected to amount to over SEK 2 billion with an estimated potential development profit of over SEK 1 billion. Klöver has a clear strategy of reducing the geographic risk of a 100 per cent focus on Sweden by investment abroad.



“
I look forward to
a continued good
development
during 2019.”

We are open to additional acquisitions of office properties, in particular in Copenhagen and New York. I would not regard it as impossible for our proportion of foreign properties to be 25 per cent in five years' time.

PROJECT DEVELOPMENT CREATES VALUE

Project development is an important part of Klöver's business model. We are focusing consistently on identifying profitable projects based on our existing property portfolio. In terms of results, in the form of increased property values, the project operations (including development of building rights) contributed SEK 910 million in 2018. The development of a new combined office, hotel and fair facility in Gothenburg has been the largest project during 2018, with moving-in and completion during the first half of 2019. The strategy in Sweden in the coming year is to continue to strengthen Klöver's market position mainly through our own project development. In the housing sector, we have in Klöver Living continued to act carefully by focusing on driving forward local plans and developing the future project portfolio while planned production starts have been postponed. Notwithstanding this, Klöver indirectly participates in project development in the residential sector through its ownership in Tobin Properties.

FIRST OFFICE

For many years, Klöver has been a large and rapidly growing player in the much talked about business centre segment or as it is called in its modern form: co-working. Klöver operates this activity under the brand name First Office. During the last few years, competition has increased through new companies and a product offering that is widened and refined. First Office currently has 62 business centres in 12 Swedish cities. Our aim for 2019 is to open an additional 8 units.

FINANCIAL STRENGTH

Klöver's financial strength is good. During 2018, we have worked actively on extending both the period of tied-up capital and the period of fixed interest. At the turn of the year, as much as 91 per cent of the credit volume was interest rate hedged or at a fixed rate at the same time as the average financing rate improved to 2.3 per cent. The interest coverage ratio is at a satisfactory level amounting during the year to 2.7. The winding up of negative positions in interest rate derivatives at the end of 2018 is assessed to have some positive effect on the interest coverage ratio going forward. The capital market continues to offer relatively good liquidity. During the first quarter of 2019, we have issued SEK 1,600 million in an existing unsecured green bond programme. At the same time, banks continue to prioritise large listed real estate companies, which is favourable for Klöver. At the turn of the year, the adjusted equity ratio was 37.4 per cent.

STRONG GROWTH IN VALUE

The net asset value per share (EPRA NAV) continues to develop well and amounted at the year-end to SEK 17.67, corresponding to an increase of 26 per cent in 2018.

CONTINUED GOOD DEVELOPMENT

Overall, we have a very stable business with high profitability as well as secure and favourable long-term financing. I look forward to a continued good development during 2019.

Stockholm, 19 March 2019

Rutger Arnhult
CEO



“
The board of directors’ overall objective is to create good value growth for the shareholders.”

GOOD GROWTH IN VALUE DURING 2018

The board of directors’ overall objective is to create good value growth for Klöver’s shareholders. It is therefore particularly gratifying to look back on development during 2018 when Klöver’s net asset value per share increased by as much as 26 per cent.

This favourable development is a result of Klöver’s consistent strategy:

- > to drive forward concentration of our operations to selected growth areas.
- > to drive forward project development in line with a development of society where Klöver contributes modern workplaces and environments for business and people who live and work there.
- > to increase international investment to reduce the high dependence on the Swedish market.
- > to drive forward an efficient financial strategy and risk management.
- > to drive forward a sustainability strategy that permeates the whole of the company’s operations.

Klöver’s board is small with five directors who represent different competencies and experience. Every year, we hold strategy days. The topic for 2018 was trends in urbanization, in particular the development in the Stockholm area. Strategy and business opportunities to drive strategy forward are recurrent points on the agenda of every board meeting.

Another recurrent topic for the board is sustainability efforts which have driven forward efficiency and innovation in property management for a number of years. During the year, this has been given greater priority with a new Head of sustainability and the establishment of an internal organization to lift sustainability efforts up to a higher level. Energy consumption, choice of type of energy, such as solar cells, and development of resource management in both new development and refurbishment are important areas of focus. Sustainability also includes Klöver’s aim in urban development to create environments and work places to meet new needs from businesses and people.

Attracting and retaining good personnel is an important competitive factor. Developing personnel and ensuring a

good business culture is particularly important as Klöver has decided to carry out its operations with its own locally based staff who know their area and work closely with tenants. The staff survey has shown good results but we have high-pitched aims and are now engaged in a further development of HR work which the board is carefully monitoring.

During 2018, Klöver has, through acquisitions, built up a substantial property portfolio abroad. We now own seven properties in Copenhagen and two project properties in New York, which at year-end were valued at a total of SEK 4.8 billion, corresponding to 9 per cent of Klöver’s total property value.

At the end of the year, the listed real estate company Agora was acquired which has contributed increased value and reinforced the property portfolio at several prioritized growth locations. During 2018, Klöver has also become the main owner of the listed property developer Tobin Properties, which complements the operations in Klöver Living.

During the past year, various concepts for letting office space have attracted great attention. This is sometimes referred to as co-working and sometimes business centres. More flexible offices and workplaces are a consequence of our changed labour market with everything from distance working to so-called gig-economy. Klöver runs its operations of business centres and co-working spaces under the brand name First Office. The board is monitoring development in this market with great interest.

What will have most impact on our business environment in 2019? Among other things, we can note continued concern about the geopolitical situation, environmental issues, trade barriers, Brexit and the structural transformation of the retail trade. In Sweden, we note some slackening of the economy and politically we now have a government that has indicated reforms within tax policy and housing policy. We are following these issues carefully but continue to maintain a positive view of development of properties in growth areas.

Stockholm, 19 March 2019

Pia Gideon
Chairman

BUSINESS CONCEPT, GOALS AND STRATEGY



BUSINESS CONCEPT, GOALS AND STRATEGY

BUSINESS CONCEPT, GOALS AND STRATEGY

6

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

The property Sigurd 7, also known as S7, in Västerås was completed in early 2018. The new building is integrated with a former engine shed and contains a hotel, restaurant and offices.



BUSINESS CONCEPT, GOALS AND STRATEGY

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

Vision

KLÖVERN CREATES ATTRACTIVE AND SUSTAINABLE ENVIRONMENTS FOR FUTURE ENTERPRISE, INDIVIDUALS AND SOCIETY

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

Business concept

KLÖVERN SHALL, WITH CLOSENESS AND COMMITMENT, OFFER ATTRACTIVE PREMISES AND ACTIVELY CONTRIBUTE TO URBAN DEVELOPMENT IN GROWTH REGIONS.

The premises and housing developed and provided by Klöver shall be adapted to the customers' wishes and needs in a

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

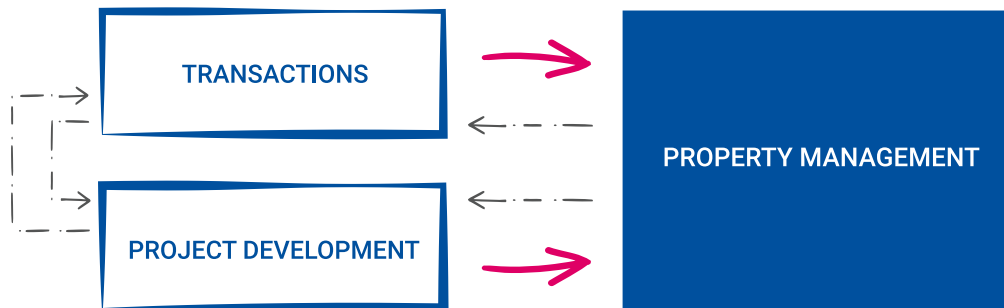
The property portfolio is to be focused on selected growth regions. An expanding business sector and an increasing population are common features for growth regions.

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



The property Gamlestaden 39:13 in Gothenburg.

Klövern's business model



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

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

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

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

Goals and outcomes 2018: Finance and Property Management

FINANCIAL GOALS

Goal	Outcome 2018	Objective
<p>RETURN ON EQUITY</p> <p>Return on equity shall in the long term amount to at least 10 per cent.</p>	<p>Return on equity amounted to 21.2 per cent. During the past ten years, the average return has been 13.9 per cent.</p>	<p>Return on equity must be reasonable in proportion to the risk level and the return on other types of investments. The goal should be regarded as an average during a number of years, since the return is partly affected by factors over which Klöverns has no control.</p>
<p>DIVIDEND</p> <p>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.</p>	<p>A dividend of SEK 0.46 per ordinary share and SEK 20.00 per preference share is being proposed to the 2019 Annual General Meeting. The proposed dividend for ordinary and preference shares corresponds to 53 per cent of the profit from property management. The proposed dividend for preference shares alone corresponds to 24 per cent of the profit from property management.</p>	<p>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.</p>
<p>ADJUSTED EQUITY RATIO</p> <p>The adjusted equity ratio shall in the long term be 40 per cent.</p>	<p>The adjusted equity ratio was 37.4 per cent at year-end 2018.</p>	<p>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.</p>
<p>INTEREST COVERAGE RATIO</p> <p>The interest coverage ratio shall be at least 2.0.</p>	<p>The interest coverage ratio amounted to 2.7.</p>	<p>Interest is one of the single largest cost items for Klöverns, and it is therefore important that earnings capacity covers the current interest rate level by a broad margin. An interest coverage ratio of 2.0 means that profit after financial income is twice as high as interest costs.</p>
<p>PERIOD OF TIED-UP CAPITAL AND FIXED INTEREST</p> <p>The period of tied-up capital shall be at least 2.0 years.</p> <p>The period of fixed interest shall be at least 2.0 years.</p>	<p>The period of tied-up capital amounted to 4.3 years at the end of 2018.</p> <p>The period of fixed interest amounted to 2.9 years at the end of 2018.</p>	<p>The period of tied-up capital shows the weighted average remaining time to maturity of Klöverns's borrowing. The goal for the period of tied-up capital has been set in order to secure financing of the company in the long term. The period of fixed interest is the weighted average remaining period of fixed interest for Klöverns's borrowing, with derivatives taken into account. The objective for the goal for the period of fixed interest is to limit interest rate risk.</p>

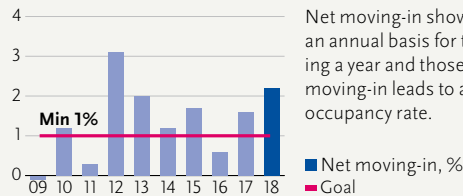
PROPERTY MANAGEMENT GOALS

Goal	Outcome 2018	Objective
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NET MOVING-IN

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

Net moving-in totalled SEK 89 million or 2.2 per cent of the rental value.

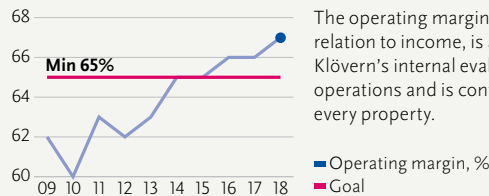


Net moving-in shows the net of rental value on an annual basis for the tenants who move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.

OPERATING MARGIN

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

The operating margin amounted to 67 per cent.



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

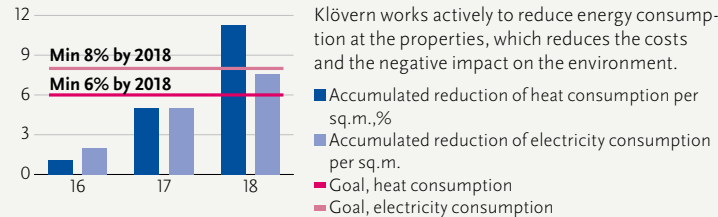
HEAT/ELECTRICITY CONSUMPTION

Heat consumption shall decrease by at least 6 per cent during 2016–2018.

Heat consumption decreased by 11.3 per cent during the three-year period 2016–2018.

Electricity consumption shall decrease by at least 8 per cent during 2016–2018.

Electricity consumption decreased by 7.6 per cent during the three-year period 2016–2018.

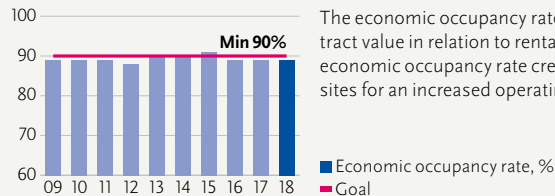


Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.

ECONOMIC OCCUPANCY RATE

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

The economic occupancy rate amounted to 89 per cent at the end of 2018.

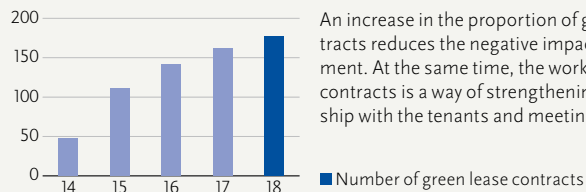


The economic occupancy rate is measured as contract value in relation to rental value. An improved economic occupancy rate creates the prerequisites for an increased operating margin.

GREEN LEASE CONTRACTS

The proportion of green lease contracts shall increase.

During the year, the number of green lease contracts increased to 177 (162). The green lease contracts constituted 8 per cent of Klöver's total contract value, compared with 8 per cent a year earlier.



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.

Strategy and goals 2019

Components of the strategy	Goal
<p>FINANCE</p> <ul style="list-style-type: none"> > The interest rate risk shall be limited by hedging a certain share of the credit portfolio. > The refinancing risk should be limited by a spread of credit maturities and creditors. > Bank borrowing should be complemented by alternative forms of finance. 	<ul style="list-style-type: none"> > Return on equity shall in the long term amount to at least 10 per cent. > The dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management. > The dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management > The adjusted equity ratio shall in the long term be 40 per cent. > The interest coverage ratio shall be at least 2.0. > The period of tied-up capital shall be at least 2.0 years. > The period of fixed interest shall be at least 2.0 years.
<p>PROPERTY MANAGEMENT</p> <ul style="list-style-type: none"> > Management shall be done by Klöver's own personnel and with local commitment. > Customer surveys shall be made and serve as the basis for improved customer care. > Focused letting work shall increase the economic occupancy rate. > Administrative efficiency shall be enhanced by focusing on improving the operating margin. > The impact on the environment shall be continuously reduced by low energy consumption, an increased proportion of renewable energy and increased efficiency in use of resources. > A common effort to achieve sustainable work places shall be a key part of the dialogue with new and existing tenants. 	<ul style="list-style-type: none"> > Net moving-in shall amount to at least 1 per cent of the rental value per year. > The operating margin shall amount to at least 65 per cent. > The economic occupancy rate shall amount to at least 90 per cent. > The Satisfied Customer Index (NKI) shall amount to at least 75. > By 2022, all energy used in Klöver's buildings shall originate from renewable sources. > By 2022, at least half of Klöver's properties shall have energy consumption lower than 100 kWh/sq.m. > By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources. > The number of suppliers shall be reduced by 10 per cent.
<p>TRANSACTIONS AND PROJECTS</p> <ul style="list-style-type: none"> > Acquisitions and investments shall be focused on geographic concentration with a view to attaining a strengthened market position and creating effective management in prioritized markets. > Projects with the highest return shall be prioritized. > Value is to be created by development and making use of building rights or through new production projects for own management or for divestment. 	<ul style="list-style-type: none"> > Acquired investment properties shall have on average a long-term yield of at least 5 per cent per year. > Project investments shall give a return on equity of at least 15 per cent.
<p>SOCIAL</p> <p><i>External</i></p> <ul style="list-style-type: none"> > Klöver develops properties in a sustainable and innovative way to create attractive urban districts with a long-term value development. > There shall be close collaboration with prioritized schools and a systematic approach to dealing with trainees, students looking for essay topics as well as those looking for a job at Klöver. <p><i>Internal</i></p> <ul style="list-style-type: none"> > Annual development interviews shall be held with individual goals linked to the level of remuneration. > Staff shall have internal career path opportunities, be able to develop and move forward into new roles within the company. > Systematic annual follow-up of staff surveys shall be held at management level with an action plan towards set goals. 	<ul style="list-style-type: none"> > Sustainability frameworks shall be produced for all urban development projects. > Klöver's suppliers shall be classified for risk based on industry-specific sustainability risks during 2019. > The Satisfied Employee Index (NMI) shall in the long term amount to at least 75. > The Attractive Employer Index (AAI) shall in the long term amount to at least 80. > The Manager Index (CI) shall in the long term amount to at least 80. > All staff shall be trained in business ethics within 6 months of employment.

SELECTED SUSTAINABILITY GOALS 2019

Area	Focus areas	Goal
ECONOMIC	> Attractive properties	> The adjusted equity ratio shall in the long term be 40 per cent.
	> Responsible operations	> The operating margin shall amount to at least 65 per cent.
		> The Satisfied Customer Index (NKI) shall be at least 75.
ENVIRON- MENTAL	> Impact on the climate and efficient use of resources	> By 2022, all energy used in Klöver's buildings shall originate from renewable sources.
		> By 2022, at least half of Klöver's properties shall have energy consumption lower than 100 kWh/sq.m.
		> By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources.
SOCIAL	> Sustainable and committed staff.	> The Satisfied Employee Index (NMI) shall in the long term amount to at least 75.
		> The Attractive Employer Index (AAI) shall in the long term amount to at least 80.
	> Responsible operations	> Klöver's suppliers shall be classified for risk based on industry-specific sustainability risks during 2019.

See page 146 for definitions of key figures.



INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

SUSTAINABILITY

FINANCE

CORPORATE GOVERNANCE

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

THE ECONOMY AND REAL ESTATE MARKET 12

KLÖVERN'S BUSINESS UNITS AND NEW YORK 14

STOCKHOLM	14	KARLSTAD	21
VÄSTERÅS	15	NORRKÖPING	22
GOTHENBURG	16	NYKÖPING	23
COPENHAGEN	17	KALMAR	24
LINKÖPING	18	ÖREBRO	25
MALMÖ	19	NEW YORK	26
UPPSALA	20	HALMSTAD	27

One of Klöver's employees at the Codan-house, with a view over Copenhagen. The property was acquired during 2018.

THE ECONOMY AND REAL ESTATE MARKET

The Swedish economy continued to grow at a relatively good pace during 2018 at the same time as short and long interest rates are at historically low levels. The sharp increase in population in the past few years has contributed to total GDP growth while at the same time entailing great future challenges. Low interest rates and relatively good economic growth lead to favourable conditions in the Swedish real estate market.

THE ECONOMY

Growth in the global economy continued to be sound during 2018 at the same time as there are concerns, not least of a geopolitical nature, for example with regard to free trade. Although the US Federal Reserve increased the interest rate on seven occasions during 2017 and 2018, the goal for the fed funds rate is not higher than 2.25-2.50 per cent. Any additional interest rate increases will largely depend on the economy continuing to grow at a good pace and inflation remaining close to the goal of 2 per cent.

In Sweden, the rate of inflation has accelerated in the past three years but it is still at a moderate level. In December 2018, inflation amounted to 2.0 per cent measured as KPI and 2.2 per cent measured with fixed interest (KPIF). Inflation is thus in line with the Riksbank's target for KPIF of 2 per cent. The Riksbank, which has applied a negative repo rate since February 2015 decided in connection with its monetary policy meeting in December 2018 to increase the repo rate by 25 points to -0.25 per cent. It is forecast that the next increase will probably take place in the second half of 2019. Even if there are indications of a rise, it looks as if the historically 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 2018. The

Swedish ten-year government bond rate was at 0.46 per cent at the year-end 2018 after having been around 30 basis points higher at the beginning of the year.

The Swedish economy is growing at a good pace, even though it slackened during the third quarter of 2018, when the rate of increase amounted to 1.6 per cent compared with the same quarter of 2017. The corresponding figure during the second quarter was 2.7 per cent. The sharp increase in population in recent years has contributed to a growth in GDP while at the same time entailing future challenges, not only in the form of integration and employment but also as regards local and central government finances.

THE REAL ESTATE MARKET

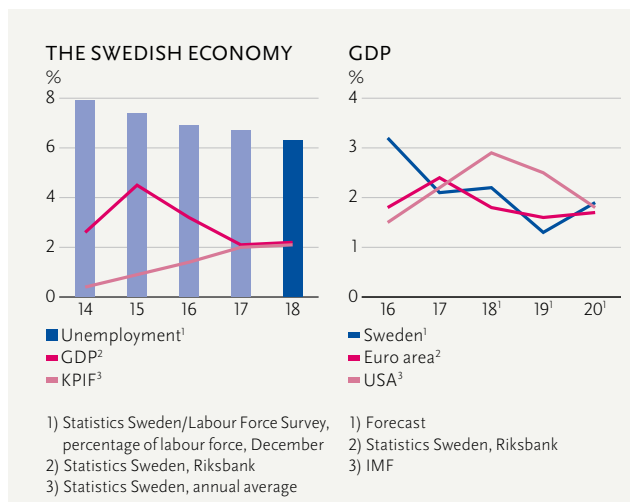
The relatively sound growth of the Swedish economy in combination with historically low interest rates leads to favourable conditions in the real estate market.

Overall, the rental market continued to be buoyant in the metropolitan city areas and in a number of expanding regional cities. Increasing KPI has contributed to rents during the past two years and will continue to do so during 2019. Urbanization has been a key word for a number of years and it looks as if this will continue to be the case, not least for Stockholm. However, although increasing population is a key 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, well situated premises that make efficient use of space in the large cities. The older stock of office premises often requires smart, cost-effective refurbishments to be able to compete with newly-built offices. Besides good communications, in particular tram or train, services such as restaurants, cafes and gyms are becoming increasingly important to attract new office tenants.

Rental levels for logistics and warehouse premises have generally been relatively stable for a number of years with the exception of modern newly produced logistics premises in good locations where slightly increasing rental levels may be noted. The expansion of e-commerce has had a positive effect on demand.

Retail rent levels around Sweden have moved sideways



KLÖVERN'S MAIN LOCATIONS IN SWEDEN – POPULATION AND LABOUR MARKET STATISTICS

Municipality	Population ¹	Population change, 1 year, %	Population change, 10 years, %	Employment ²	Of which, public sector ² , %	Change in employment ² , 1 year, %	Unemployment ³ , %	Change in unemployment, 1 year, %	Share of Klöverns property value, 31.12.2018 ⁴ , %
Gothenburg	571,868	1.4	14.3	353,938	24	2.8	7.1	-0.2	7.4
Halmstad	101,268	1.5	12.2	49,532	35	2.3	7.8	-0.6	1.1
Kalmar	68,510	1.6	11.0	35,953	36	0.8	7.0	-0.1	1.6
Karlstad	92,497	1.5	10.1	52,840	34	2.1	6.8	-0.5	4.8
Linköping	161,034	1.6	13.5	84,548	31	1.8	5.9	-0.1	6.2
Lund	122,948	1.4	14.5	69,845	41	0.1	6.3	0.0	0.8
Malmö	339,313	1.7	18.4	181,598	27	3.2	13.9	-0.8	5.3
Norrköping	141,676	0.5	10.6	66,625	33	2.4	11.1	-1.1	4.5
Nyköping	56,011	1.0	9.9	24,615	34	1.6	7.5	-0.6	2.5
Solna	80,950	1.6	24.0	91,424	26	4.1	4.2	0.0	5.4
Stockholm	962,154	1.3	18.8	688,679	15	1.9	5.9	-0.2	30.5
Täby	71,397	1.4	14.7	25,927	13	1.7	3.2	0.2	1.9
Uppsala	225,164	2.4	18.1	106,717	38	2.0	5.7	-0.2	5.7
Västerås	152,078	1.3	12.9	73,062	25	1.8	8.5	-0.6	8.2
Örebro	153,367	2.0	15.9	78,334	36	3.3	7.6	0.0	2.2
TOTAL	3,300,235	1.5	16.0	1,983,637	25	2.3	-	-	88.1
SWEDEN	10,230,185	1.1	10.5	4,914,893	28	1.8	7.0	-0.5	90.9

Source: Statistics Sweden, the Swedish Employment Service, Klöverns

1) Statistics Sweden. Refers to December 2018

2) Statistics Sweden/RAMS 2017

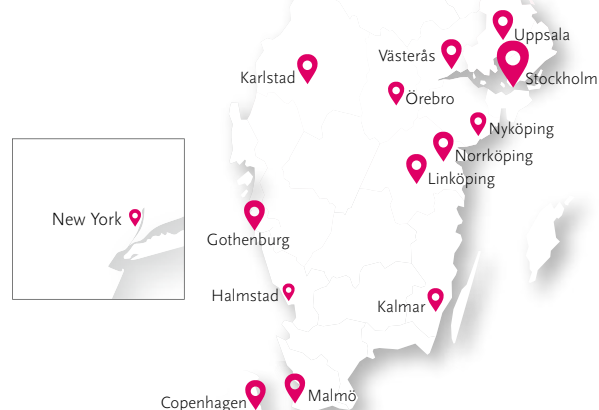
3) Refers to the average for 2018. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, proportion of the register-based labour force, 16–64).

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

for a while. The expansion of e-commerce continues to be a major uncertainty factor for consumption in physical stores.

The transaction market was at a record level during 2018. According to Cushman & Wakefield, the aggregate volume of transactions was around SEK 166 billion. The share of foreign investors of the volume of transactions decreased during 2018 to 22 per cent, a reduction of 5 percentage points. Housing and office properties were the most attractive segment on the transaction market during 2018. Housing continued to account for the largest volume, 37 per cent of the total volume of transactions, which was an increase of 3 percentage points from 2017. The second largest segment was offices, which accounted for 22 per cent, which was a slight increase compared with 2017.

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





The property Hilton 3 in Solna has been totally refurbished and customized for the EU agency ECDC. Moving in took place during the first quarter of 2018.



* The ranking refers to the County of Stockholm

19,921
PROPERTY VALUE,
SEK MILLION

1,359
RENTAL VALUE,
SEK MILLION

705
LETTABLE AREA,
000 SQ.M.

89
ECONOMIC OCCUPANCY
RATE, %

STOCKHOLM REGION**

STOCKHOLM

NUMBER OF
INHABITANTS
+19%
10 YEARS

STOCKHOLM NORTH

2018 was an eventful year for Klöver's operations in the northern part of Stockholm, where the major part of the portfolio is located in

Kista.

A number of new leases were signed at the property Kista Gate (Helgafjäll 4+7), including a 7-year lease with Samsung. From having a low occupancy at the beginning of 2018, lease contracts had been signed for around 14,600 sq.m. of a total area of approximately 36,000 sq.m. by the end of the year.

The property Knarrarnäs 4, close to Kista Galleria, has been totally refurbished and Nordic Choice Hotels opened a new hotel there during the fourth quarter under the brand name Comfort Hotels. At the same time, Klöver inaugurated a new business centre at the same property under its own brand First Office.

Other important initiatives during 2018 have been to work more intensively with tenants and to give priority to external environments.

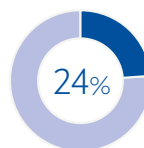
** The division into regions stated on pages 14-27 is that which applies from 1 January 2019 when the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region. At the same time, the South region was renamed the West region.

STOCKHOLM SOUTH

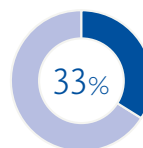
The occupancy ratio is high in Klöver's portfolio in the southern part of Stockholm, where commercial properties in the Globen area predominate. There is a great focus on the future development of Söderstaden, one of Stockholm's major development areas where the Globen area is a central part. Klöver aims to develop the existing portfolio around Globen into a vibrant urban environment, to develop properties and environments at Norra Arenavägen and Gullmarsplan and to expand Globen Shopping. This will create an attractive, secure urban link between Globen and the Meat-packing District.

PROPORTION OF KLÖVERN

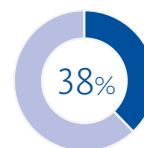
LETTABLE AREA



RENTAL VALUE



FAIR VALUE





The property S7 (Sigurd 7) in Västerås, completed during 2018.



4,870
PROPERTY VALUE,
SEK MILLION

417
RENTAL VALUE,
SEK MILLION

339
LETTABLE AREA,
000 SQ.M.

88
ECONOMIC OCCUPANCY
RATE, %

STOCKHOLM REGION

VÄSTERÅS

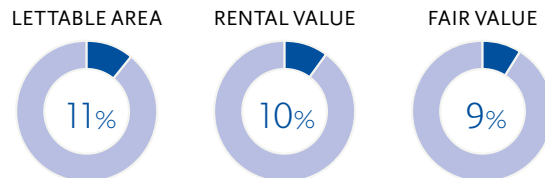
NUMBER OF INHABITANTS One of Klöverns biggest projects, the approximately 8,000 sq.m. S7 (the property Sigurd 7) at the travel interchange in Västerås, was inaugurated in 2018 in conjunction with a moving-in event at Comfort Hotel. S7 is now fully let and there has been good demand for the modern, flexible premises that the business centre First Office offers in the building. There are major plans for the area around the travel interchange. Klövern participates actively in this work, together with Jernhusen and the municipality of Västerås, to create the travel interchange of the future making travel to and from Västerås easier. The work also includes the property Sigurd 3 where a new local plan for the area with housing and premises for various activities in order to build a new city neighbourhood is in process of preparation.

+13%
10 YEARS

During 2017/2018, two buildings with over 4,000 sq.m. have been refurbished into a modern upper secondary school specialising in the restaurant industry, tourism and hotels and a special needs school. The municipality of Västerås is the tenant with a lease running until 2033.

Through the acquisition of Agora, three centrally located properties with around 53,000 sq.m. have reinforced Klöverns property portfolio in Västerås.

PROPORTION OF KLÖVERN





The properties Gamlestaden 19:13 and 19:14 in the Meatpacking District in Gothenburg.



* The ranking refers to Greater Gothenburg

4,277
PROPERTY VALUE,
SEK MILLION

321
RENTAL VALUE,
SEK MILLION

258
LETTABLE AREA,
000 SQ.M.

88
ECONOMIC OCCUPANCY
RATE, %

WEST REGION

GOTHENBURG

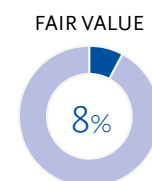
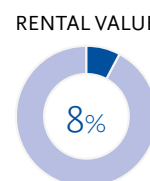
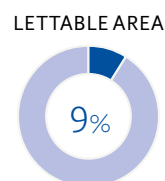
NUMBER OF
INHABITANTS
+14%
10 YEARS

There has been a good pace in letting during 2018, in the Meatpacking District among others where the property Gamlestaden 39:13, which has been refurbished and extended, is now fully let. During the year, Wine Mechanics moved into the neighbouring property Gamlestaden 39:14 after a total refurbishment of the original building from 1905. Wine Mechanics can take pride in being Sweden's first and only urban winery, with its own production of wine in combination with a restaurant. Letting has attracted a lot of positive attention in the media and has contributed to putting the Meatpacking District on the map.

Klövern's largest project in process during 2018 was Åby Arena. At the beginning of 2019, almost 30,000 sq.m. are ready for tenants to move in. The arena contains a fair facility, a hotel, offices, a gym and a First Office business centre. The project has been successful as regards the pace of letting and the level of rents, and is now substantially fully let.

During 2018, two large properties were divested in the Gothenburg area, KappAhl's head office/warehouse in Mölndal and Lindex's warehouse in Partille.

PROPORTION OF KLÖVERN





Fairway House, one of the properties Klöver acquired during the year.



3,996
PROPERTY VALUE,
SEK MILLION

230
RENTAL VALUE,
SEK MILLION

93
LETTABLE AREA,
000 SQ.M.

98
ECONOMIC OCCUPANCY
RATE, %

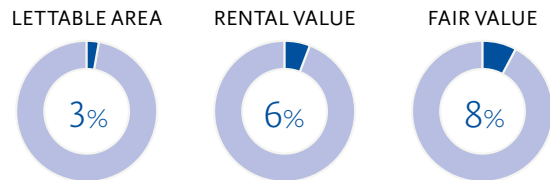
INTERNATIONAL

COPENHAGEN

During 2018, Klöver built up a considerable position in Copenhagen by acquisition of a total of seven properties, with a total lettable area of 93,000 sq.m. which are valued at SEK 4 billion. During the year, the main focus has been on establishing Klöver in Copenhagen and building up an organization with Klöver's own locally based personnel.

The occupancy ratio is high and with its own organization at the location, Klöver is now able to work more actively with property management, letting and development of properties.

PROPORTION OF KLÖVERN





The property Glasblåsaren 7 in Linköping.



3,372
PROPERTY VALUE,
SEK MILLION

317
RENTAL VALUE,
SEK MILLION

308
LETTABLE AREA,
000 SQ.M.

93
ECONOMIC OCCUPANCY
RATE, %

EAST REGION

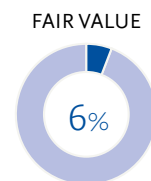
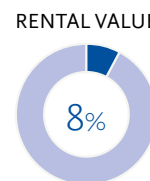
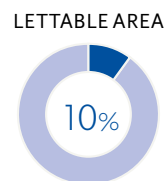
LINKÖPING

NUMBER OF
INHABITANTS
+14%
10 YEARS

The property portfolio in Linköping has been unchanged during 2018. Klöver's development properties in the city are largely in areas which are affected in one way or another by the planned high-speed railway Östlänken. During 2018, the main focus has been letting and meeting the needs of existing tenants who are in need of additional space.

Klövern's properties in Linköping are now completely climate-neutral through the agreement signed with Tekniska Verken on climate-compensated district heating.

PROPORTION OF KLÖVERN





The property Stapelbädden 2 at Västra Hamnen in Malmö.



3,216
PROPERTY VALUE,
SEK MILLION

320
RENTAL VALUE,
SEK MILLION

309
LETTABLE AREA,
000 SQ.M.

82
ECONOMIC OCCUPANCY
RATE, %

WEST REGION

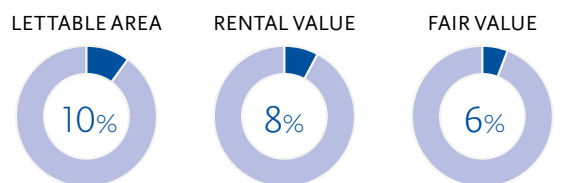
MALMÖ

NUMBER OF INHABITANTS **+18%** 10 YEARS
Klövern's business unit in Malmö also encompasses a number of properties in Lund. Among the larger tenants moving in during the year may be mentioned the hairdressing wholesaler Headbrands (5,000 sq.m. in Lund) and PPS Foods (2,300 sq.m. in Malmö). During 2018, a self-storage facility was completed and inaugurated under Klöver's own brand name Big Pink in the city neighbourhood Jägersro.

During 2018, Klöver's business unit in Malmö moved its office to a vacated property at Bulltofta industrial estate in the north-eastern part of Malmö. The former industrial property has been modernized and converted into offices and a solar panel facility has been installed on the roof of the property. A lease contract has been signed with the security firm Great Security (480 sq.m.) at the property. A development project has also been started at two properties in the same area with the intention of creating additional office space.

Through the acquisition of Agora, a centrally located property with around 15,500 sq.m. has become part of Klöver's property portfolio in Malmö.

PROPORTION OF KLÖVERN





Uppsala Gate, the properties Kungsängen 10:1 and 10:2 adjacent to the travel interchange in Uppsala.



3,030
PROPERTY VALUE,
SEK MILLION

236
RENTAL VALUE,
SEK MILLION

134
LETTABLE AREA,
000 SQ.M.

88
ECONOMIC OCCUPANCY
RATE, %

STOCKHOLM REGION

UPPSALA

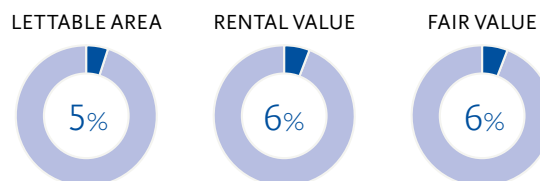
NUMBER OF INHABITANTS **+18%**
10 YEARS

Uppsala Business Park is the single largest area in Klöverns portfolio in Uppsala, with tenants which are world leading in Life Science. A number of major tenant customizations

have been carried out during the year and further projects are in the planning phase. The occupancy ratio at the park is high and Klöverns will now, together with the municipality, intensify the work of developing the area into a more accessible city neighbourhood with more service. During 2018, collaboration was initiated with Uppsala BIO to promote innovation, transactions and meetings at Uppsala Business Park. This effort is referred to as Conexion and offers tenants a network, lectures and staff functions.

During 2018, Klöverns opened a First Office business centre at Uppsala Gate adjacent to the travel interchange. The property is now wholly let.

PROPORTION OF KLÖVERN





The property Pinassen 3, known as Skeppet, has been built directly by the water at Inre Hamn in Karlstad.



2,534
PROPERTY VALUE,
SEK MILLION

234
RENTAL VALUE,
SEK MILLION

204
LETTABLE AREA,
000 SQ.M.

91
ECONOMIC OCCUPANCY
RATE, %

WEST REGION

KARLSTAD

NUMBER OF
INHABITANTS
+10%
10 YEARS

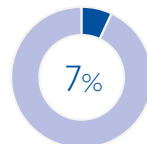
The office building Skeppet (Pinassen 2) has been nominated during the year for the Grundstenen 2018 award, which encourages sustainable construction in Värmland. Skeppet is a modern and newly built office building directly by the water and a five-minute walk from the central station and the city centre. It consists of five floors and a garage on the ground floor, an entrance floor with a restaurant, conference facility, café and gym, three floors of offices and a canteen and terraces at the top.

A number of major lettings with tenant customizations have also taken place during the year. Most of these are at Kanikenäset which is a centrally located area in Karlstad undergoing major development.

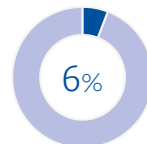
Klövern's occupancy rate in Karlstad has increased and market conditions are good. There is great development potential in the portfolio with new local plans being prepared.

PROPORTION OF KLÖVERN

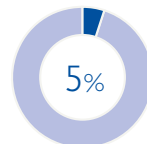
LETTABLE AREA



RENTAL VALUE



FAIR VALUE





The property Kopparhammaren 2 in Norrköping.



2,379
PROPERTY VALUE,
SEK MILLION

217
RENTAL VALUE,
SEK MILLION

213
LETTABLE AREA,
000 SQ.M.

91
ECONOMIC OCCUPANCY
RATE, %

EAST REGION

NORRKÖPING

NUMBER OF INHABITANTS

+11%
10 YEARS

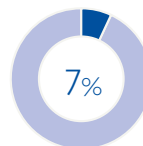
During 2018, work with the Kopparhusen project, a new environmentally classified block in the heart of Norrköping has been pursued vigorously. Kopparhusen is a project in collaboration with Hyresbostäder, including housing for researchers, student flats, a garage, offices, restaurants and cafes. Klöverns part of the project comprises approximately 4,800 sq.m. Moving-in is expected to take place at the beginning of 2020.

In the Ingelsta area in the northern part of Norrköping, a number of premises have been made ready for new tenants. Among other things, Klöverns single largest property in the area has been transformed from factory premises to a property with offices, shops, the visiting industry and restaurants.

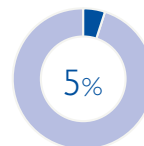
There continues to be great interest in Klöverns business centres, which are operated under the brand name First Office. During 2018, a new business centre was opened and Klöverns now has 9 business centres in Norrköping. An additional 2 business centres are to be opened in 2019.

PROPORTION OF KLÖVERN

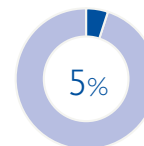
LETTABLE AREA



RENTAL VALUE



FAIR VALUE





The property Ana 1 in Nyköping. A refurbishment project where Klöver's head office and local office in Nyköping moved in during 2018.



1,341

PROPERTY VALUE,
SEK MILLION

134

RENTAL VALUE,
SEK MILLION

125

LETTABLE AREA,
000 SQ.M.

89

ECONOMIC OCCUPANCY
RATE, %

EAST REGION

NYKÖPING

NUMBER OF INHABITANTS **+10%**
10 YEARS

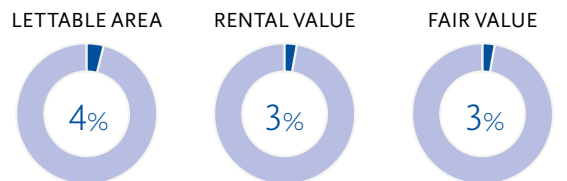
Klöver's property portfolio in Nyköping was unchanged during 2018. The focus has been on further improving property management, working with energy optimization and developing the portfolio.

An exciting energy optimization project has been carried out at the property Ana 12. District heating has been disconnected and five heat pumps installed instead on the roof, connected to 80 solar cell panels. The heat pumps are driven by the solar energy produced, which is furthermore often sufficient to light the building.

During the year, Klöver's head office in Nyköping and the local business unit office moved to newly refurbished premises in its own portfolio, which released the attractive building Jarlen 1 for letting.

To be able to meet the high level of demand for business centres, another unit was opened during the year and Klöver now has 7 business centres in Nyköping.

PROPORTION OF KLÖVERN





The property Lärlingen 5 in Kalmar.



1,192
PROPERTY VALUE,
SEK MILLION

119
RENTAL VALUE,
SEK MILLION

117
LETTABLE AREA,
000 SQ.M.

92
ECONOMIC OCCUPANCY
RATE, %

EAST REGION

KALMAR

NUMBER OF INHABITANTS

+11%
10 YEARS

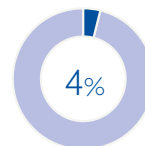
During 2018, a number of small- and medium-sized projects have been carried out in Kalmar. Among others, a property (Lärlingen 5) in the central district Kvarnholmen has been upgraded into an attractive modern office building. Three new tenants have moved into the premises which have been customized according to tenant needs. In addition, refurbishment of the former post office building, which is to become the new city library has accelerated during the autumn. The library is part of the municipality of Kalmar's work to create a cultural district with moving in planned for the first half of 2020.

Klövern is one of the participants in the development project Södra Kvarnholmen driven by the municipality of Kalmar. The project is in the start-up phase and it is hoped to start work on the local plan during 2019.

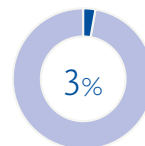
Through acquisition of Agora, a very central property of around 8,500 sq.m. has been added to Klöverns property portfolio in the city.

PROPORTION OF KLÖVERN

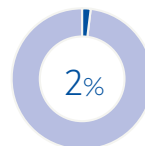
LETTABLE AREA



RENTAL VALUE



FAIR VALUE





The property Forskarbyn 2 in Örebro.



1,166
PROPERTY VALUE,
SEK MILLION

103
RENTAL VALUE,
SEK MILLION

94
LETTABLE AREA,
000 SQ.M.

89
ECONOMIC OCCUPANCY
RATE, %

EAST REGION

ÖREBRO

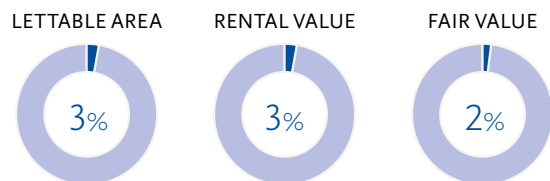
NUMBER OF
INHABITANTS
+16%
10 YEARS

At the entrance to the centre of Örebro, adjacent to the travel interchange, Klöver is planning to create Örebro Entré. The first stage of the project is new construction of a 14-floor hotel and office building with a total of around 7,900 sq.m.

In a second stage, it is planned to complement Örebro Entré with development of an existing building of around 8,300 sq.m. which is being modernized to offices and at the same time expanded through a glazed extension.

Through the acquisition of Agora, a centrally located property of around 13,600 sq.m. has become part of Klöver's property portfolio in Örebro.

PROPORTION OF KLÖVERN





Vision of the new construction project at 1245 Broadway in New York.



815
PROPERTY VALUE,
SEK MILLION

443
FAIR VALUE ONGOING
PROJECT, SEK MILLION

17
AREA ONGOING
PROJECT, 000 SQ.M.

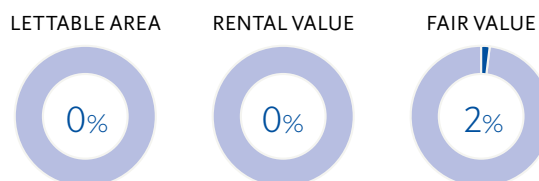
2020Q4
EXPECTED COMPLETION,
ONGOING PROJECT

INTERNATIONAL

NEW YORK

During the spring of 2018, Klöver took a first step into the US market by signing a contract to acquire a site leasehold on Manhattan, a corner property at 1245 Broadway beside 6th Avenue. Later during the year, an additional property was acquired at 322-326 7th Avenue. Both properties are project properties. At 1245 Broadway, Klöver has now started a development project for a 22-floor office building which is expected to be completed at the end of 2020. On 7th Avenue, a 12-floor office building is planned with assessed construction/project start at the end of 2019. The projects are being carried out in collaboration with the local property developer GDS Development and are being designed by the architect firm Skidmore, Owings & Merrill (SOM). Both buildings are planned to be environmentally classified.

PROPORTION OF KLÖVERN





The property Halmstad 2:28. The Lokstall area in Halmstad.



604

PROPERTY VALUE,
SEK MILLION

56

RENTAL VALUE,
SEK MILLION

67

LETTABLE AREA,
000 SQ.M.

88

ECONOMIC OCCUPANCY
RATE, %

WEST REGION

HALMSTAD

NUMBER OF INHABITANTS

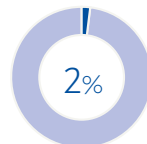
+12%
10 YEARS

During 2018, a lot of effort was put into the property Halmstad Gate (Järnvägen 3), a centrally located five-floor office property comprising of over 5,000 sq.m. At the property, a wholly new top modern First Office business centre with 550 sq.m. was opened in February 2019. The building will be environmentally classified and is almost fully let.

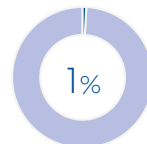
The development of the Lokstall area in recent years in central Halmstad has been successful. The whole of Klöverns property, which consists of several buildings, in the area is let. A further project is planned at the Lokstall area, a large extension for an existing tenant.

PROPORTION OF KLÖVERN

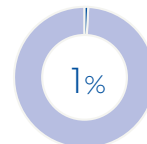
LETTABLE AREA



RENTAL VALUE



FAIR VALUE





REAL ESTATE OPERATIONS



PROPERTY MANAGEMENT	30
PROJECT DEVELOPMENT	36
TRANSACTIONS	40
PROPERTY VALUE	42

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

The property Knarrarnäs 4 in Kista, Stockholm. After total refurbishment of the building, Comfort Hotels moved in at the end of 2018.

PROPERTY MANAGEMENT

The property value increased by 23 per cent during 2018. At the same, the rental value rose by 16 per cent and net moving-in amounted to SEK 89 million. The economic occupancy rate at year-end amounted to 89 per cent.

Properties

PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2018, Klöver'n had a total of 426 properties (405) located in 33 municipalities (28). The total property value was SEK 52,713 million (42,961), the lettable area was 2,969,000 sq.m. (2,900,000) and the rental value amounted to SEK 4,063 million (3,507).

The increase in the value of properties resulted from acquisitions of SEK 8,056 million (2,109), divestments of SEK 2,464 million (1,785), investments of SEK 1,791 million (1,489), unrealized changes in value of SEK 2,324 million (1,914) and foreign currency conversion of SEK 45 million (0). The main reasons for the rise in the value of the properties are acquisitions, investments made in connection with new lettings, rising market rents, lower yield requirements and development of the portfolio of building rights.

INCOME AND AVERAGE RENT

Income amounted to SEK 3,250 million (3,029) in 2018. The increase in income is mainly attributable to acquisitions and positive net moving-in but also to rising rental levels. Income increased by 3 per cent for a comparable portfolio, i.e. for properties owned for the whole of 2017 and 2018.

The average rent on investment properties is calculated on the basis of the contract value and area let and amounted to SEK 1,460 per sq.m (1,307) as at 31 December 2018. The

average rent varies between different regions depending on the type of property, the location of the properties and the local rental market.

Inflation, measured as CPI for October 2018 was 2.2 per cent and has a positive impact on the contract value in 2019.

PROPERTY COSTS

Property costs increased to SEK 1,080 million (1,023), partly due to increased prices for electricity and higher costs for snow clearance during the winter of 2017/2018. Property costs for a comparable portfolio increased by 4 per cent and amounted to SEK 911 million (875).

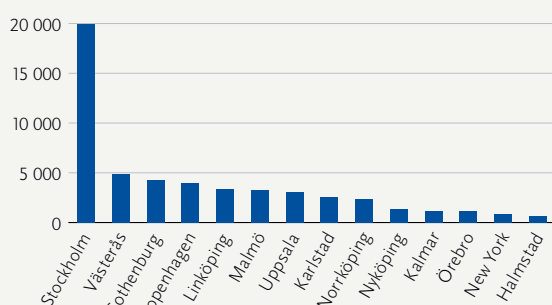
Klöver'n's rent losses continued to be low in 2018 and amounted to SEK 2 million (4), or 0.1 per cent (0.1) of the total income. The close collaboration with tenants, together with good knowledge of the local market are the most important explanations for the rent losses being so limited.

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

	2018	2017
Operating costs	209	193
Site leasehold fee	17	16
Maintenance	26	31
Property tax	52	52
Property administration	69	66
TOTAL	373	358

1) Relates to properties owned for the whole of 2017 and 2018.

PROPERTY VALUE SEKm

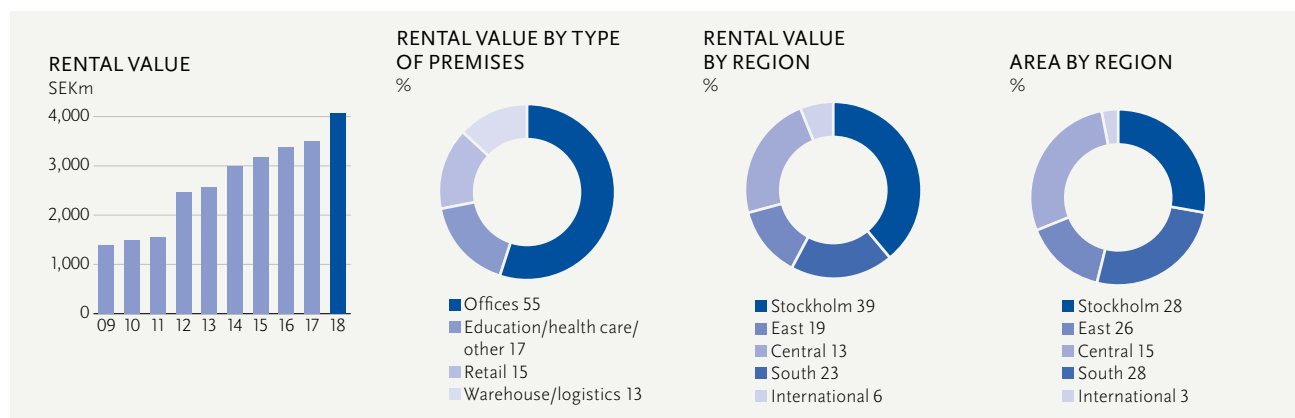


OPERATING SURPLUS

The operating surplus amounted to SEK 2,170 million (2,006), positively affected by acquisitions, net moving-in and increased rent levels. For a comparable portfolio, the operating surplus amounted to SEK 1,739 million (1,697).

OPERATING MARGIN

Klöver'n's operating margin was 67 per cent (66). For investment properties, the operating margin was 68 per cent.

INCOME STATEMENT ITEMS AND INVESTMENT PER ORGANIZATIONAL UNIT AND PROPERTY SEGMENT²

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2018, Jan–Dec	2017, Jan–Dec	2018, Jan–Dec	2017, Jan–Dec	2018, Jan–Dec	2017, Jan–Dec	2018, Jan–Dec	2017, Jan–Dec	2018, Jan–Dec	2017, Jan–Dec
Stockholm region	1,347	1,278	–439	–424	908	854	67	67	613	518
South region	714	701	–257	–239	457	462	64	66	607	537
East region	683	662	–226	–212	457	450	67	68	265	173
Central region	386	388	–147	–148	239	240	62	62	199	261
International	120	–	–11	–	109	–	91	–	107	–
<i>of which</i>										
Investment	3,127	2,897	–992	–937	2,135	1,960	68	68	1,018	918
Development	123	132	–88	–86	35	46	28	35	773	571
TOTAL	3,250	3,029	–1,080	–1,023	2,170	2,006	67	66	1,791	1,489

KEY FIGURES PER ORGANIZATIONAL UNIT AND PROPERTY SEGMENT²

	Fair value, SEKm		Yield requirement, %		Space, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	2018-12-31	2017-12-31	2018-12-31	2017-12-31	2018-12-31	2017-12-31	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Stockholm region	22,951	21,344	5.2	5.4	839	842	1,595	1,515	89	87
South region	10,631	9,629	6.3	6.2	838	835	931	835	87	88
East region	8,284	7,291	6.5	6.5	763	733	787	720	92	93
Central region	6,036	4,696	6.2	6.7	433	490	520	437	88	87
International	4,811	–	4.3	–	96	–	230	–	98	–
<i>of which</i>										
Investment	47,380	39,521	5.7	5.9	2,673	2,592	3,766	3,271	91	91
Development	5,333	3,440	5.6	5.8	296	308	298	236	66	54
TOTAL	52,713	42,961	5.7	5.9	2,969	2,900	4,063	3,507	89	89

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

2) On 1 January 2018, the Karlstad business unit was moved from the Central region to the South region. Historical figures have been adjusted to take this into account.

On 1 January 2019, the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region.



COMFORT HOTEL

INVESTMENT PROPERTIES: AREA AND AVERAGE RENT PER TYPE OF PREMISES³

	Offices		Warehouse/logistics		Retail		Other ¹		Total	
	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²
Stockholm region	482	2,197	126	1,018	56	1,902	121	1,898	785	1,938
South region	323	1,471	231	788	97	1,331	61	1,245	712	1,204
East region	311	1,326	210	622	98	1,279	87	1,209	706	1,122
Central region	101	1,319	107	606	100	1,880	75	1,416	383	1,338
Copenhagen	84	2,331	0	–	2	2,597	1	4,496	87	2,347
TOTAL	1,301	1,749	674	762	353	1,569	344	1,506	2,673	1,460

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

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

3) As of 31 December 2018. On 1 January 2019, the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region.

COMPARABLE PORTFOLIO¹

	31.12.2018	31.12.2017	Change
Lettable area, 000 sq.m.	2,441	2,443	0%
Fair value, SEKm	37,967	35,576	7%
Yield requirement, %	5.8	6.0	–0.2 perc. pts
Economic occupancy rate, %	89	88	1 perc. pt.
Area-based occupancy rate, %	81	80	1 perc. pt.
SEKm	2018	2017	
Income	2,650	2,572	3%
Property costs	–911	–875	4%
OPERATING SURPLUS	1,739	1,697	2%

1) Refers to properties owned during the whole of 2017 and 2018.

OCCUPANCY RATE

The economic occupancy rate, lease contract value in relation to rental value, amounted to 89 per cent (89) at the end of 2018.

The occupancy rate for investment properties totalled 91 per cent while it was 66 per cent for development properties. The area-based occupancy rate totalled 81 per cent (81). The area-based occupancy rate for investment properties was 84 per cent and the corresponding figure for development properties 58 per cent.



The property Knarrarnäs 4 in Kista. The totally refurbished premises at Comfort Hotel in Kista were inaugurated at the end of 2018.

Tenants

NET MOVING-IN

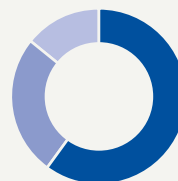
Net moving-in was positive during the year. The single largest tenant moving in was Nordic Choice Hotels, which opened a hotel under the brand name Comfort Hotel in Kista, Stockholm. Klöver's net moving-in amounted to SEK 89 million (54), based on tenants moving in at SEK 237 million (193) and vacating tenants at SEK 148 million (139). Lettings affect the rental value and rental income from the date that tenants move in.

Among the larger rental contracts that have been signed during the year, but where the tenants have not yet moved in, are a 7-year contract with Samsung and 5-year contracts with SKF Motion Technologies.

KLÖVERN'S TEN LARGEST TENANTS

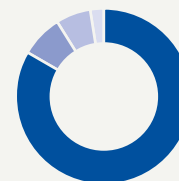
Tenant	Contract value, SEKm	Share of total contract value, %	Remaining average contract term, years	No. of contracts	Space, 000 sq.m
Ericsson	201	5.6	4.9	27	112
WSP Sverige	71	2.0	5.6	33	31
Tele2 Sverige	70	1.9	8.7	44	26
Codan Forsikring	62	1.7	0.5	1	23
Copenhagen Business School (CBS)	42	1.2	9.9	1	19
CGI Sverige	34	0.9	4.2	18	17
Dagab Inköp & Logistik	33	0.9	4.8	12	37
Region Östergötland	31	0.9	8.1	23	21
Swedish Employment Board	30	0.8	2.2	23	16
ECDC	27	0.7	14.2	1	9
TOTAL	601	16.6	5.7	183	311

CONTRACT VALUE BY CUSTOMER CATEGORY %



■ Private companies 60
■ Listed companies 26
■ Public sector 14

LEASE CONTRACTS BY VALUE Number



■ 7,308 <0.5 SEKm
■ 673 0.5-1 SEKm
■ 574 1-3 SEKm
■ 203 >3 SEKm



TURNOVER RATE

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

During 2018, tenant turnover amounted to 4.4 per cent (4.5) and the average during the past ten years is 5.8 per cent.

CUSTOMER STRUCTURE AND CONTRACT VALUE

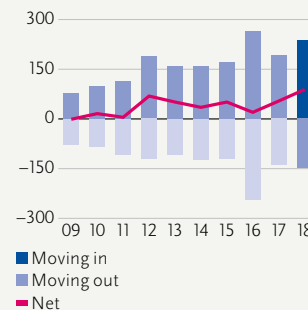
Klövern's business approach is reflected in 99 per cent of the contract value consisting of commercial lease contracts. At year-end, private companies accounted for 60 per cent (52), listed companies for 26 per cent (32) and public sector entities for 14 per cent (16) of the lease contract value. In all, Klöver had 8,800 lease contracts (8,600) with 5,000 tenants (5,000) at the year-end. Out of all premise lease contracts, measured as a proportion of the contract value, 22 per cent (19) expire during 2019. The average lease term amounted to 3.5 years (3.6). Of the total contract value, excluding supplements, 82 per cent (89) was indexed in relation to the consumer price index (CPI). In all, Klöver's contract value amounted to SEK 3,623 million (3,107) at the year-end.

The share of the ten largest customers of Klöver's contract value amounted at the year-end to 17 per cent (18) and the average contract term for these was 5.7 years (6.1).

NKI – SATISFIED CUSTOMER INDEX

An NKI questionnaire is carried out every other year. The most recent measurement was conducted toward the

NET MOVING IN
SEKm



CONTRACT PERIOD
Years



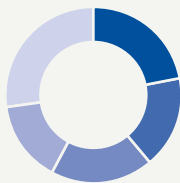
end of 2017 with a total result of 69 (77) on a scale from 0 to 100. A score of 69 is a relatively good result, but it is somewhat lower than Klöver's goal of at least 75. Tenants score Klöver highly in the categories Service Report and Customer Care & Personal Service, but there is room for improvements in Customer Dialogue & Maintenance.

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



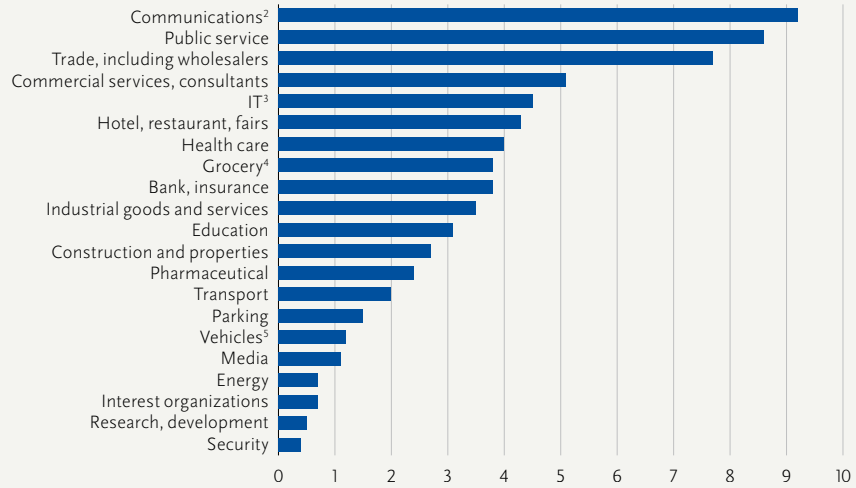
The newly constructed property S7 (Sigurd 7) in Västerås.

TERMS LEASE CONTRACTS
PREMISES, CONTRACT VALUE
%



Due year, %
 ■ 2019 22
 ■ 2020 17
 ■ 2021 19
 ■ 2022 15
 ■ 2023– 27

CONTRACT VALUE PER CUSTOMER CATEGORY¹
%



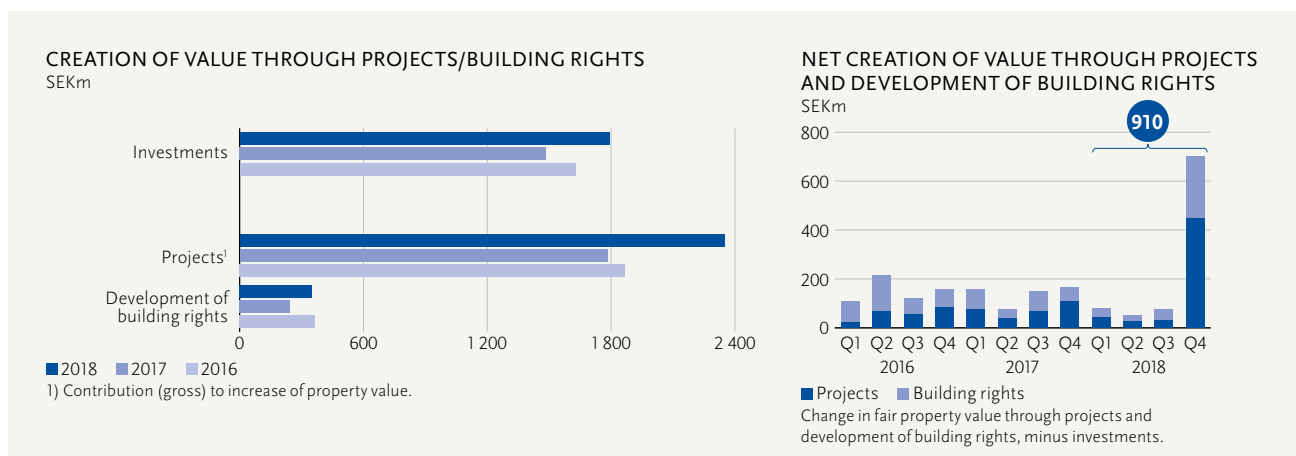
1) Based on all lease contracts with an annual contract value > SEK 1m
 2) Telecommunications, broadband, equipment, services
 3) Hardware, software, services
 4) Trade and producers
 5) Sales, service

PROJECT DEVELOPMENT

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

During 2018, Klöver has continued to place a major focus on project development. In all, SEK 1,791 million (1,489) was invested. The total estimated expenditure for the 402 projects in process at year-end amounted to SEK 2,661 million (2,681) with a remaining investment of SEK 759 million (1,246). 53 (41) of these projects have an estimated investment of over SEK 10 million.

Although a number of projects are of limited size, an intensive effort is required. Klöver has worked constantly to reinforce the project organization. The market conditions for new construction continue to be good and further urban development makes it possible to complement high quality flexible offices with housing of varying volume. The concept development of Klöver's business centres under the First Office brand name is continuing strongly.



KLÖVERN'S LARGEST ONGOING PROJECTS

City	Property	Type of project	Contractor	Largest tenant, moving in year/quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Expected completion date, year
New York	1245 Broadway*	Offices	Triton Construction	–	16,700	443	1,146	1,099	184	20Q4
Gothenburg	Travbanan 2, 3	Fair/Hotel	BRA Bygg	Easyfairs, 19Q1	29,723	590	526	30	54	19Q2
Norrköping	Kopparhammaren 2	Offices	SEFAB	Gaia, 20Q1	4,775	100	143	53	10	20Q1
Stockholm	Helgafjäll 7	Offices	Lindesbergs Bygg	Samsung, 19Q3	4,775	123	36	30	6	19Q3
Uppsala	Fyrislund 6:6	Laboratory	Byggconstruct	Recipharm, 19Q4	1,831	39	27	26	4	20Q1
TOTAL					57,804	1,295	1,878	1,238	258	

*) The project at 1245 Broadway was started in mid-January 2019.



ÖREBRO, ÖREBRO ENTRÉ

Klövern is developing its new landmark, Örebro Entré at the northern approach to Örebro centre in the vicinity of the travel interchange. In the first stage of the project, Klövern is intending to construct a 14-floor building. The construction of approximately 7,900 sq.m. will contain a hotel on seven floors and modern offices close to the city centre and with an attractive view over Örebro.



NEW YORK, 1245 BROADWAY

The property at 1245 Broadway, Manhattan was acquired as a site leasehold. This is now an ongoing development project of a 22-floor office building with floor to ceiling windows, leading to a fantastic feeling of space and light. The use of natural light, modern fittings, and minimalist shapes will create a clear feeling of Nordic design.



GOTHENBURG, TRAVBANAN 2, 3

Klövern has in cooperation with Åby Travsällskap built a 13,000 sq.m. fair facility, 8,000 sq.m. hotel and office space totalling 9,000 sq.m. On 1 January 2019, the first tenants Artexis Easyfairs (the fair) and Friskis & Svetis moved in. Moving-in to the hotel is planned for the second quarter of 2019. It is also planned to establish a First Office in the new and modern premises.



NORRKÖPING, KOPPARHAMMAREN 2

Klövern is building a new block of offices, restaurants and cafes in collaboration with Hyresbostäder which will build student and researcher housing. Kopparhusen are full of character with a clear homage to the industrial heritage of the area, using metal-clad façades with patterns reminiscent of textiles and pleasant courtyards in brick. Phased moving in is planned at the end of 2019.

BUILDING RIGHTS

Development potential on the company's own land in the form of building rights within the existing property portfolio has increased over time. Klöver works constantly to develop its portfolio of building rights by developing existing building rights and creating new ones. As a result of this, Klöver currently has building rights according to local plans (zoning) and/or assessed building rights at all prioritized locations. Assessed building rights are building rights that can reasonably be assumed to be created on the basis of the contents of surrounding local and general plans, given the nature and location of the property. Normally, about 10–20 local planning applications are being pursued in different parts of Sweden. This work is conducted in close cooperation with municipalities. At year-end, building rights totalled 1,857,000 sq.m. (1,927,000) and were valued at SEK 1,629 million (1,288). Of these, 612,000 sq.m. (662,000) were included in local plans.

KLÖVERN LIVING

Klöver Living is working with a number of residential development projects. The projects are at various stages of development, but are all aimed at enabling a future development of housing and residential environments within Klöver's existing property portfolio. Several local planning processes are underway and are nearing their final phase, with a number of others expected to begin shortly. Through the Klöver Living brand, Klöver will contribute to increased residential development in the company's prioritized locations. In a longer perspective, there may be scope for construction of as many as between 8,000 and 12,000 apartments within the existing portfolio, amongst other places, in Stockholm, Uppsala, Västerås, Nyköping and Karlstad. The pace and scope of future expansion partly depends on the additional volume of building rights with local plans created in the future and the development of the housing market. Alternative ways of developing the value of building rights provide great flexibility as regards investment volume and balance between risk and value creation. Residential building rights with local plans as of 31 December 2018 amounted to 44,000 sq.m. (44,000), and there are additionally assessed residential building rights amounting to 814,000 sq.m. (860,000).

TOBIN PROPERTIES

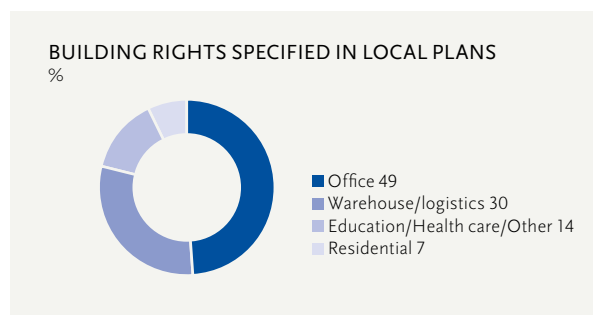
As a complement to Klöver Living, Klöver has a shareholding in the housing developer Tobin Properties. Tobin Properties indirectly reinforces Klöver's building rights portfolio for future residential development by an additional approximately 2,200 apartments.

On 17 January 2018, Klöver acquired 7,500,000 ordinary shares in Tobin Properties in a directed new issue. During the year, additional shares were acquired, inter alia, through a mandatory cash offer and a bonus issue. On 31 December 2018, the ownership amounted to shares corresponding to 81.2 per cent of the capital and 82.9 per cent of the votes. Tobin Properties is consolidated in Klöver from 4 April 2018.

BUILDING RIGHTS 31 DEC. 2018

000 sq.m. GA ¹	Total building rights	Building rights specified in local plans	Assessed building rights	Of which housing of total building rights GA
Stockholm North	386	146	240	281
Stockholm South	63	15	48	10
Uppsala	190	33	157	40
STOCKHOLM REGION	638	194	445	331
Linköping	336	85	251	124
Norrköping	53	31	22	–
Nyköping	109	26	84	108
Kalmar	31	–	31	20
EAST REGION	528	141	388	252
Västerås	301	25	276	187
Örebro	47	28	19	2
CENTRAL REGION	347	53	295	189
Gothenburg	75	31	44	5
Karlstad	216	147	69	82
Malmö	40	35	5	–
Halmstad	12	12	–	–
SOUTH REGION	343	225	118	87
TOTAL KLÖVERN	1,857	612	1,245	858

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



Residential development projects



KISTA, MYVATTEN/DALVIK/SKAFTÅ

Local planning work is in process in the Myvatten, Dalvik and Skaftå blocks of central Kista to enable existing parking spaces to be transformed into a vibrant residential area with mixed functions such as housing, a pre-school, centre, culture and a park. The area will comprise around 500-700 residential units when completed. The project is being developed under the brand name Klöver Living.

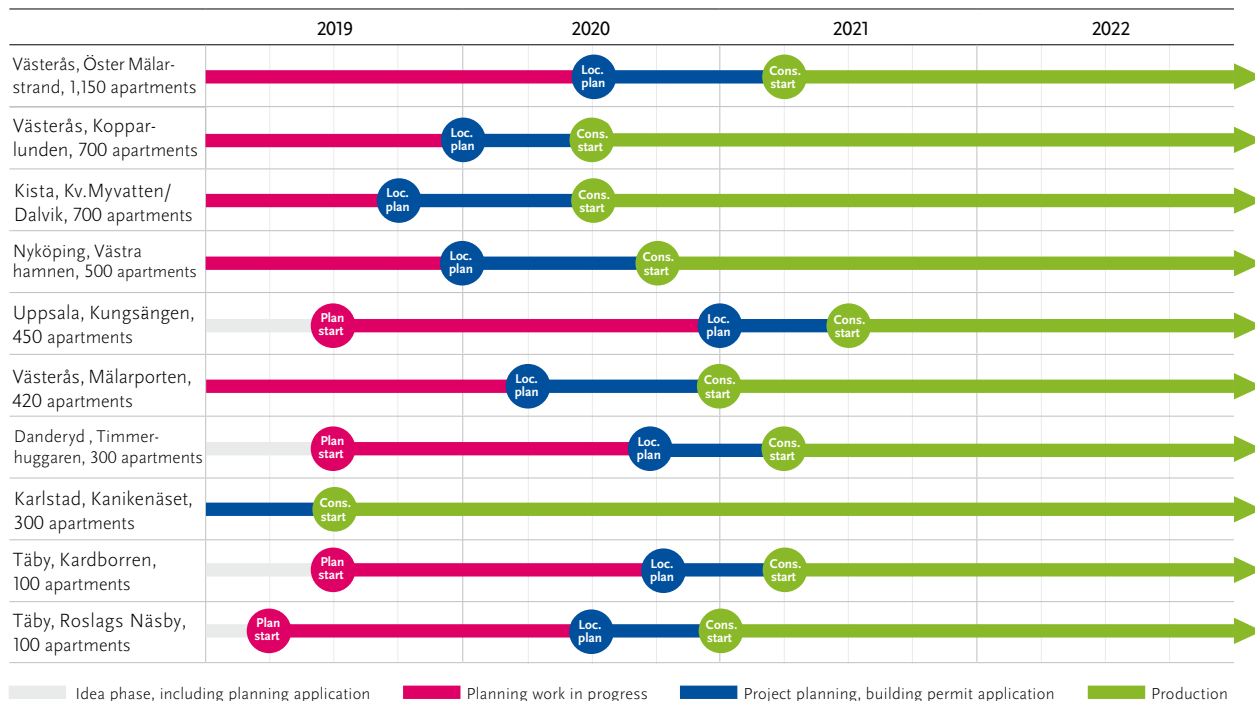


EKENBERG SVÄGEN

Tobin Properties is developing, amongst others, the blocks around Ekenbergsvägen in Sundbyberg. The previously completed projects or projects in process Vintergatan, Arkaden and Rio are together contributing with future projects to the transformation of Ekenbergsvägen into an attractive city street.



KLÖVERN LIVING – THE TEN LARGEST RESIDENTIAL DEVELOPMENT PROJECTS





Sundhøtshus (Vanløse) in Copenhagen.



The Codan-house in Copenhagen.

TRANSACTIONS

During 2018, Klöver has continued to expand its Swedish portfolio at selected growth locations and at the same time initiated an international expansion by acquisitions in Denmark and USA.

ACQUISITIONS

Klöver has throughout the year acquired 38 properties with a total lettable area of around 333,000 sq.m. The total purchase price was SEK 8,056 million.

During the year, Klöver has carried out several major acquisitions in Copenhagen and thus established a strong position in Denmark. In total, seven properties have been acquired at an underlying property value of SEK 4.0 billion. The aggregate lettable area amounts to around 93,000 sq.m. and consists largely of office space. Major tenants include Codan Forsikring, Copenhagen Business School and G4S Security Services.

During the year, Klöver has become established in New York by acquisition of two project properties in Manhattan. It is intended to develop around 25,000 sq.m. modern office premises.

In Sweden, the focus has been mainly on existing growth locations. The property portfolio in Stockholm has been complemented by acquisition of an office property in Kista. There has been addition to the property portfolio in Gothenburg in the form of an office property in Mölndal, which is fully let to Bravida.

With the acquisition of Agora, 27 properties were taken possession of with a total lettable area of just under 230,000 sq.m. The properties consist of centrally located malls mainly with retail trade but with some shops selling everyday goods,

service and restaurants as well as office premises. Klöver intends to retain and develop the properties that strengthen the company's position at locations where Klöver is already active, i.e. Kalmar, Malmö, Västerås, Växjö and Örebro.

DIVESTMENTS

Klöver has during the year divested 17 properties with a total lettable area of around 273,000 sq.m. for a total of SEK 2,464 million. Through these divestments, Klöver has concentrated its portfolio even further and focused it on the most highly prioritized locations. With these divestments, Klöver has left the cities of Falun, Helsingborg, Härnösand and Sollefteå.

Transfer of possession of two logistics properties located in Mölndal and Partille has taken place during the year. In addition, some individual smaller properties have been divested in Stockholm and Örebro.

Four properties that were taken over with the acquisition of Agora, located in Södertälje, Tranås and Trollhättan were divested during the fourth quarter. During the quarter, agreements were also signed for divestment of three properties in Falköping, four properties in Nässjö and one property in Motala. These divestments were in line with the strategy which was communicated in connection with the acquisition, i.e. to divest the properties at locations where Klöver does not operate.

PROPERTY TRANSACTIONS IN 2018: ACQUISITIONS

City	Property	Category	Lettable area, sq. m.	Quarter
Stockholm	Knarrarnäs 6 ¹	Office	4,733	Q1
Copenhagen	26er, 26fg, 26fi Frederiksberg ²	Education/ Health care/ Other	19,300	Q1
Copenhagen	24a (1, 2) Frederiksberg	Office	31,109	Q1
New York	1241 Broadway ³	Land	0	Q2
Copenhagen	383 Eksercerpladsen	Office	15,662	Q3
Copenhagen	3269b Vanløse	Office	6,946	Q3
Copenhagen	12p Vridsløselille By	Office	8,630	Q3
Copenhagen	1kh Rudegård Ny Holte	Office	5,341	Q3
Gothenburg	Hårddisken 3	Office	3,274	Q3
New York	322-326 7th Ave ⁴	Office	2,300	Q3
Copenhagen	984 Østervold Kvarter	Office	6,034	Q4
Borås	Bromsen 3 ⁵	Retail	22,801	Q4
Borås	Bromsen 4	Retail	0	Q4
Borås	Spindeln 13	Retail	0	Q4
Borås	Spindeln 14	Retail	0	Q4
Borås	Termiten 1	Retail	14,806	Q4
Eskilstuna	Vestalen 10	Retail	10,856	Q4
Eskilstuna	Vampyrn 9	Retail	16,757	Q4
Falköping	Ciselören 2	Retail	4,649	Q4
Falköping	Hjälmen 1	Retail	2,699	Q4
Falköping	Lilla Björn 1	Retail	3,418	Q4
Kalmar	Åldermannen 25	Retail	8,554	Q4
Malmö	Carolus 32	Retail	15,348	Q4
Malmö	Innerstaden 1:152	Retail	0	Q4
Motala	Plåtslagaren 7	Retail	8,123	Q4
Nässjö	Lejonet 2 ⁶	Retail	0	Q4
Nässjö	Lejonet 8	Retail	4,458	Q4
Nässjö	Lejonet 13	Retail	0	Q4
Nässjö	Lejonet 14	Retail	0	Q4
Södertälje	Jupiter 15	Retail	8,259	Q4
Tranås	Norra Missionen 13	Retail	8,760	Q4
Tranås	Telefonen 19	Retail	8,684	Q4
Trollhättan	Oden 7	Retail	16,224	Q4
Västerås	Lennart 17	Retail	13,263	Q4
Västerås	Loke 24	Retail	21,291	Q4
Västerås	Mats 5	Retail	19,288	Q4
Växjö	Sunaman 5	Retail	7,702	Q4
Örebro	Kitteln 11	Retail	13,493	Q4
TOTAL			332,762	

PROPERTY TRANSACTIONS IN 2018: DIVESTMENTS

City	Property	Category	Lettable area, sq. m.	Quarter
Gothenburg	Hästägaren 3	Warehouse/ logistics	48,064	Q1
Stockholm	Brynjan 5	Warehouse/ logistics	2,558	Q1
Helsingborg	Piken 4	Office	2,509	Q2
Gothenburg	Kåbäcken 11:7	Warehouse/ logistics	2,200	Q2
Falun	Falun 8:9	Office	34,863	Q3
Falun	Kvarnberget 1:6	Office	12,536	Q3
Härnösand	Seminariet 16	Education/ Health care/ Other	4,352	Q3
Härnösand	Ädelstenen 6	Education/ Health care/ Other	25,430	Q3
Härnösand	Ön 2:41	Office	29,614	Q3
Sollefteå	Remsle 13:64	Office	29,321	Q3
Örebro	Vindhjulet 3	Office	19,415	Q3
Gothenburg	Lexby 11:236	Warehouse/ logistics	14,756	Q3
Falun	Högbo 1:22	Education/ Health care/ Other	5,699	Q4
Södertälje	Jupiter 15	Retail	8,259	Q4
Tranås	Norra Missionen 13	Retail	8,760	Q4
Tranås	Telefonen 19	Retail	8,684	Q4
Trollhättan	Oden 7	Retail	16,224	Q4
TOTAL			273,244	

1) Site leasehold

2) 26er (1, 2, 4) Frederiksberg 26fg (76) Fredriksberg and 26fi (87.88) Frederiksberg.

3) Site leasehold, development property

4) Development property

5) Bromsen 3 and 4 and Spindeln 13 and 14 are jointly taxed.

6) Lejonet 2, 13 and 14 are jointly taxed.

■ Properties for which divestment agreements have been signed.

PROPERTY VALUE

The fair value of Klöver's 426 properties was SEK 52,713 million on 31 December 2018. At the same time, the average yield requirement for the property portfolio, excluding land and building rights, was 5.7 per cent. The changes in value amounted during the year to SEK 2,309 million.

The Swedish real estate market continued to have a strong development during 2018. The transaction volume, according to Cushman & Wakefield, amounted to SEK 166 billion, which is the second highest volume of transactions measured in Sweden. This may be compared with just under SEK 160 billion during 2017.

Housing was the most popular market segment accounting for around 37 per cent of the volume of transactions. Offices were the second largest segment, accounting for the equivalent of 22 per cent by volume. The interest in residential properties and residential building rights is attributable to the housing shortage in Sweden's growth cities. The interest in office properties is explained by the high level of employment, which has led to stable or increasing cash flows, and the continued good access to capital at a low interest rate.

Geographically, the Stockholm region has continued to dominate with a transaction volume of over SEK 55 billion or 33 per cent of the total volume. Västra Götaland and Skåne accounted for 9 and 10 per cent of the volume, respectively.

During 2018, the proportion of Swedish investors increased, accounting in total for around 78 per cent of the transaction volume compared with around 70 per cent in 2017. On the sales side, Swedish players continue to dominate with over 80 per cent of the volume, which is the same level as in 2017.

CHANGES IN PROPERTY VALUES

Changes in property values amounted to SEK 2,309 million (1,913) in 2018. The changes in value include realized changes of SEK -15 million (-1) and unrealized changes of SEK 2,324 million (1,914), of which SEK 382 million is a one-off effect of the acquisition of Agora which was done at an implicit discount compared with the fair value of the company's properties. Excluding the one-off effect of Agora, the changes in value correspond to 4.5 per cent of Klöver's property value at the start of 2018.

At year-end 2018, the average yield requirement for Klöver's properties was 5.7 per cent (5.9), excluding land and building rights. The main reasons for the rise in the value of properties were investments made in connection with new letting, rising market rents, reduced yield requirements and development of the building rights portfolio. Klöver's

average yield requirement has dropped by 0.2 percentage points compared to the previous year, mainly linked to strong interest among investors and the continued development of the operating surplus due to increased net moving in and cost efficiencies.

VALUATION MODEL

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

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

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

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

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

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

- > The normal period of calculation is five or ten years.
- > The long-term development of inflation has been assessed at 2 per cent (The Riksbank's inflation target).

BASIS FOR VALUATION

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

RENTAL INCOME

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

OPERATING EXPENDITURE

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

INVESTMENT REQUIREMENTS

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

YIELD REQUIREMENT AND COST OF CAPITAL

The yield requirement for each property has been assessed on the basis of the unique risk for each property and can be divided into two parts, a general market risk and a specific property risk. Market risk is associated with the general state of the economy and is affected, for instance, by the priority

given by investors to different types of assets and financing possibilities. The specific property risk is affected by the location of the properties, the type of property, efficiency of its use of space, the standard of the premises, the quality of the installations, site leasehold, type of tenant, and the terms of the lease.

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

RESIDUAL VALUE

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

CALCULATION PERIODS

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

BUILDING RIGHTS AND LAND

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

INSPECTION OF THE PROPERTIES

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

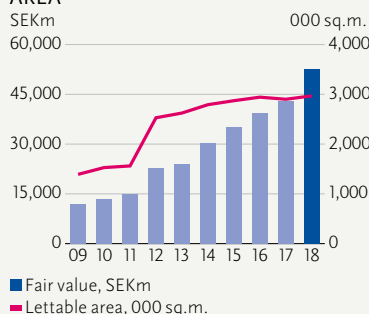
SUMMARY

Value date	31 December 2018
Fair value	SEK 52,713 million
Calculation period	Normally 5 or 10 years
Yield requirement for assessment of residual value	Between 3.55 and 9.25 per cent
Cost of capital/discount rate	Between 5.55 and 11.00 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent

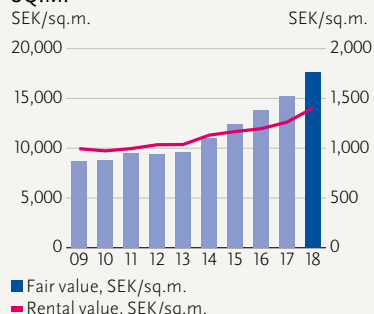
SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on property value, SEKm
Yield requirement	0.5 percentage point	-4,124/+4,918
Rental income	SEK 50/sq.m.	+/- 2,607
Operating costs	SEK 25/sq.m.	-/+ 1,304
Vacancy rate	1.0 percentage point	-/+ 714

THE PROPERTIES' FAIR VALUE AND AREA



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



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

PROPERTIES, FAIR VALUE, SEKm

	2018	2017
Fair value as at 1 January	42,961	39,234
Acquisitions	8,056	2,109
Investments	1,791	1,489
Divestments	-2,464	-1,785
Unrealized changes in value	2,324	1,914
Foreign currency conversion	45	-
FAIR VALUE AT YEAR END	52,713	42,961

PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2018²

	Fair value, SEKm	No. of properties	Rental value, SEKm ¹	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement average, %
Stockholm Region	22,951	90	1,595	89	839	5.55-10.50	3.55-8.50	5.2
South Region	10,631	156	931	87	838	6.30-10.40	4.25-8.25	6.3
East Region	8,284	122	787	92	763	7.00-11.00	5.00-9.25	6.5
Central Region	6,036	49	520	88	433	6.60-10.60	4.60-8.65	6.2
International	4,811	9	230	98	96	6.00-8.75	4.00-6.75	4.3
<i>of which</i>								
Investment	47,380	384	3,766	91	2,673	5.55-11.00	3.55-9.25	5.7
Development	5,333	42	298	66	296	6.25-11.00	4.25-9.00	5.6
TOTAL	52,713	426	4,063	89	2,969			5.7

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

2) On 1 January 2019, the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region.



FINANCING	46
BONDS AND COMMERCIAL PAPER	50
SHARES	52
TAXES	57
RISK AND SENSITIVITY	58
INVESTOR RELATIONS	62

The property Hårddisken 3 in Mölndal, acquired during 2018.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

FINANCING

Klövern's average interest rate improved during 2018 from 2.5 per cent to 2.3 per cent. During the year, longer maturities and an increased proportion of swaps have been given priority above short loans with variable interest. Access to bank loans has been good with relatively stable pricing. However, the capital market has weakened slightly during the year in the wake of reduced buybacks from, in particular, the ECB but also due to general insecurity in the finance market after many years of rising stock markets.

THE CREDIT MARKET

During the fourth quarter, the Riksbank increased its policy rate, the repo rate, by 25 basis points to -0.25 per cent. A gradual return to positive rates, in a scenario with stable economic development, would be healthy and positive for Klöverns business model.

During January 2018, Klöverns expanded the framework amount for the commercial paper programme from SEK 3,000 million to SEK 4,000 million. Demand for commercial paper has been slightly lower during the autumn compared with 2017 but at a low margin for the company above 3-month Stibor.

During the year, Klöverns has successfully launched a green framework and issued a green unsecured bond which further diversifies the capital base. It improves the financing possibilities in future space with a probable increase in requirements for the sustainability in the financial sector as well.

FINANCIAL MANAGEMENT

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

debt, take care of new borrowing for investments and acquisitions, improve the efficiency of cash management and limit the financial risks. This work is governed and controlled by the financial policy adopted by the Board once each year. The financial policy establishes the allocation of responsibility for financial matters and the rules relating to reporting, monitoring and control. Financial matters of strategic importance are dealt with by Klöverns Board of Directors.

RAISING CAPITAL

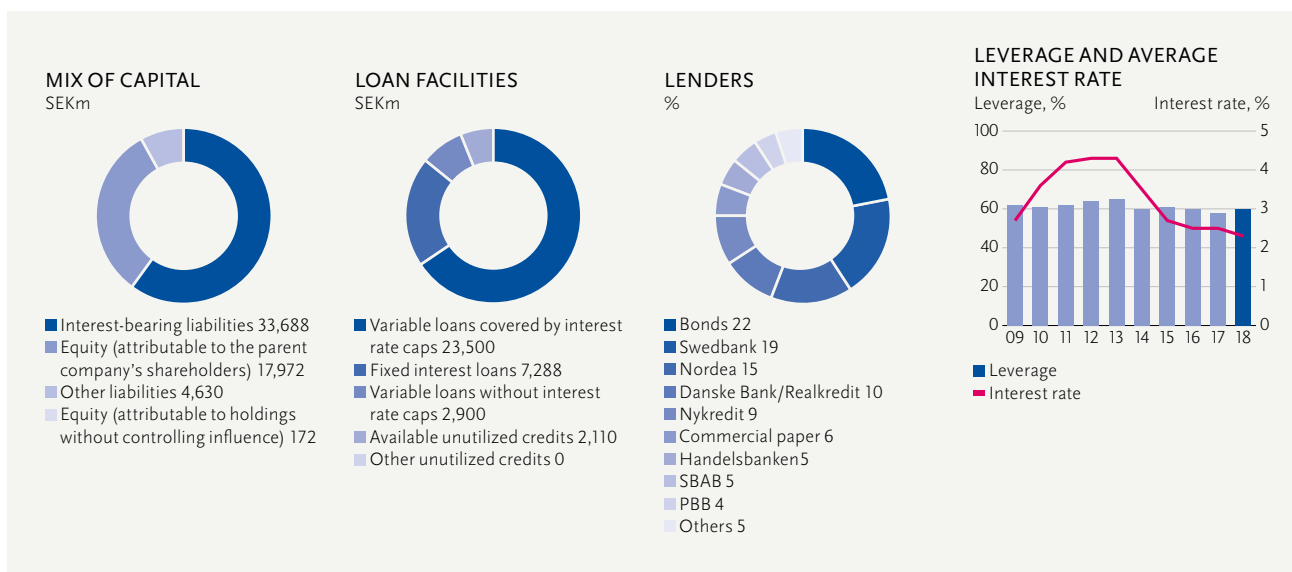
Running a real estate company is capital intensive. The total amount of assets, which is essentially the same as the value of the properties, is financed with equity and liabilities. The proportions of these two depend on various factors such as the cost of the different forms of finance, the focus of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

On 31 December 2018, Klöverns assets amounted to SEK 56,462 million (44,257), of which properties amounted to SEK 52,713 million (42,961) or 93 per cent (97).

FIXED INTEREST AND TIED-UP CAPITAL

Maturity year	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which outstanding bonds, SEKm	Unutilized, SEKm
Variable ¹⁾	26,400	–	–	–	–
2019	1,338	5,378	4,843	1,650	535
2020	2,442	4,523	4,523	2,250	–
2021	2,908	12,991	11,916	2,650	1,075
2022	–	4,059	3,559	900	500
2023	600	3,427	3,427	–	–
Future	–	5,420	5,420	–	–
TOTAL	33,688	35,798	33,688	7,450	2,110

1) SEK 23,500 million of the reported variable volume is covered by interest rate caps.



Equity

At year-end 2018, Klöver's equity (attributable to the parent company's shareholders) totalled SEK 17,972 million (14,505). The equity ratio was 31.8 per cent (32.8) and the adjusted equity ratio 37.4 per cent (38.5).

Return on equity is calculated as profit after tax in relation to average equity. As from 2017, the goal is for the return in the long term to amount to at least 10 per cent. The goal was achieved in 2018, by a broad margin, when return on equity amounted to 21.2 per cent (18.9). As net profit is not only affected by the operating profit but also by changes in value of properties and derivatives, the level of return varies sharply from year to year.

The increase in equity during the year is partly attributable to hybrid bond issues, see page 51.

Liabilities

At the year-end, the total liabilities amounted to SEK 38,318 million (29,752), of which interest-bearing liabilities accounted for SEK 33,688 million (25,529). As interest-bearing liabilities are normally a cheaper form of financing than equity, there is an incentive to have a relatively high share of interest-bearing liabilities, within the given risk mandate.

At the year-end, the interest-bearing liabilities accounted for 60 per cent (58) of the total financing. Leverage, measured as interest-bearing liabilities after deduction for the market value of listed shareholdings (including repurchased shares) and liquid assets in relation to the value of properties,

amounted to 60 per cent (58). Leverage on properties, i.e. interest-bearing liabilities with collateral in properties in relation to the fair value of the properties at the end of the period, amounted to 48 per cent (42). Interest-bearing liabilities, which do not have collateral in properties consist mainly of unsecured bonds and commercial paper issued by Klöver. More information about bonds and commercial paper is available on page 50-51.

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 17 per cent (33) of the interest-bearing liabilities, SEK 5,730 million (8,325), for fixed interest with a long maturity. Normal fixed-interest loans total 5 per cent (2) or SEK 1,558 million (600). Variable loans account for 78 per cent (65) or SEK 26,400 million (16,604), SEK 23,500 million (10,000) of which are covered by interest-rate caps.

During the year, SEK 11,962 million of existing credit facilities have been refinanced and SEK 5,418 million raised in new loans. During the spring, two bonds of SEK 1,500 million and SEK 900 million were issued, of which the latter through the company's new green framework. In addition, Klöver has issued commercial paper whose outstanding volume at year-end totalled SEK 1,845 million (2,970). In addition to existing loans Klöver had unutilized credits and overdraft facilities of SEK 2,110 million (3,048), of which SEK 2,110 million (2,468) was available for immediate use with existing



collateral. The unutilized loan facilities are distributed among four different lenders and are subject to renegotiation in 2020-2022. 93 per cent of the interest-bearing liabilities were in SEK and 7 per cent in DKK. At year-end 2018, liquid funds amounted to SEK 576 million (39).

Other liabilities consist mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. At year-end, other liabilities amounted to SEK 4,630 million (4,223) and constituted 8 per cent (9) of Klöver's total financing.

AVERAGE INTEREST RATE AND FIXED INTEREST

At year-end, Klöver's average interest rate was 2.3 per cent (2.5). Somewhat decreasing margins on bank loans are counteracted by already agreed interest rate swaps to hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest rate caps, as well as costs for credit facilities and overdraft facilities, Klöver's average borrowing rate was 2.1 per cent (1.8) at year-end. The average period of fixed interest, taking into consideration interest rate derivatives, was 2.9 years (2.8).

TIED-UP CAPITAL

At year-end, the average period of tied-up capital was 4.3 years (3.0). Loans maturing during 2019 total SEK 4,843 million (8,493), excluding overdraft facilities.

DERIVATIVES

Klöver uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 29,230 million (18,325) at year-end, corresponding to 86 per cent (72) of the interest-bearing liabilities. Taken together with fixed-interest loans of SEK 1,558 million, this entails that the fixed-interest share of credit volume amounted to 91 per cent. Klöver normally uses two types of derivatives: interest rate swaps and interest rate caps.

Interest rate swaps entail an agreement between two parties to exchange interest payments with one another. Klöver has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, primarily with three months' maturity, and fixed interest is paid varying between -0.13 and 2.54 per cent. At year-end 2018, the volume of swaps was SEK 5,730 million (8,325). No premium has been paid for the interest rate swaps. The counterparties for swaps are Danske Bank, Nordea and Swedbank.

Holdings of interest rate caps amounted to SEK 23,500 million (10,000) at year-end. Interest rate caps protect against rising variable interest rates by providing interest income when the pre-selected variable market rate in the form of Stibor with a certain maturity passes the strike level. A premium is paid to the bank for the interest rate cap, which is booked as a cost during the time to maturity of the cap and



View of Kista, Stockholm.

increases Klöverns average borrowing rate. The counterparties for the interest rate caps are Danske Bank, Nordea and Swedbank.

Valuation of derivatives

The value of the interest rate caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2018, the change in value of the derivatives amounted to SEK 67 million (100), of which SEK 6 million (0) was realized. The value of derivatives at year-end was SEK -85 million (-367). All changes in value regarding derivatives have been reported in the income statement. Hedge accounting has not been applied.

CREDITORS AND COLLATERAL

The loan portfolio is distributed among a number of lenders, the largest being Swedbank, Nordea, Danske Bank, Nykredit, Handelsbanken, SBAB and Deutsche Pfandbriefbank.

Property mortgages of SEK 29,842 million (23,258) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klöverns has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klöverns AB.

COVENANTS AND RISK-TAKING

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

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

Klöverns meets all of the banks' requirements as at the balance sheet date and expects that it will continue to do so in 2019. The equity ratio was 31.8 per cent (32.8), adjusted equity ratio 37.4 per cent (38.5), the interest coverage ratio 2.7 (2.9), total leverage 60 per cent (58) and leverage on properties amounted to 48 per cent (42). Winding-up of negative positions in interest rate derivatives is expected to have some positive effect on the interest coverage ratio going forward.

BONDS AND COMMERCIAL PAPER

During 2018 Klöver issued two bonds totalling SEK 2,400 million. Klöver has also continued to issue commercial paper. At year-end outstanding bonds totalled SEK 7,450 million and commercial paper totalled SEK 1,845 million. Bonds and commercial paper constitute a complement to bank financing.

ALTERNATIVE FORMS OF FINANCING

Banks continue to be relatively conservative when it comes to leverage, i.e. the proportion of loans in relation to the property value. Most of the newly extended bank loans have a leverage of around 55-60 per cent, which can be compared to 75 per cent before the financial crisis in 2008. To optimize the company's capital structure it is necessary to continue to look for alternative sources of finance, such as bonds and commercial paper.

The capital raised from alternative sources of financing is not only used to cover the difference between the banks' maximum leverage limit and Klöver's wishes but also to simplify and enable projects and acquisitions.

THE BOND MARKET

During 2018 real estate bonds to a value of just over SEK 116 billion were issued in the Swedish market. The absolute majority of the volume of bonds issued by real estate companies in 2018 were unsecured bonds. Secured bonds at a value of SEK 6 billion were issued during the year. The Swedish bond market was relatively stable during the first two quar-

ters but weakened somewhat during the second half of the year. In the Euro zone, the effect of reduced buybacks by the ECB has been seen more clearly than in Sweden through reduced demand and a deterioration in the pricing for new issues.

REAL ESTATE BONDS ISSUED IN SWEDEN

A selection of issuers	Volume issued in 2018 SEK million
Vasakronan	12,078
Heimstaden	10,883
Castellum	9,888
Akelius	8,601
Hemsö	6,616
Rikshem	6,165
Akademiska Hus	5,870
Sagax	5,240
Fabege	4,555
Kungsleden	4,536

Source: Swedbank

BONDS PER 31 DECEMBER 2018

ISIN code	Type	Issued	Maturity	Fixed/Variable	Volume SEKm	Spread over 3 month Stibor on issue, %	Current spread over 3 month Stibor, %
SE0006799987	Unsecured	Mar -15	Mar -19	Variable	1,000	3.50	2.49
SE0008347371	Unsecured	Jun -16	Jul -19	Variable	500	9.00	9.04
SE0008966089	Unsecured	Sep -16	Sep -19	Variable	150	6.50	4.40
SE0008015119	Unsecured	Jun -16	Jun -20	Variable	750	4.15	3.30
SE0009241805	Unsecured	Nov -16	Nov -20	Variable	1,500	3.90	3.50
SE0010831198	Unsecured	Jan -18	Feb -21	Variable	1,500	3.50	4.00
SE0009779069	Secured	Mar -17	Mar -21	Variable	300	6.00	4.01
SE0010546747	Secured	Nov -17	Nov -21	Variable	850	1.70	2.10
SE0011063163	Unsecured	Apr -18	Apr -22	Variable	900	4.00	4.78

1) As of 15 February 2019 ■ Tobin Properties ■ Agora

KLÖVERN'S BOND ISSUES DURING 2018

During the year, Klöver established two new frameworks for bonds in the Swedish market amounting to SEK 2,500 million each. In all, bonds were issued to a value of SEK 2,400 million, of which SEK 900 million were issued under the new green framework established during the spring. The issues were carried out in collaboration with Danske Bank, Nordea and Swedbank.

INVESTORS

A large number of institutional investors invest in Klöver's different bonds. A considerable amount has also been invested through the banks' Private Banking operations. Investors include banks, pension funds, trade unions, real estate companies, private companies and private individuals. The minimum investment in the two bonds Klöver issued during 2018 was SEK 1,000,000 and SEK 1,100,000.

SECONDARY MARKET

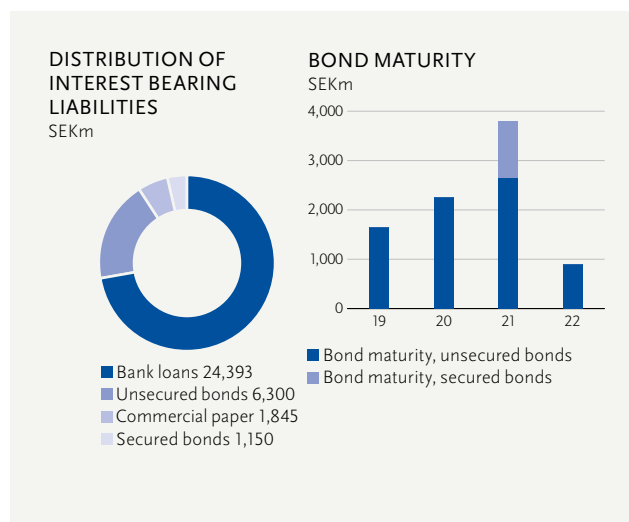
All of the nine bond loans issued by Klöver and its subsidiaries as of 31 December 2018 are listed on the Corporate Bond List at Nasdaq Stockholm. The bond loans are not, however, traded on the stock exchange but instead via Swedish banks and brokerage firms. Some of these market participants voluntarily set indicative prices for each bond loan.

MARGINS

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

HYBRID BONDS

During the year, hybrid bonds totalling SEK 1,300 million have been issued within a framework amount of SEK 1,500 million. The hybrid bond loan has a perpetual maturity and is reported as equity in the balance sheet. Klöver is able to



redeem the hybrid loans prematurely on 21 June 2023 and on every subsequent interest payment day. The instrument runs with a variable interest rate of STIBOR 3m + 600 basis points until the first redemption date.

COMMERCIAL PAPER PROGRAMME

During 2015, Klöver established a commercial paper programme that is traded via Danske Bank, Nordea and Swedbank. At year-end 2018 the programme had a framework amount of SEK 4,000 million, after a SEK 1,000 million expansion of the framework during the year. The outstanding volume at year-end 2018 totalled SEK 1,845 million (2,970). 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

Klövern is listed on Nasdaq Stockholm and belongs to the Large Cap segment. The total market value of Klöverns outstanding ordinary and preference shares at year-end was SEK 14,455 million.

MARKET INFORMATION

On 28 December 2018, the closing price for Class A ordinary shares in Klöverns was SEK 10.15 (10.87), and for Class B ordinary shares SEK 10.28 (10.72), while the closing price for the preference share was SEK 307.00 (309.60). The share price performance during 2018 amounted to -7 per cent for Class A ordinary shares and -4 per cent for Class B ordinary shares. In comparison the Stockholm stock exchange, measured by the OMX Stockholm All-Share index (OMXS), fell by 8 per cent while Nasdaq OMX Stockholm Real Estate index (SX8600) rose by 10 per cent. Including four paid quarterly dividends, the total return was -3 per cent for Klöverns Class A ordinary share and 0 per cent for the Class B ordinary share.

The share price development of the preference shares during the year amounted to -1 per cent. Including the dividend paid of SEK 20.00 per preference share this resulted in a total return of 6 per cent.

Klövern belongs to the Large Cap segment on Nasdaq Stockholm. Klöverns market capitalization amounted to SEK 14,455 million (14,922) at year-end 2018, ordinary shares accounted for SEK 9,407 million and preference shares SEK 5,048 million. The turnover rate was 14 per cent (20) for Class A ordinary shares, 39 per cent (48) for Class B ordinary shares and 15 per cent (38) for preference shares.

DIFFERENT CLASSES OF SHARES

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

Ordinary shares

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

Holder 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 852,557 Class A ordinary shares had been converted to Class B ordinary shares during 2018, the total number of Class A ordinary shares amounted to 73,660,263 and Class B ordinary shares to 842,333,717.

At the 2017 Annual General Meeting, it was decided that the dividends for ordinary shares would be paid in four quarterly instalments. This entailed a change compared to previously when dividends were paid out on a single occasion.

Preference shares

Klövern's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote. The total number of outstanding preference shares remained unchanged at 16,444,000 during 2018.

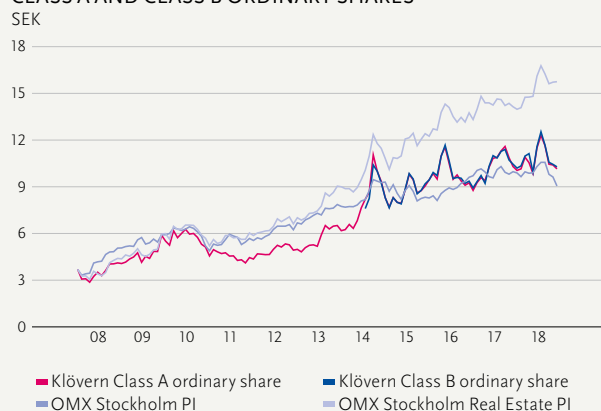
Klövern's preference shares confer a preferential right over ordinary shares to an annual dividend of SEK 20.00 per preference share. Payments of the decided dividend are made quarterly with SEK 5.00 per preference share. The preference share does not otherwise confer a right to dividend. If the general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

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

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

Detailed information regarding dividends, issues and

CLASS A AND CLASS B ORDINARY SHARES



PREFERENCE SHARE

KEY FIGURES, SHARES¹

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Equity per ordinary share, SEK	14.08	10.74	9.01	7.38	5.20	4.83	4.69	5.36	5.11	4.65
EPRA NAV, SEK	17.67	14.07	11.70	9.53	7.05	5.93	5.94	5.95	5.24	4.63
Equity per preference share, SEK	307.00	309.60	288.50	281.50	317.50	300.00	273.50	–	–	–
Profit from property management per ordinary share, SEK	1.19	1.03	0.93	0.78	0.61	0.49	0.43	0.48	0.50	0.56
Earnings per ordinary share, SEK	3.54	2.53	2.11	1.83	1.02	0.68	0.23	0.53	0.68	0.27
Share price at end of period, Class A ordinary shares, SEK	10.15	10.87	9.38	9.45	8.20	5.18	4.65	4.71	6.18	4.16
Share price at end of period, Class B ordinary shares, SEK	10.28	10.72	9.55	9.50	7.60	–	–	–	–	–
Share price at end of period, preference shares, SEK	307.00	309.60	288.50	281.50	317.50	300.00	273.50	–	–	–
Market capitalization, SEKm	14,455	14,922	13,479	13,327	12,232	7,527	6,670	4,165	5,467	3,682
No. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0
No. of outstanding ordinary shares at end of period, million	825.8	876.6	916.0	916.0	916.0	916.0	888.5	884.4	884.4	884.4
Average no. of outstanding ordinary shares at end of period, million	852.4	902.8	916.0	916.0	916.0	914.9	874.0	884.4	884.4	884.4
No. of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	9.3	9.3	–	–	–
No. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	9.3	9.3	–	–	–
Average no. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	10.5	9.3	5.9	–	–	–
Dividend per ordinary share, SEK	0.46 ²	0.44	0.40	0.35	0.30	0.27	0.27	0.23	0.27	0.23
Dividend per preference share, SEK	20.00 ²	20.00	20.00	20.00	20.00	20.00	20.00	20.00	–	–
Dividend for ordinary and preference shares in relation to profit from property management, %	53 ²	57	59	62	77	68	83	79	55	41
Dividend for preference shares in relation to profit from property management, %	24 ²	26	28	32	42	29	35	27	–	–
Dividend yield, Class A ordinary shares, %	4.5 ²	4.1	4.3	3.7	3.7	5.3	5.9	4.8	4.4	5.5
Dividend yield, Class B ordinary shares, %	4.5 ²	4.1	4.2	3.7	3.9	–	–	–	–	–
Dividend yield, preference shares, %	6.5 ²	6.5	6.9	7.1	6.3	6.7	7.3	–	–	–
Total return, Class A & B ordinary shares, % ³	–0.2	14.4	4.2	28.9	53.0	17.2	3.7	–19.4	54.0	31.3
Total return, preference shares, %	5.6	14.2	9.6	–5.0	12.5	17.0	–	–	–	–

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

2) Based on proposed dividend

3) Based from 2015 on Class B

redemption can be found in this annual report and on Klöverns website.

ISSUES, REVERSE SPLIT AND CONVERSION PROVISIO

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

The bonus issue involved issuing all holders of ordinary shares ten new Class B ordinary shares for each existing Class A ordinary share, which meant that the number of outstanding ordinary shares was increased by a factor of 11.

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

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

REPURCHASE

Since 2007, the Board of Directors of Klöverns has been authorized by the Annual General Meeting to repurchase shares up to a maximum of 10 per cent of the total number of registered shares. This is intended, inter alia, to enable continuous adaptation to the company's capital requirements and thus contribute to increased shareholder value. In accordance with this authorization, Klöverns repurchased a total of 50,832,522 Class B ordinary shares in 2018, for a total of SEK 558 million. At year-end, Klöverns's holdings of its own shares amounted to 90,200,000 Class B ordinary shares, corresponding to 9.7 per cent of the total number of registered shares.

DIVIDEND

Klöverns goal is that dividends (on ordinary shares and preference shares) in the long term shall amount to at least 50 per cent of the profit from property management.

The Board of Directors' proposal to the Annual General Meeting for the financial year 2018 is for a dividend of SEK 0.46 (0.44) per ordinary share to be paid in four instalments at SEK 0.11, SEK 0.11, SEK 0.12 and SEK 0.12 respectively and a dividend of SEK 20.00 (20.00) per preference share to be paid in four instalments at SEK 5.00 on each occasion. This proposal means that the dividend amounts to 53 per cent (57) of the profit from property management. Over the past

ten years, this would mean an average dividend amounting to 63 per cent of the profit from property management.

Klöverns also has a goal that in the long term dividend to preference shareholders shall not exceed 30 per cent of the profit from property management. The proposed dividend for 2018 corresponds to 24 per cent (26) of the profit from property management.

During 2018 a total of SEK 688 million (508) has been paid as dividend, of which SEK 329 million (329) was paid to holders of preference shares and SEK 359 million (179) to holders of ordinary shares.

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

DIVIDEND YIELD

The proposed dividend of SEK 0.46 per ordinary share and SEK 20.00 per preference share corresponds to a dividend yield of 4.5 per cent for Class A ordinary shares and 4.5 per cent for Class B ordinary shares and 6.5 per cent for preference shares based on the share prices at year-end 2018.

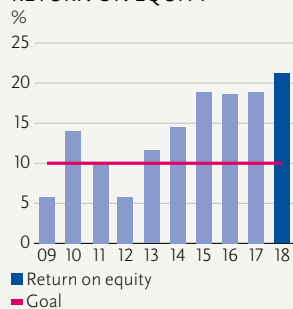
RETURN ON EQUITY

Klöverns goal for return on equity is that it should in the long term amount to at least 10 per cent. The return on equity attained during 2018 was 21.2 per cent (18.9).

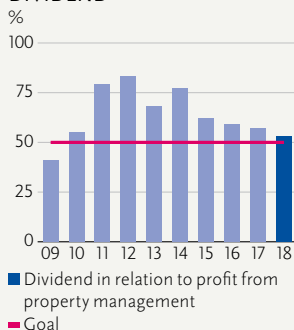
ADJUSTED EQUITY AND EPRA NAV

Assets and liabilities are reported at their historical acquisition values apart from certain financial assets and liabilities and also investment properties, which are assessed at fair value. At year-end 2018, equity (attributable to the parent company's shareholders) amounted to SEK 17,972 million (14,505). On the liabilities side of the balance sheet at the end of the year was a deferred tax liability of SEK 2,884 million (2,550), 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 properties as an asset, no tax effect arises. In Klöverns case, practically all properties are sold in corporate form, which given current tax legislation, in all probability, means that only a minor part of the total deferred tax liability will be paid. The difference between the tax value and the fair value of the properties was SEK 24,797 million (21,962) at year-end. If the equity is adjusted with the value of derivatives, goodwill, repurchased shares (based on the share price at the end of each period) and deferred tax on properties exceeding 5 per cent of the difference between tax value and fair value of the properties and is

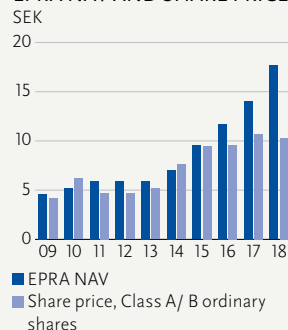
RETURN ON EQUITY



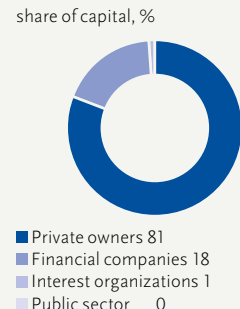
DIVIDEND



EPRA NAV AND SHARE PRICE



SHAREHOLDER CATEGORIES



DEVELOPMENT OF THE SHARE CAPITAL 2010–2018

	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
4 Feb. 2016 Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960
9 Aug. 2016 Conversion	78,360,480	837,633,500	915,993,980	16,444,000	1,864,875,960
3 Feb. 2017 Conversion	74,787,201	841,206,779	915,993,980	16,444,000	1,864,875,960
3 Aug. 2017 Conversion	74,552,820	841,441,160	915,993,980	16,444,000	1,864,875,960
5 Feb 2018 Conversion	74,389,011	841,604,969	915,993,980	16,444,000	1,864,875,960
3 Aug 2018 Conversion	73,660,263	842,333,717	915,993,980	16,444,000	1,864,875,960

set in relation to the assets adjusted for goodwill, the adjusted equity ratio amounted to 37.4 per cent.

Equity per ordinary share amounted at year-end 2018 to SEK 14.08 (10.74). The long-term net asset value per ordinary share (EPRA NAV), calculated by adding back derivatives and deferred tax liability to equity, amounted on the same date to SEK 17.67 (14.07) after having increased 26 per cent during the year.

OWNERSHIP STRUCTURE

At year-end there were 47,696 shareholders (46,033) in Klöver. The 15 largest shareholders represented 60 per cent of the total number of registered shares, corresponding to a market capitalization of SEK 6,463 million (6,840). 80 per cent (79) of the total number of shares were held by Swedish shareholders.

Rutger Arnhult (via company) and Corem Property Group had shareholdings that each exceeded 10 per cent of the capital and voting rights as at 31 December 2018.

SHAREHOLDERS 31 DEC. 2018

Name	No. of Class A ordinary shares, 000s	No. of Class B ordinary shares, 000s	No. of preference shares, 000s	Proportion of share capital, %	Proportion of votes, % ¹⁾
Rutger Arnhult via companies	12,528	127,419	655	15.1	16.8
Corem Property Group	9,500	129,400	–	14.9	14.9
Arvid Svensson Invest	13,300	52,997	685	7.2	12.4
Gårdarike	18,107	2,290	50	2.2	12.2
Swedbank Robur funds	1,301	18,965	–	2.2	2.1
Länsförsäkringar fund management	–	30,354	–	3.3	2.0
Handelsbanken funds	–	28,250	–	3.0	1.9
CBNY-Norges Bank	530	21,690	75	2.4	1.8
SEB Investment Management	147	18,822	–	2.0	1.3
Swedbank AS (Estonia)	1	18,576	58	2.0	1.2
State Street Bank and Trust Co, W9	66	15,731	99	1.7	1.1
UBS Switzerland AG	208	13,246	93	1.5	1.0
BNY Mellon NA, W9	915	5,419	64	0.7	1.0
Pareto Bank ASA	600	6,000	–	0.7	0.8
Avanza Pension	582	5,280	806	0.7	0.8
TOTAL LARGEST OWNERS	57,785	494,439	2,585	59.5	71.4
Other owners	15,875	257,695	13,859	30.8	28.6
TOTAL OUTSTANDING SHARES	73,660	752,134	16,444	90.3	100.0
Repurchased own shares	–	90,200	–	9.7	–
TOTAL REGISTERED SHARES	73,660	842,334	16,444	100.0	100.0

As a consequence of new routines at Ålandsbanken, the bank has registered in Euroclear's shareholder's register as the owner for a part of its customers' shares in Klöver. Klöver estimates that the above table provides a correct picture of the company's 15 largest owners.

1) Repurchased shares cannot be represented at General Meetings.

TAXES

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

CURRENT TAX

Current tax is tax payable for the current year. Current tax is calculated on the taxable profit, which in most cases is less than the reported profit. This is mainly due to the possibility of making use of deductible depreciation on properties, tax deduction for certain refurbishment, tax-free sales of properties via companies and utilization of approved tax loss carryforwards from previous years. Current tax can also include tax arising from reassessment of previous years and tax from companies acquired or sold during the year, see also Note 9. Income tax for 2018 amounted to 22.0 per cent.

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

DEFERRED TAX

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

Deferred tax assets are attributable to tax loss carry forwards and are reported to the extent that it is probable that it will be possible to make use of the tax loss carryforwards to reduce future taxable profit. 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 is calculated in accordance with the balance sheet method at nominal amounts on temporary differences, that is the difference between the fair value and the tax value of properties and derivatives and financial assets.

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

If a company is sold with the property as an asset, no tax effect arises, which means that the previously reported deferred tax is reversed. The deferred tax is realized if the properties are sold separately.

In Klöver's Swedish companies, deferred tax in 2018

is calculated a nominal tax rate of 20.6 per cent (22.0) on the difference between reported value and tax value of assets and liabilities.

The tax rate has been changed in accordance with the Riksdag's decision on changed corporate taxation. Deferred tax in the Danish companies has been calculated at 22.0 per cent.

OTHER TAXES

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

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

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

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

NEW LEGISLATION

On 1 January 2019, new rules came into force on corporate taxation. The decision entails in brief that a maximum deduction of net interest of 30 per cent of taxable EBITDA is introduced and that corporate tax is reduced from 22.0 per cent to 21.4 per cent in 2019 and 20.6 per cent from 2021 onwards. Klöver's assessment is that the new rules will not have any significant effect on tax assessment for 2019. However, the negative effect will increase in the event of rising interest rates.

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, rent level growth, 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 60 per cent accounted for by private companies, 26 per cent by listed companies and 14 per cent by the public sector.

CHANGES IN VALUE, PROPERTIES

	-10%	-5%	0%	5%	10%
Changes in profit before tax, SEKm	-5,271	-2,636	0	2,636	5,271
Equity ratio, %	27	30	32	34	36
Leverage, %	67	63	60	57	55

FINANCING

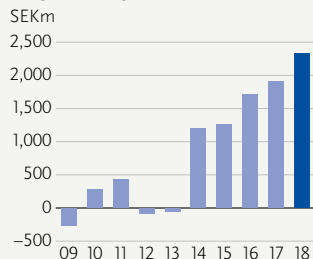
Risk

Klöver's interest-bearing liabilities comprise just over 72 per cent loans from banks and credit institutions and around 28 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 regarding tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. For 2018, the goal was for tied-up capital to be at least 2.0 years. Tied-up capital amounted to 4.3 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.

UNREALIZED CHANGES IN VALUE, PROPERTIES

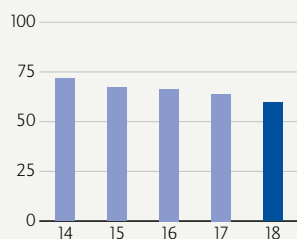


LENDERS



HEAT CONSUMPTION

kWh/sq. m.

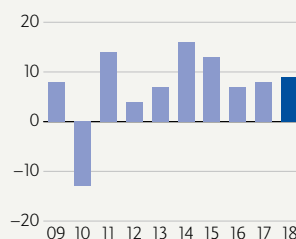


Heat consumption declined by a total of 11.3 per cent during the three-year period 2016–18 and amounted at year-end 2018 to 59.5 kWh/sq.m. (63.9).

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

TEMPERATURE IN RELATION TO A NORMAL YEAR

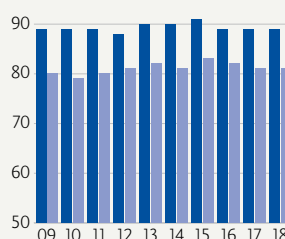
%



The impact of the weather during a particular year can be measured as a deviation from a "normal year". If a particular year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 6 million at current consumption levels.

OCCUPANCY RATE

%



■ Economic occupancy rate
■ Area-based occupancy rate

DURATION OF LEASE CONTRACTS, PREMISES, BY CONTRACT VALUE

%



Year expiring, %
■ 2019 22
■ 2020 17
■ 2021 19
■ 2022 15
■ 2023– 27

GOALS AND OUTCOME ACCORDING TO FINANCIAL POLICY

	Targets 2018	Outcome 2018	Goals 2019
Interest coverage ratio	Shall amount to at least 2.0.	✓ Achieved, 2.7.	Shall amount to at least 2.0.
Adjusted equity ratio	Shall in the long term amount to 40 per cent.	✗ Not achieved, 37.4%.	Shall in the long term amount to 40 per cent.
Interest rate risk	At least 50 per cent of total loan volume shall have fixed interest or be hedged. The average period of fixed interest shall be at least 2.0 years.	✓ Achieved, 91%. ✓ Achieved, 2.9 years.	At least 50 per cent of total loan volume shall have fixed interest or be hedged. The average period of fixed interest shall be at least 2.0 years.
Base risk	Tied-up capital shall be at least 2.0 years. At most 40 per cent of total liabilities should mature during the same year.	✓ Achieved, 4.3 years. ✓ Achieved, 35%.	Tied-up capital shall be at least 2.0 years. At most 40 per cent of total liabilities should mature during the same year.
Refinancing risk	No more than 40 per cent of the capital requirement should derive from the same lender.	✓ Achieved, maximum share 19%.	No more than 40 per cent of the capital requirement should derive from the same lender.
Currency risk	At most 10 per cent of the total assets.	✓ Achieved, 4%.	At most 10 per cent of the total assets.

Spreading borrowing between many lenders reduces the financing risk. Klöver has loans from a number of credit institutions and its liabilities to any one of them do not exceed the maximum of 40 per cent of Klöver's interest-bearing liabilities. During 2018 Klöver issued bonds for a total of SEK 2,400 million and commercial paper of which the outstanding volume at the end of the year totalled SEK 1,845 million.

Klöver has limited the interest rate risks by entering into forward rate agreements. At year-end 2018, the total volume amounted to SEK 5,730 million swaps and SEK 23,500 million interest-rate caps which, together with fixed-interest loans of SEK 1,558 million, means that 91 per cent of Klöver's credit was hedged or at a fixed rate. 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.

Klöver reduces currency risk by financing properties in the same currency as the rental income for those properties. According to the financial policy, Klöver's net exposure may maximally amount to ten per cent of total assets.

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 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

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

RENTAL INCOME AND OCCUPANCY RATE**Risk**

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

Management

At year-end 2018, Klöver had a total of 8,800 lease contracts (8,600) with approximately 5,000 tenants (5,000) operating in many different sectors. The tenant turnover rate has been 4.4 per cent (4.5) during the year. The turnover rate is measured as vacating tenants in SEK during the year in relation to average lease contract value. The average lease contract period in Klöver's stock amounted to 3.5 years (3.6).

Klövern 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 earnings. Because of its close dialogue with tenants, Klöver has very low rent losses. These amounted to SEK 2 million (4) or 0.1 per cent (0.1), of Klöver's total income during 2018.

Exposure

The largest tenant is the IT and telecom company Ericsson, which mainly leases large office areas, among them its head office in Kista. Ericsson's total contract value amounted at year-end 2018 to SEK 201 million, which corresponds to 6 per cent of Klöver's total contract value.

The second largest tenant is WSP, which is one of the world's leading analytical and technical consulting companies. WSP's total contract value was SEK 71 million at the end of 2018. WSP's largest rental agreement is for its head office in Stockholm area but it also rents premises in Karlstad, Norrköping, and Örebro.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %
Ericsson	201	5.6
WSP Sverige	71	2.0
Tele2 Sverige	70	1.9
Codan Forsikring	62	1.7
Copenhagen Business School (CBS)	42	1.2
CGI Sverige	34	0.9
Dagab Inköp & Logistik	33	0.9
Region Östergötland	31	0.9
Swedish Employment Service	30	0.8
ECDC	27	0.7
TOTAL	601	16.6

TAXES**Risk**

Klövern's natural intention is to comply with laws and regulations, not least within the area of taxation, and completely abstain from aggressive or advanced tax planning. 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

Changed tax levels and tax legislation, for example, a prohibition against parcelling of properties may affect Klöver's future tax burden.

PROPERTY COSTS**Risk**

In properties where maintenance has been neglected there is a risk of large and expensive repair costs. Energy accounts for approximately 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 year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 6.0 million given the current consumption.

OTHER RISKS**Operating risks**

Operating risks are the risk of incurring losses due to shortcomings in routines, inadequate control, and/or irregularities. Good internal checks and external review by auditors, administrative systems that are fit for purpose, competence

development and access to reliable valuation models are methods of reducing operating risks. 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 one to three-months period of notice if given by the employee. This provides sufficient time for recruitment when employees resign.

During 2018, Klöver had a staff turnover of 12 per cent (10).

Sensitivity analysis

The sensitivity analysis is based on the Group's earning capacity and balance sheet on 31 December 2018. The sensitivity analysis shows the effects on the Group's profit before tax after full impact of each of the parameters in the table below. Interest-bearing liabilities and lease contracts extend over several years, which means that changes in their level do not have full impact during a single year but only in a longer perspective.

	Change +/-	Annual effect on profit, SEKm
Economic occupancy rate	1 percentage point	+/- 41
Rental income	1 per cent	+/- 33
Property costs	1 per cent	-/+ 11
Klöver's average interest rate	1 percentage point	-/+ 337

INVESTOR RELATIONS

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

Klövern was ranked #3 in the 2018 edition of Hugin & Munin, Fastighetsvärlden's competition for best information and communication efforts in the real estate industry. The ranking, which was conducted for the 21st time, incorporates a number of aspects such as annual report, property portfolio, projects, sustainability, IR/quick facts, financing, and web/social media. Transparent and clear provision of information are important components in the long-term efforts to build trust in Klöverns among investors, media, tenants and other stakeholders.

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

Klövern has a large number of shareholders. On 31 December 2018, the number of shareholders totalled 47,696 (46,033).

EQUITY ANALYSTS

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

Press releases, 2018

12 Jan. 2018	Klövern to redeem its senior secured floating rate bonds, 2013/18
17 Jan. 2018	Klövern buys ordinary shares in a directed share issue in Tobin Properties
25 Jan. 2018	Klövern issues bonds of SEK 1,500 million
9 Feb. 2018	Klövern announces a mandatory cash offer to the shareholders of Tobin Properties
9 Feb. 2018	Klövern announces a revised mandatory cash offer to the shareholders of Tobin Properties
14 Feb. 2018	Year-end Report January – December 2017
16 Feb. 2018	Klövern acquires a property in Copenhagen for DKK 1,440 million
23 Feb. 2018	Klövern announces offer document in connection with mandatory cash offer to the shareholders of Tobin Properties
28 Feb. 2018	Klövern announces a supplement to offer document in connection with mandatory cash offer to the shareholders of Tobin Properties
28 Feb. 2018	Number of shares in Klöverns as of 28 February 2018
9 Mar. 2018	Notification regarding Klöverns holding of its own shares
9 Mar. 2018	Klövern publishes prospectus and applies for listing of bond loan on Nasdaq Stockholm
23 Mar. 2018	Klövern's Annual report and Sustainability report for 2017
27 Mar. 2018	Klövern issues SEK 900 million of green bonds
27 Mar. 2018	Notice of annual general meeting of Klöverns AB (publ)
29 Mar. 2018	Klövern announces outcome of mandatory cash offer to the shareholders of Tobin Properties
26 Apr. 2018	Interim Report January - March 2018
26 Apr. 2018	Decisions at Annual General Meeting of Klöverns AB (publ)
25 May 2018	Klövern publishes prospectus and applies for listing of bond loan on Nasdaq Stockholm
7 Jun. 2018	Klövern acquires four properties in Copenhagen for DKK 735 million
8 Jun. 2018	Klövern considers issue of hybrid bonds
14 Jun. 2018	Klövern issues SEK 800 million of hybrid bonds
20 Jun. 2018	Klövern acquires a property in Mölndal for SEK 68 million
28 Jun. 2018	Klövern increases its holding in Tobin Properties by subscription of additional shares in share issue with pre-emption rights for existing shareholders
28 Jun. 2018	Klövern divests seven properties in Härnösand, Sollefteå, Falun and Örebro for SEK 1,145 million
3 Jul. 2018	Klövern divests a property in Partille for SEK 148 million
9 Jul. 2018	Klövern publishes prospectus and applies for listing of hybrid bond loan on Nasdaq Stockholm
12 Jul. 2018	Interim Report January - June 2018
12 Jul. 2018	Klövern initiates acquisition of its own shares
25 Jul. 2018	Klövern acquires a property in New York for USD 36 million
31 Aug. 2018	Number of shares in Klöverns as of 31 August 2018
3 Sep. 2018	Klövern acquires shares in Tobin Properties from Erik Karlin and Johan Varland
11 Sep. 2018	Klövern signs rental contract with Samsung in Kista
4 Oct. 2018	Klövern announces a public cash offer to the shareholders of Agora
11 Oct. 2018	Klövern announces offer document in connection with public cash offer to the shareholders of Agora
15 Oct. 2018	Klövern considers issue of hybrid bonds
16 Oct. 2018	Klövern issues SEK 500 million of additional hybrid bonds
19 Oct. 2018	Interim Report January - September 2018
24 Oct. 2018	Klövern receives competition clearance for the acquisition of Agora
31 Oct. 2018	Klövern announces supplement to prospectus and applies for listing of SEK 500 million of additional hybrid bonds on Nasdaq Stockholm
31 Oct. 2018	Klövern announces supplement to the offer document in connection with Klöverns public cash offer to the shareholders of Agora
13 Nov. 2018	Klövern completes the offer to the shareholders of Agora and extends the acceptance period
15 Nov. 2018	Klövern acquires a property in Copenhagen for DKK 174 million
23 Nov. 2018	Notification regarding Klöverns holding of its own shares
27 Nov. 2018	Klövern owns 99.5 per cent of the shares in Agora after the offer's extended acceptance period

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE REPORT	64
BOARD OF DIRECTORS	70
EXECUTIVE MANAGEMENT	71

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

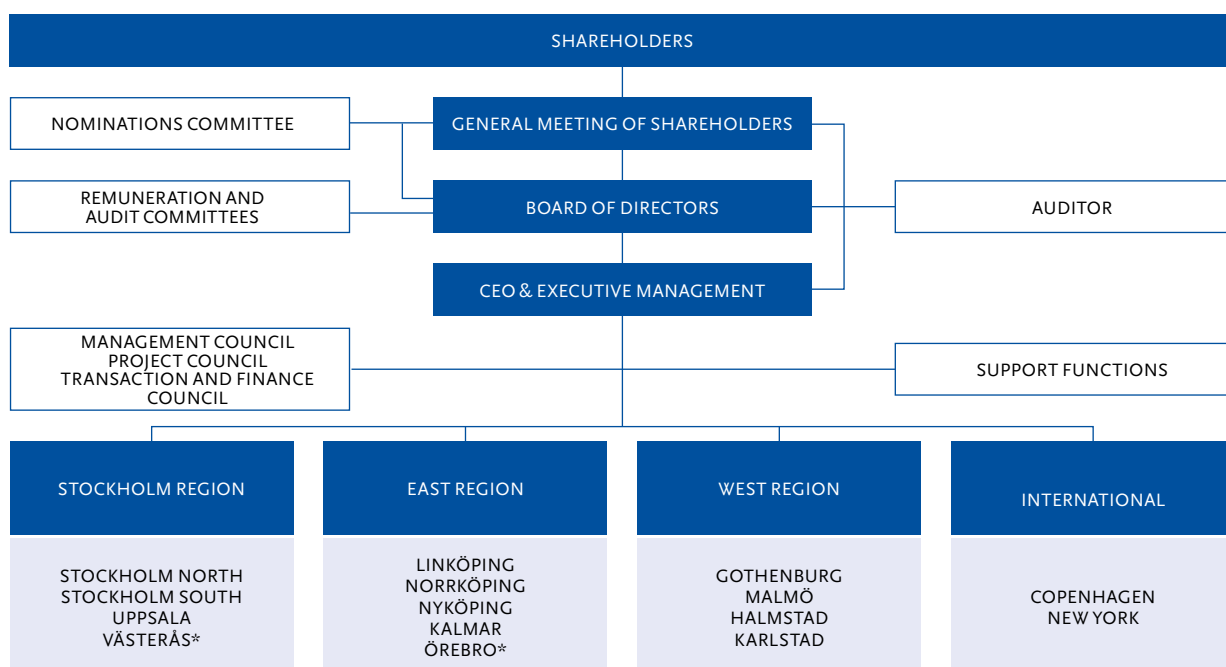
FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

The property Gamlestaden 39:14 in Gothenburg. Part of the newly refurbished and renovated Meatpacking District.

CORPORATE GOVERNANCE REPORT

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



* On 1 January 2019, the structure of the Swedish operations was changed from four regions to three regions. The Västerås business unit subsequently belongs to the Stockholm region and the Örebro business unit belongs to the East region. At the same time, the South region was renamed the West region.

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

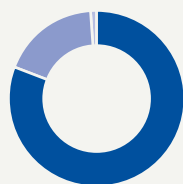
The Code, which is supervised by the Swedish Corporate Governance Board, www.bolagstyrning.se, is based on self-regulation and the principle of comply or explain. The intention is to create good prerequisites for active responsible ownership. In 2018, Klöver has complied with the Code and there are accordingly no deviations to explain.

SWEDISH CODE OF CORPORATE GOVERNANCE

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

OWNER CATEGORIES

Share of capital, %



- Privately-owned 81
- Financial companies 18
- Interest organizations 1
- Public sector 0

SHAREHOLDERS AND GENERAL MEETING

Shares and ownership

At year-end 2018, Klöver had 47,696 (46,033) shareholders and a share capital of SEK 1,865 million (1,865).

The shares consisted of 73,660,263 ordinary shares of Class A, 842,333,717 ordinary shares of Class B and 16,444,000 preference shares, each with a quote value of SEK 2. Of the total number of shares 80 per cent (79) are owned by Swedish investors.

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

The fifteen largest shareholders represented together 60 per cent of the total share capital at the end of the year. Two shareholders, Corem Property Group AB and Rutger Arnhult via companies, each had a holding that exceeds 10 per cent of the capital at the end of 2018.

During the year, the share capital has not changed through a new issue or similar. However, conversion of Class A ordinary shares has taken place as provided for in the articles of association, whereupon the number of votes in the company has changed. Further information is contained in the section Shares on page 52-56. There are no warrants or corresponding securities that can lead to additional shares in the company.

Articles of association

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

Changes to the articles of association are made in accordance with the provisions of the Companies Act.

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

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

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

2018 ANNUAL GENERAL MEETING

Klöver's annual general meeting for 2018 was held on 26 April at Solna Gate in Solna. The meeting was attended by 72 persons including shareholders, the Board, the auditor, representatives, assistants, analysts and other guests. They represented together 64 per cent (65) of the votes in the company. In addition to the mandatory items of business stated in the articles of association, decisions were made, inter alia, on

- > A dividend of 0.44 per ordinary share of Class A and B, in four instalments of SEK 0.11 each, and SEK 20.00 per preference share, in four instalments of SEK 5.00 each.

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2018/2019

Director	Elected	Independent	No. of board meetings attended	No. of meetings of remuneration committee attended	Fee, Board, SEK 000s	Shareholding, % of equity ³	Shareholding, % of votes ³
Pia Gideon, Chairman	2013	Yes	16/16	2/2	400	0.0	0.0
Rutger Arnhult, CEO ^{1,2}	2009	No	15/16	–	–	15.1	16.8
Eva Landén ¹	2011	No	16/16	–	200	–	–
Johanna Fagrell Köhler	2018	Yes	12/12	–	200	–	–
Ulf Ivarsson	2018	Yes	12/12	–	200	–	–

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

2) Rutger Arnhult also owns shares through companies corresponding to 44.7 per cent of the votes in Corem Property Group. Source: Corem's year-end report for 2018.

3) Direct or indirect shareholding in the Company as at year-end 2018. Percentage of votes has been calculated excluding repurchased shares.

Minutes from all general meetings of shareholders are available at www.klovern.se. The 2019 annual general meeting will be held at Kista Gate, Kista, at 11 a.m. on 26 April 2019.

- > Re-election of Pia Gideon as Chairman of the Board. Re-election of directors Rutger Arnhult and Eva Landén. Ann-Cathrin Bengtson and Fredrik Svensson had declined re-election. Ulf Ivarsson and Johanna Fagrell Köhler were elected as new directors.
- > Re-election of Ernst & Young AB, with Fredrik Hävrén as auditor in charge.
- > Raising the board fee from a total of SEK 940,000 to SEK 1,000,000, of which SEK 400,000 (400,000) is paid to the Chairman of the Board and SEK 200,000 (180,000) to each board member. Members of the Board who are at the same time employees of the Company receive no fees. Auditor's fees to be paid in accordance with approved invoices.
- > Renewed authorization for the Board to acquire and transfer the Company's own shares.
- > Renewed authorization for the Board to decide on new issues of ordinary and/or preference shares.

SHARE REPURCHASE

Klövern has been authorized by the 2018 Annual General Meeting, until the 2019 Annual General Meeting, to repurchase its own shares so that the company holds a maximum of 10 per cent on any occasion of the total number of registered shares.

During the third quarter, Klövern initiated acquisition of its own Class B ordinary shares. At that time, the company's holdings of its own shares amounted to a total of 60,000,000 Class B ordinary shares. At the end of the year, the holding of its own shares amounted to 90,200,000 Class B ordinary shares (39,367,478), corresponding to 9.7 per cent (4.2) of the total number of registered shares. The repurchased shares do not confer any votes or rights to dividend.

NOMINATIONS COMMITTEE

The work of the Nominations Committee

The 2018 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 ahead of the 2019 Annual General Meeting consists of Mia Arnhult (Rutger Arnhult via companies), Christina Tillman (Corem Property Group), Rikard Svensson (Arvid Svensson Invest), Lars Höcken-

ström (Gårdarike) and Pia Gideon (Chairman of the Board). Mia Arnhult has been Chairman of the Nominations Committee during the year. No remuneration was paid to the members of the Nominations Committee.

Shareholders wishing to make proposals to the Nominations Committee may do so by e-mail to styrelsenominering@klovern.se or by telephone on +46 10-482 70 00. The Nominations Committee has had three minuted meetings in preparation for the 2019 Annual General Meeting and has also been in contact by phone and e-mail.

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

In its work ahead of the 2019 Annual General Meeting, the Nominations Committee has considered the company's strategy and its need of expertise in order to create a sustainable increase of value for the shareholders.

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

In the process of nominating directors, the Nominations Committee has applied Rule 4.1 of the Code. Klövern has for a long time had an even gender distribution, and will, if the Annual General Meeting vote according to the suggestions of the Nominations Committee, continue to comply with the guidelines of the Code on this point. If the Annual General Meeting votes according to the suggestions of the Nominations Committee, it is the understanding of the Nominations Committee that the Board will, given the above, be soundly composed.

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

The tasks of the Nominations Committee

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

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

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

THE BOARD OF DIRECTORS

The responsibility of the Board of Directors

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

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

Composition

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

Three of Klöver's five directors, Ulf Ivarsson, Johanna Fagrell Köhler and Pia Gideon are independent both in relation to the Company and to the Executive Management.

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.

As at 31 December 2018, these three are also independent in relation to the major shareholders.

Rules of procedure

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

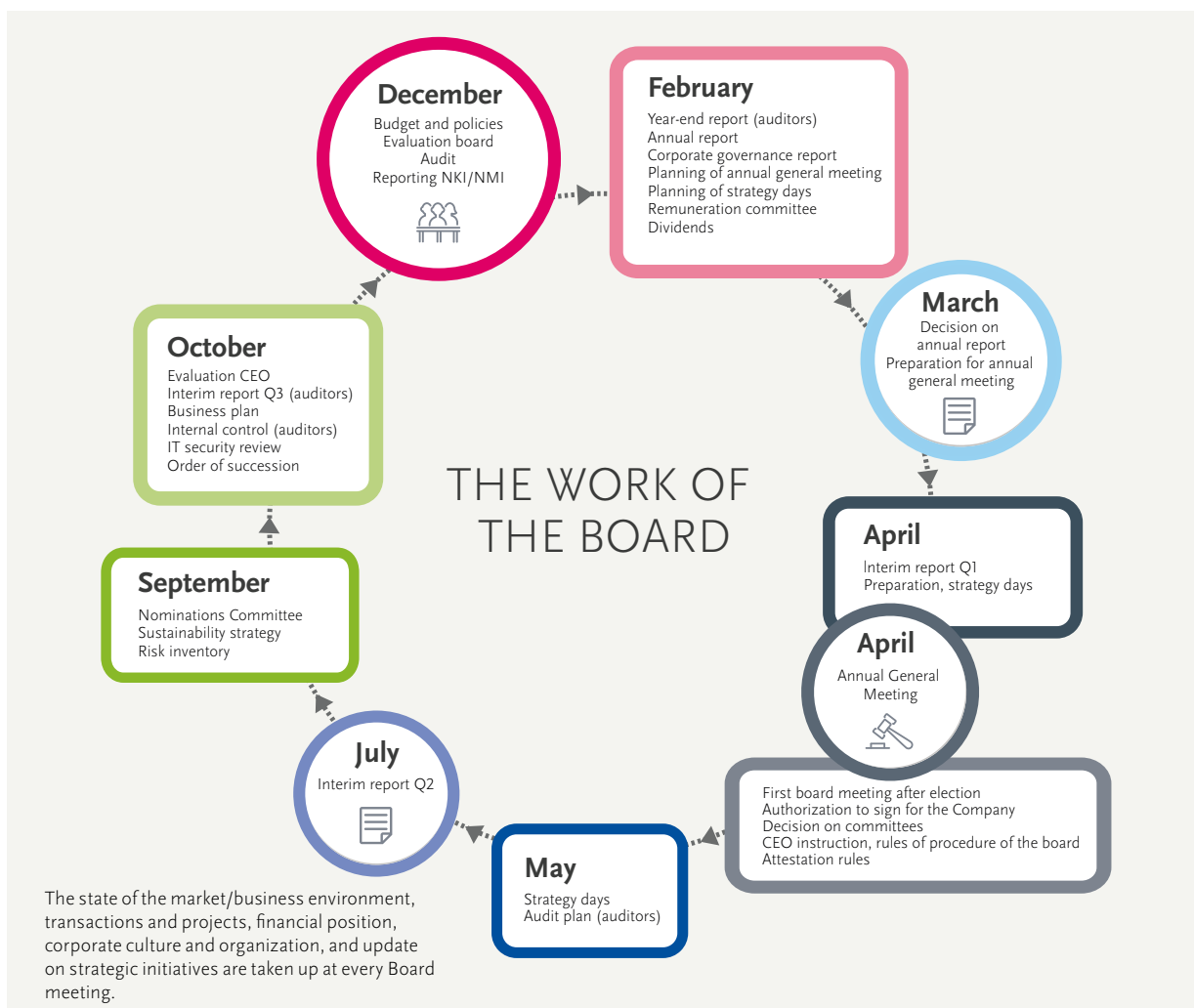
The Board's work during 2018

During 2018, there have been 17 (19) meetings, of which 1 (1) meeting following its election and 2 (3) meetings with decisions by circulation. In addition, the Board, the executive management and external lecturers have met for strategy-related work.

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

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

The Board has worked constantly with matters relating to internal control and risk management in the presence of the auditor. During the year, the Board has met the auditor



without the CEO or another representative of the Company being present.

The work of the Board is continuously evaluated and an annual systematic and structured evaluation is drawn up in writing and the result reported by the Chairman of the Board to the Nominations Committee. The outcome in 2018 showed that the work of the Board functioned well, that the members of the Board had complementary expertise and that the composition of the Board promotes a good and open climate of discussion and collaboration.

THE TASK OF COMMITTEES

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

Audit committee

In the light of matters concerning financing, financial follow-up and risk management being so important in a real estate company of Klöver's size, the Board has decided that

the whole board, with the exception of the CEO, shall constitute the Company's audit committee. The Audit Committee and the board of the company meet the Company's auditor on a number of occasions during the year.

Remuneration Committee

The task of the Remuneration Committee is to prepare items of business concerning remuneration to the CEO and the executive management and general principles for wages and incentives for decision by the Board. In 2018, the Remuneration Committee has consisted of the Chairman of the Board, Pia Gideon and Fredrik Svensson until the 2018 Annual General Meeting, after which Ulf Ivarsson replaced Fredrik Svensson. The Remuneration Committee has had two minutes meetings in 2018 and in addition continuously consulted on questions regarding remuneration and incentives.

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

The work of the Board during 2018

Important decisions

- > In February, a contract was signed to acquire a property in Copenhagen for DKK 1,440 million.
- > In February, a mandatory cash offer was made to the shareholders of Tobin Properties.
- > In March, SEK 900 million of green bonds were issued.
- > In June, SEK 800 million of hybrid bonds were issued.
- > In June, an agreement was signed to divest seven properties in Härnösand, Sollefteå, Falun and Örebro for SEK 1,145 million.
- > In October, an additional SEK 500 million of hybrid bonds were issued within the framework amount of SEK 1,500 million for the hybrid loan.

AUDITORS

Ernst & Young AB was elected as the Company's auditor at the 2018 Annual General Meeting for the period until the 2019 Annual General Meeting. Fredric Hävrén is auditor-in-charge at Klöver AB. According to the Articles of Association, the auditor is elected annually. The auditor's mandate includes examination of the Company's accounts and annual report, as well as the management of the Company by the Executive Management and the Board. Unless specifically decided otherwise, the auditor is to examine the Company's corporate governance report, review remuneration to the Executive Management and review the Company's nine-month report. Klöver's statutory sustainability report has also been examined by Ernst & Young.

FREDRIC HÄVRÉN

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

Other assignments: Magnolia Bostad AB, Heba Fastighets AB, Rodamco Sverige AB, Nordisk Renting AB, Byggvesta AB, HSB Stockholm Ek. för, HSB Bostad AB, CHR Bygga Bostäder Holding AB and Tobin Properties AB.

Shareholding in Klöver: No shares.

The fee to the auditor is established, after a proposal from the Nominations Committee, at the Annual General Meeting. The 2018 Annual General Meeting decided that the fee to the auditor should be paid in accordance with approved invoices.

THE GROUP

The Group structure of Klöver AB consists of the parent company Klöver AB and 29 directly owned active subsidiaries (28). The operations in Sweden are divided into 13 business units and in three regions: Stockholm, West and East. Klöver also has properties in Copenhagen (which is a separate business unit) and New York. More information about the business units is available on page 14-27.

THE CEO AND EXECUTIVE MANAGEMENT

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

The CEO leads the work of the Executive Management. As well as the CEO, the executive management in 2018 consisted of the head of transactions, the head of finance and the corporate lawyer. Since December 2018, Klöver's Head of Strategy and Research is also part of the executive management.

The work of the Executive Management during 2018

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

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

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

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



BOARD OF DIRECTORS

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

RUTGER ARNHULT

Director since 2009.
Born 1967.
CEO of Klövern AB.
Dependent in relation to the Company, the Executive Management and major shareholders

Education: Graduate in business administration.

Other board assignments: Chairman of M2 Asset Management AB, Director of Corem Property Group AB (publ.), Arnia Holding AB and Tobin Properties AB (publ.).

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

EVA LANDÉN

Director since the 2011 Annual General Meeting.
Born 1965.
CEO of Corem Property Group AB (publ.).
Dependent in relation to the Company, the Executive Management and major shareholders.

Education: Graduate in business administration.

Other board assignments: Chairman of Specialfastigheter AB.

Shareholding in Klövern: No shareholding.

PIA GIDEON

Chairman since the 2016 Annual General Meeting.
Director 2013-2016
Born 1954.
Independent director
Education: Graduate in business administration.

Other board assignments: Chairman of Simris Alg AB, and Qlucore AB, director of Metria AB, and Apoteket AB.

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

JOHANNA FAGRELL KÖHLER

Director since the 2018 Annual General Meeting.
Born 1966.
CEO of Creuna AB.
Independent director.

Education: Graduate in business administration.

Other board assignments: Chairman of ClayPort AB and of FSport AB, director of G5 Entertainment AB, and S-group Holding AB.

Shareholding in Klövern: No shareholding.

ULF IVARSSON

Director since the 2018 Annual General Meeting.
Born 1961.
Co-founder and executive chairman of AB Stratio.
Independent director.

Education: Graduate in business administration.

Other board assignments: Chairman of Curago AB, FlexQube AB, SmarH-ome4U Sweden AB and Syntegra Invest AB, director of PostProcess Technologies Inc.

Shareholding in Klövern: No shareholding.

Shareholdings as at 31 December 2018.



EXECUTIVE MANAGEMENT

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

MALIN LÖVEBORG

Corporate lawyer

Born 1978.
Employed since 2017.

Education: Graduate in law.

Previous employment: Lawyer/senior assistant lawyer Setterwalls advokatbyrå 2007–2017, assistant lawyer Hamilton advokatbyrå 2005–2007.

Board assignments: None.

Shareholding in Klövern: No shareholding.

RUTGER ARNHULT

CEO

Born 1967.
Employed since 2012.

Education: Graduate in business administration.

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

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

JENS ANDERSSON

Head of finance

Born 1973.
Employed since 2013.

Education: Graduate in business administration.

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

Board assignments: No external assignments.

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

PEETER KINNUNEN

Head of Transactions

Born 1973.
Employed since 2012.

Education: Master's degree in engineering.

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

Board assignments: No external assignments.

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

SUSANNE HÖRNFELDT

Head of Strategy and Research

Born 1969.
Employed since 2014.

Has belonged to the Executive Management since December 2018.

Education: Master's degree in engineering.

Previous employment: Consultant/Partner Newsec 2001–2014.

Board assignments: None.

Shareholding in Klövern: No shareholding.

Shareholdings as at 31 December 2018.

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

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

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

REMUNERATION AND INCENTIVE PROGRAMME

The CEO and senior executives

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

The variable remuneration for Klöver's ordinary senior executives may amount to three months' basic salary. No variable remuneration is paid to the CEO.

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

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

The Board's proposal for remuneration principles and conditions of employment which will be presented to the 2019 Annual General Meeting is substantially unchanged compared with last year. For more information, see Note 3.

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

REMUNERATION TO SENIOR EXECUTIVES

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

Board of directors and committees

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

INTERNAL GOVERNANCE AND CONTROL

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

The Board's responsibility for financial reporting

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

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

The control environment

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

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

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

Risk assessment and control activities

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

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

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

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

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

Information and communication

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

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

Follow-up

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

Internal audit

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

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

Detailed information about Klövern's risk assessment, exposure and management is available in the section Risk and sensitivity on page 58-61.

Whistleblower function

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



NORDICWELLNESS
NORDICWELLNESS
NORDICWELLNESS



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

SUSTAINABILITY STRATEGY AND TARGETS 76

ECONOMIC 78

ENVIRONMENTAL 79

SOCIAL 81

The property Ugglum 1:76, also known as Glashuset, in Gothenburg. Klöver's business unit in Gothenburg has its premises here, together with other tenants. Solar panels were installed on the roof when the property was renovated during the year.

SUSTAINABILITY STRATEGY AND TARGETS

The starting point for Klöver's sustainability strategy can be found in the company's vision, business concept and values, which describe Klöver's economic, environmental and social responsibility based on the UN global sustainability goals and the global climate agreement. A strategic approach makes it possible to manage operations in a responsible way and manage sustainability-related business risks at the same time as the company benefits from available opportunities. Klöver's brand name is to inspire the confidence of shareholders and customers as well as staff and other stakeholders.

Klöver wants to be a sustainable company in a sustainable society. As well as extensive environmental work, Klöver wishes to take social responsibility for its personnel and all the people in and close to the properties every day. Sustainability is a prerequisite for successful business operations. Sustainability that is well integrated into the business model and the organization leads to good profitability in a long-term perspective through attractive properties, satisfied customers and committed personnel. This is how Klöver creates value. Work with sustainability applies to the whole organization. Responsibility is clearly shared in the organization. Planning, control and monitoring work with sustainability take place therefore in compliance with the organizational structure with clear delegation of responsibility and powers, supported by policies, guidelines, overall goals and detailed plans of action. In addition, there are a number of external laws, guidelines and regulations that govern activities. Klöver applies the principles of the UN Global Compact and the prudence concept in all aspects of its operations.

Klöver's shareholders are those that ultimately make decisions on the company's governance and appoint the board. More information can be found in the Corporate Governance report in the annual report.

EXCERPT FROM CODE OF CONDUCT AND SUSTAINABILITY POLICY

Sustainable development means for Klöver taking responsibility for the long-term economic, environmental and social results of how the company puts the business concept and values into practice in the commercial operations. Among other things, this includes:

- > To comply with or exceed legislation and government regulation relating to the environment and working conditions.
- > Responsibility to create physical environments which promote growth and thereby prosperity for a sustainable society.
- > A continual dialogue with stakeholders.
- > That sustainable development shall imbue all the work undertaken by the company.

Klöver's code of conduct and sustainability policy clarifies the company's values and regulates how important questions are approached, as co-workers, business partners, employer and social actor.

- > As a **business partner**, Klöver's operations shall be honest, credible and long-term.
- > As an **employer**, Klöver has a clear focus on sustainability, and it is self-evident that the company's stakeholders share Klöver's values and code of conduct.
- > As a **social actor**, Klöver is aware that properties account for a large share of Sweden's energy consumption and works continuously to reduce the company's climate impact.

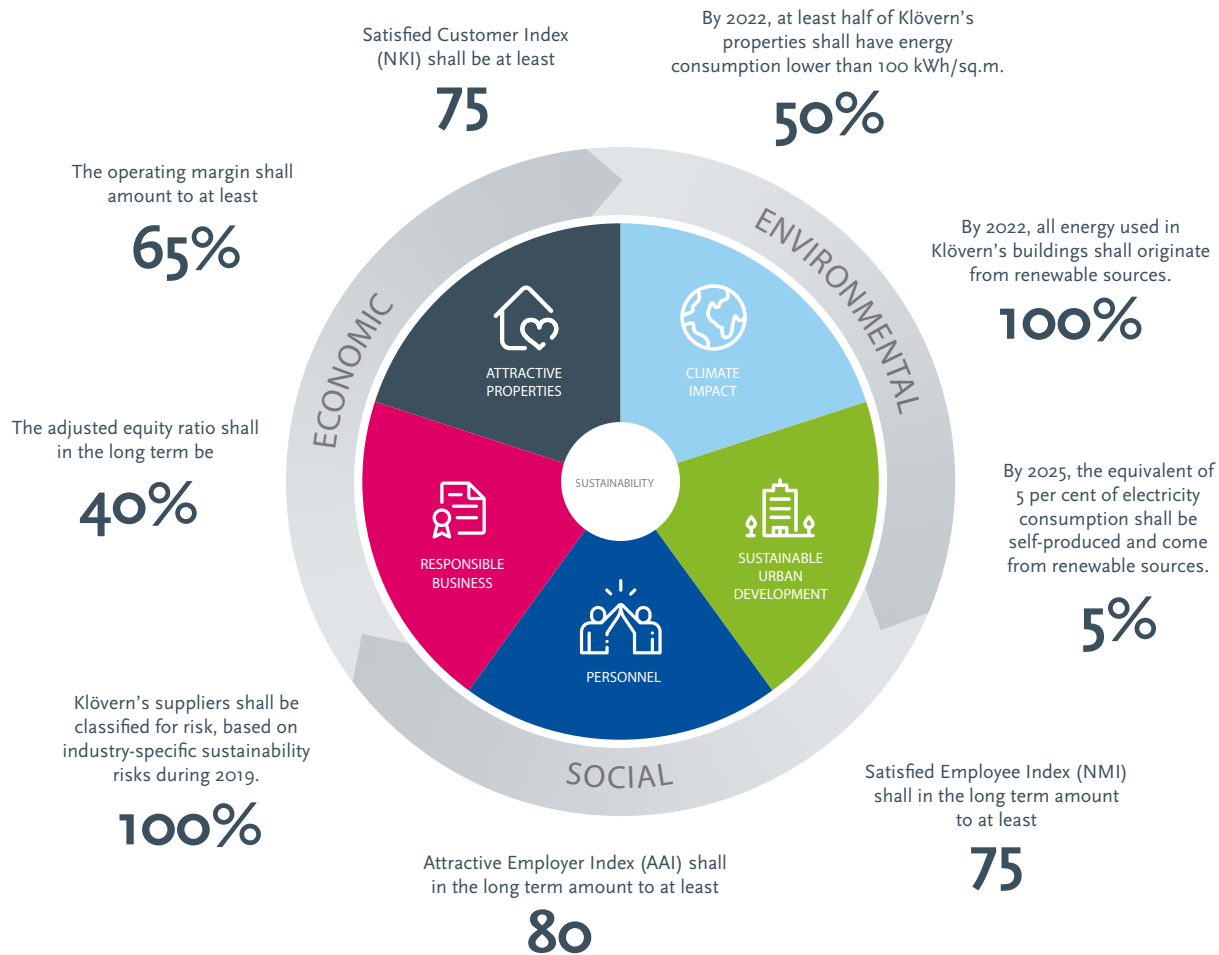


THE UN GLOBAL SUSTAINABILITY GOALS

World leaders have committed to 17 global goals in order to achieve four aims by 2030: to eliminate extreme poverty, reduce global inequality, solve the climate change crisis and promote peace and justice.

During 2018, Klöver has incorporated the global goals into the sustainability strategy. The company's goals and focus areas describe which global goals are relevant and in what way Klöver contributes to the reaching of these goals.

SELECTED SUSTAINABILITY GOALS 2019



DIALOGUE WITH STAKEHOLDERS AND MATERIALITY ANALYSIS

Klöverns work with sustainability considers the sustainability questions that are essential to the company's business strategy, taking into account stakeholder expectations and where the company has the greatest opportunities to contribute to sustainable social development. Klöverns stakeholders are selected on the basis of being actors that are affected by and that affect the operations of the company. The most important stakeholders are customers, suppliers, owners, creditors, staff and interest organizations.

Klöverns work with sustainability is based on the materiality analysis and a close relationship with the most important stakeholders.

FOCUS AREAS AND SUSTAINABILITY GOALS

Klöverns has adopted new long-term and more ambitious goals for sustainability for 2019. The overall goal is to ensure an attractive property portfolio which creates long-term sustainable value without a negative impact on people or the environment.

The work with sustainability is classified according to five focus areas. It is integrated into all aspects of operations and shall lead to tangible results. The selected focus areas and sustainability goals reflect Klöverns responsibility to its stakeholders but also the areas where the opportunities to having an impact are greatest, the most important aspects. They describe how Klöverns operations contribute to fulfilling the UN Global Sustainability goals and they address the greatest business- and climate-related risks as well as the great challenges facing the construction and real estate industry. The new goals are a component of Klöverns efforts to become one of the most sustainable real estate companies.

During 2019, a new extensive dialogue with stakeholders will be carried out to capture additional important aspects of operations. Another important area of work during 2019 is to increase transparency in the area of sustainability by increased availability of sustainability data for external stakeholders.

ECONOMIC

Klövern's overall aim is to generate good value growth for the shareholders in a long-term sustainable way. Good profitability is a prerequisite for being able to invest in sustainability with full force, which in turn can contribute to the company's profitability in a virtuous cycle. Being a financially stable business partner is good for the relationship with tenants, suppliers and creditors at the same time as a sound financial position is important for retaining and attracting competent staff.

PROFITABILITY AND FINANCIAL STABILITY

Good profitability is a prerequisite for Klöver being able to fulfil the strategy selected and attain the company's goals, including the sustainability goals. From the strategies and goals presented by Klöver in the annual report it can be seen that, among others, the return on equity in the long term shall amount to at least 10 per cent. This target was exceeded by a wide margin in 2018, as the return on equity during the year amounted to 21 per cent.

As market conditions gradually change, it is also natural for Klöver to continuously change its property portfolio by acquiring, developing and divesting properties. During 2018, Klöver took possession of 38 properties, acquired for SEK 8,056 million, divested 17 properties for SEK 2,464 million and invested SEK 1,791 million. The property portfolio shall be managed with the focus on a high level of cost efficiency and high occupancy ratio. Customer relations shall be strengthened through active participation and a high level of service. A local presence with its own staff is crucial for the company.

Sound financial stability is important not just in the company's dialogue with the capital market but also in its relationship with tenants, suppliers as well as existing and future staff.

Klövern's financial stability, measured as adjusted equity

ratio, amounted to 37.4 per cent at the end of 2018. The long-term goal is an adjusted equity ratio of 40 per cent.

It can be noted through dialogue with stakeholders that it is important that Klöver's financial goals are maintained. The stakeholder dialogue also indicates that the impact on the environment is one of the most important areas for tenants. This is of key importance for Klöver; satisfied customers are essential for achieving the goals for, for example, net moving-in and profitability.

GREEN FINANCING

During 2018, Klöver issued SEK 900 million of unsecured green bonds, followed by an additional SEK 1,600 million in early 2019. The bond loan has a maturity of four years with variable interest of STIBOR 3 months + 400 basis points with final maturity in April 2022. Green financing may be an increasingly important part of Klöver's financing in the future.

VALUE CREATION

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

ENVIRONMENT

Klövern has high ambitions for its environmental work. Klöverns impact on the environment is to continuously decrease by low use of energy, an increased share of renewable energy and increased efficiency with use of resources. The development of circular material and business flows is of key importance. The long-term goal is for Klöverns operations to have as little impact on the environment as possible. Work on management of climate-related risks and climate adaptation of the property portfolio where so required is to be intensified during 2019.

Klövern wants to create attractive and sustainable environments for future enterprise, individuals and society. Systematic work with continuous improvements is required for environmental work to succeed. Klöverns aims for environmental work to be integrated into everyday operations in all areas. This means involving all personnel and tenants as well as suppliers. Ensuring that Klöverns personnel have the requisite expertise and experience is also an important environmental aspect. All staff participate in a basic environmental training programme and administrative personnel receive further training in relevant areas.

Since 2011, Klöverns has been environmentally certified in accordance with the national standard requirement Svensk Miljöbas.

ENERGY EFFICIENCY

Energy consumption is one of the most important environmental aspects for Klöverns; the company has always worked

to reduce the properties' energy consumption and optimize operation, with good effect. The knowledge and long-term commitment of the staff is an important factor for success to succeed in the work of improving energy efficiency.

Klövern's goal has been to reduce the consumption of heating and electricity over the three-year period 2016–2018 by 6 and 8 per cent respectively. Heating consumption has decreased by a total of 11.3 per cent during the period. While 2018 was warmer than normal, the statistic has been adjusted to a normal year.

Klövern is very well placed in an industry perspective with an average value for heating consumption (including hot water) of 59.5 kWh/sq.m. (63.9) for 2018. This may be compared with 122 kWh/sq.m. which was average energy consumption for heating and hot water in premises in 2017 according to the Swedish Energy Agency.

Electricity consumption per square metre decreased by a total of 7.6 per cent during the period 2016–2018. The goal of

One of Klöverns Green Team employees in Kista. The Green Team is responsible for external maintenance of the properties and provides good service for the tenants.



8 per cent was not completely achieved but the result is very good in the light of the exceptionally hot summer leading to increased use of cooling and electricity. The statistics for electricity consumption have not been adjusted for a normal year.

New energy goals have been adopted ahead of 2019. The long-term goal is to reduce energy consumption per square metre by half by 2030 compared with 2018. To reach such an ambitious target, major efforts are required, including investments and long-term methods of work. A new energy strategy creates prerequisites for achieving the long-term goal with clearly defined interim goals and a plan for how work is to take place in the administrative and project organization.

The first interim goal is for at least half of Klöver's properties to have energy consumption of less than 100 kWh/sq.m. by 2022. Within Klöver, projects for lowering energy consumption are continuously in process. Examples of such projects can be to replace inefficient technology with modern technology which ensures that energy consumption is minimized. As a bonus, the interior climate is often improved. During 2019, AI-technology will be implemented in a few properties on a trial basis. It will be an entirely new and smart way of saving energy and reducing the power output.

RENEWABLE ENERGY

Klöver purchases large quantities of energy every year. Energy purchases are one of Klöver's greatest opportunities to affect the adjustment of the world to a sustainable society. Klöver's goal is for all energy used in buildings to come from renewable energy sources at the latest by 2022. At present, the equivalent figure is 55 per cent. In the cases where the district heating supplier cannot offer district heating from only renewable sources of energy, climate compensation shall be made for the district heating.

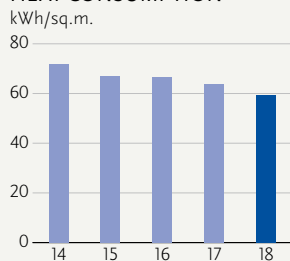
The transition to only renewable energy creates prerequisites for Klöver's goal of being climate-neutral in administrative activities at the latest by 2025. The investment in renewable energy also includes an ambitious goal on production of renewable energy in Klöver's own facilities. By 2025, the equivalent of 5 per cent of electricity consumption shall be self-produced and come from renewable sources.

This is around 5 GWh of electricity corresponding to annual household electricity consumption for 1,000 houses. During 2018, the production of solar energy amounted to 544 MWh, of which 77 MWh were produced by two facilities owned by tenants at Klöver's properties.

ENVIRONMENTAL CERTIFICATION

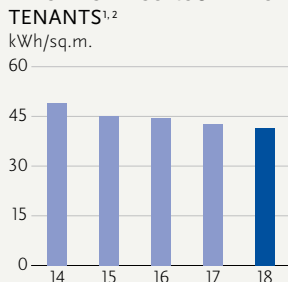
Environmental certification of properties and structured method of work with continuous improvements is a tool to increase and ensure the quality of new and existing buildings. Environmental certification of a property makes, among other things, demands for energy consumption and efficient technology, which contributes to lower operating expense as well as reduced impact on the environment. In this way, the value of properties and their attractiveness is increased in a long-term perspective. Environmental certification can also be a prerequisite for green financing which can provide better conditions for financing, Klöver's single largest cost. During 2018, Klöver issued its first green bonds with a green framework. The green framework, besides leading to environmental certification, steers towards increased investments in energy efficiency and reduced impact on the environment. Klöver obtains environmental certification for all new buildings at a minimum in accordance with Miljöbyggnad Silver or the equivalent level BREEAM and LEED.

HEAT CONSUMPTION^{1,2}



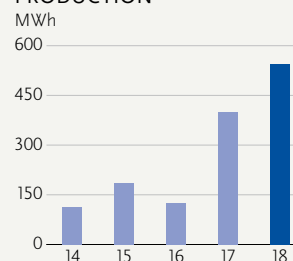
Heat consumption has been reduced by a total of 11.3 per cent during the three-year period 2016–2018 and amounted to 59.5 kWh/sq. m. at year end 2018.

ELECTRICITY CONSUMPTION INCLUDING TENANTS^{1,2}



Electricity consumption, including some of the tenants' consumption, has declined by a total of 7.6 per cent during the three-year period 2016–2018. Average consumption of electricity totalled 41.6 kWh (42.7) per sq. m. at year-end 2018.

SOLAR ENERGY PRODUCTION



Klöver's production of electricity from its own solar panels increased during the year to 544 MWh (400), of which 77 MWh were produced through tenants' facilities on Klöver's properties.

1) All areas were examined and developed to A-temp with base on 1 January 2016. In order to obtain historically comparable data, the previous years' amounts have also been adjusted with the new area. 2) Energy consumption does not include Agora's operations or operations in Denmark.



Klövern is a title sponsor of Lidingöloppet on Tour Powered by Klöver. The race is arranged during the year at a number of locations and concluded in connection with the main Lidingöloppet which takes place on the last weekend of September.

SOCIAL

Klövern is acting as a real estate company, an employer and an active member of society in a large number of cities in Sweden. Klövern safeguards the integrity of its stakeholders and it is of the highest importance that the stakeholders share the company's values and code of conduct.

One of Klövern's most important assets is its personnel. It is through their commitment, development and expertise that the company develops. All members of staff are offered a responsible job that will enable them to develop and in which the balance between work and private life is important.

COMMITTED AND SUSTAINABLE PERSONNEL

Values

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

Committed staff

Contented and committed staff are Klövern's most important ambassadors. Proud staff and a strong corporate culture make Klövern an attractive employer. Since 2013, Klövern

has carried an annual staff survey to follow up how satisfied staff are with their current work situation, and how attractive the company is considered to be as an employer. The Satisfied Employer Index (NMI), is based on three questions which have together been taken from a well-established model for showing staff satisfaction in a simple way that is easy to measure, report and compare. During 2018, NMI amounted to 73, a good result but a couple of percentage points below the long-term goal of at least 75 per cent. The attractiveness index is based on three questions on attractiveness, pride and satisfaction. With an outcome of 86, the index exceeded the long-term goal of at least 80 by a broad margin. The frequency of response in the staff survey was 87 per cent.

STAFF SURVEY

	2018	2017	2016
Satisfied Employee Index (NMI)	73	75	76
Attractive Employer Index (AAI)	86	84	83
Manager Index (CI)	80	81	81

Health and benefits

Investing in health promotion has a preventive effect on occupational injuries and work-related ill health. During this

KEY FIGURES – EMPLOYEES

	2018	2017	2016	2015	2014
Number of employees at year end ¹	248	244	227	214	190
– of which women/men, number	105/143	102/142	91/136	84/130	79/111
– of which subject to collective agreement, number	56	53	48	50	41
Average age, years	43	43	44	43	45
Employee turnover, %	12 ¹	10	13	9	16
Absence because of illness, %	3.8	2.3	2.0	2.9	2.0

1) Excluding Agora, Tobin and divestment of the business units Falun and Härnösand/Sollefteå.

year's health campaign with training months, all employees were given the opportunity to train with their colleagues once a week in working hours. Besides the physical activity, the training also becomes a social activity that contributes to increased satisfaction and bonding between staff. Training and good physical health is an important topic for external activities and events, both centrally and locally, where both customers and staff are invited to participate. One example of this is Lidingöloppet on Tour Powered by Klöver. Klöver invited tenants to run together with staff at the locations where Klöver has properties. During 2018, over 42,000 people ran in Lidingöloppet, of which 6,595 took part in Lidingöloppet On Tour Powered by Klöver.

Every other year, all staff are offered a health check-up and a plan of action is produced on the basis of the results to work with to strengthen staff health. The next health survey will take place in 2019.

All permanent staff have an annual keep-fit grant, 86 per cent of which was used, which is a high take-up. As well as these benefits, staff are covered by health insurance, have an occupational pension, subsidized lunches and participate in Klöver's profit-sharing foundation.

Working environment

Klöver's staff shall feel that they work in a secure and safe working environment. The Occupational Safety committee has, together with the Executive Management, produced a working environment policy, which has been adopted by the Board. This provides clear guidelines for how the organization is to work and is to be a support in everyday operations.

Systematic work with the working environment through the whole organization together with a web-based security manual ensures that current legislation and routines are complied with. The role of the occupational safety officer is important and Klöver works continuously to create a safe working environment in the whole organization.

The occupational safety committee, which reports directly to the CEO, has continued work during the year with incident reporting and ensuring that training is given in cardiopulmonary resuscitation and chemicals.

SUSTAINABLE SUPPLIER CHAIN

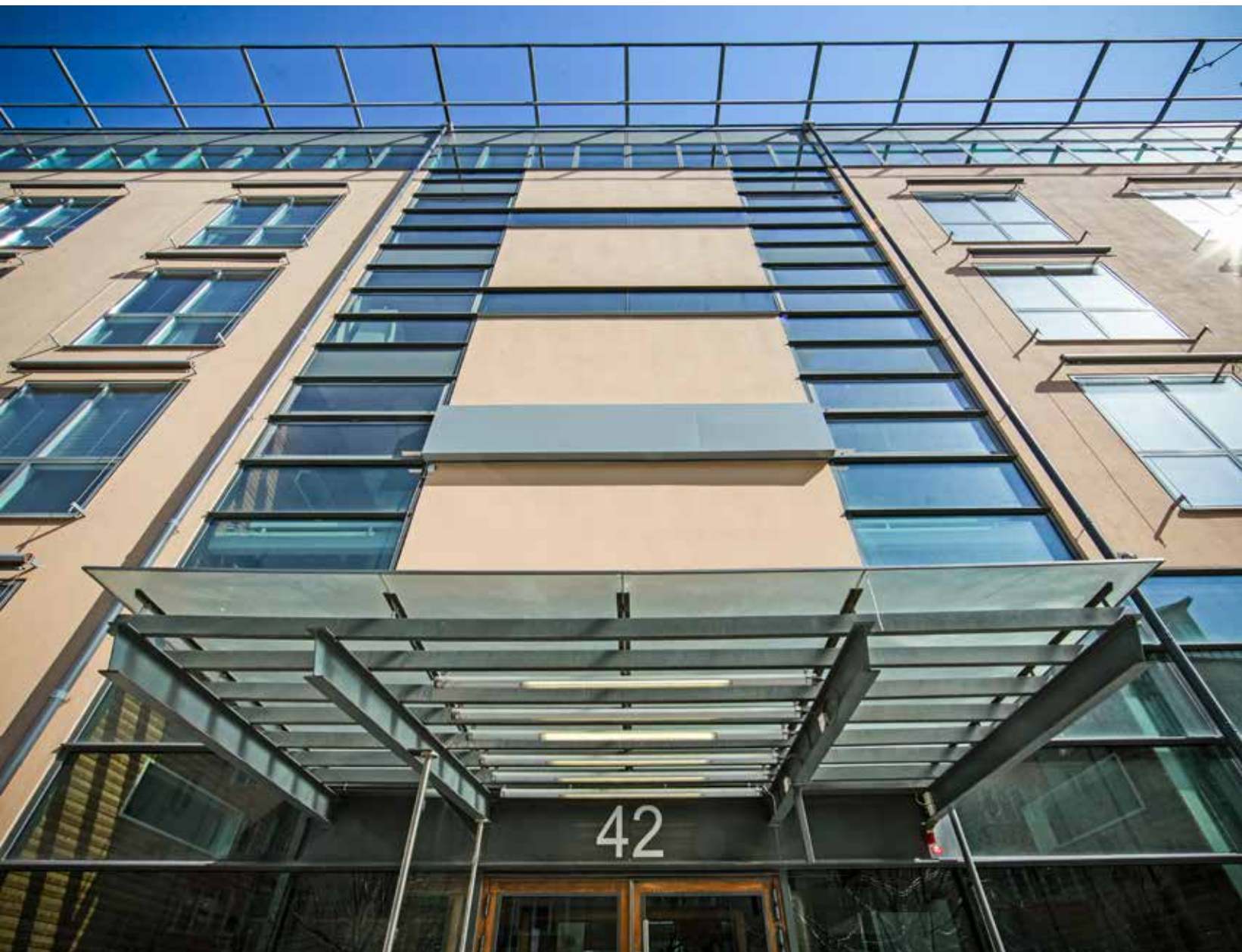
Klöver's suppliers of goods and services shall comply with the same requirements for environmental consideration, social responsibility and efficiency as Klöver makes on its own operations. The requirements on suppliers are defined in Klöver's code of conduct for suppliers. During 2018, both the goal that all new framework suppliers shall sign the code of conduct and the goal that the total number of suppliers shall decrease by 10 per cent were achieved. The outcome was a decrease of 13 per cent.

In order to develop the work of identifying and managing the risks among suppliers, Klöver is, in 2019, going to produce a method for sustainability analysis of suppliers and initiate the work of integrating it into the purchasing process.

This, together with an expanded requirement that all suppliers that sign contracts with Klöver shall sign the code of conduct and that all staff are to be trained in business ethics serve as the basis for Klöver's goals for responsible operations.



A more detailed description of Klöver's work with sustainability can be found in the Sustainability Report (in Swedish) for 2018 and at www.klovern.se.



CONSOLIDATED STATEMENT OF INCOME	84
CONSOLIDATED REPORT OF COMPREHENSIVE INCOME	84
CONSOLIDATED BALANCE SHEET	85
CONSOLIDATED REPORT OF CHANGE IN GROUP SHAREHOLDERS' EQUITY	86
CONSOLIDATED STATEMENT OF CASH FLOW	87
PARENT COMPANY STATEMENT OF INCOME	88
PARENT COMPANY REPORT OF COMPREHENSIVE INCOME	88
PARENT COMPANY BALANCE SHEET	89
CHANGE IN PARENT COMPANY SHAREHOLDERS' EQUITY	90
PARENT COMPANY STATEMENT OF CASH FLOW	91
NOTES	92
APPROPRIATION OF PROFIT	112
ALLOCATION OF EARNINGS	112
AUDIT REPORT	114

The property Hilton 3 in Solna, Stockholm.

INTRODUCTION

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

Consolidated Statement of Income

Amount in SEK million	Note	2018	2017
Income	2, 4, 26	3,250	3,029
Property costs	3, 4, 6	-1,080	-1,023
Operating surplus		2,170	2,006
Central administration	3, 5, 6	-126	-108
Financial income	7	21	16
Financial expenses	7	-721	-651
Profit from property management (properties)		1,344	1,263
Income, residential development		123	-
Costs, residential development	3, 5	-160	-
Net financial items, residential development		-22	-
Profit from residential development	8	-59	-
Share in earnings of associated companies	13	7	-
Revaluation, transition from associated company to subsidiary	8	22	-
Changes in value, properties	11	2,309	1,913
Changes in value, derivatives	25	67	100
Changes in value, financial assets	25	25	-15
Impairment of goodwill	10	-27	-50
Profit before tax		3,688	3,211
Tax on profit for the year	9	-354	-600
NET PROFIT FOR THE YEAR		3,334	2,611
Attributable to:			
Parent company shareholders		3,345	2,611
Holdings without controlling influence		-11	0
		3,334	2,611

Consolidated Report of Comprehensive Income

Amount in SEK million	Note	2018	2017
Net profit for the year		3,334	2,611
Other comprehensive income			
<i>Items that may be transferred or have been transferred to this year's earnings</i>			
Translation difference for international operations		63	-
Other comprehensive income after tax		63	-
NET COMPREHENSIVE INCOME FOR THE YEAR		3,397	2,611
Attributable to:			
Parent company shareholders		3,408	2,611
Holdings without controlling influence		-11	0
		3,397	2,611
Earnings per ordinary share, SEK	20	3.54 ¹	2.53
Dividend per ordinary share, SEK		0.46 ²	0.44
Dividend per preference share, SEK		20.00 ²	20.00

1) No dilution.

2) Proposed dividend.

Consolidated Balance Sheet

Amount in SEK million	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Goodwill	10	155	183
Investment properties	11	52,713	42,961
Machinery and equipment	12	27	16
Participation rights in associated companies	13	217	–
Financial assets valued at fair value	14	74	113
Other long-term receivables	15	1,247	340
Total non-current assets		54,433	43,613
Current assets			
Properties classified as current assets	16	444	–
Accounts receivable	17	58	52
Other receivables		469	265
Prepaid expenses and accrued income	18	482	288
Liquid funds		576	39
Total current assets		2,029	644
TOTAL ASSETS		56,462	44,257
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,865	1,865
Other capital contributed		4,786	4,786
Retained profits including net profit for the year		11,321	7,854
Shareholders' equity attributable to the parent company's shareholders		17,972	14,505
Holdings without controlling influence		172	0
Total shareholders' equity		18,144	14,505
Long-term liabilities			
Deferred tax liability	9	2,884	2,550
Interest-bearing liabilities	21, 25	28,641	16,963
Other long-term liabilities		12	14
Derivatives	24, 25	85	367
Total long-term liabilities		31,622	19,894
Current liabilities			
Interest-bearing liabilities	21, 25	5,047	8,566
Accounts payable		270	368
Income tax liability		25	31
Other liabilities	22	449	358
Accrued expenses and prepaid income	23	905	535
Total current liabilities		6,696	9,858
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		56,462	44,257

Consolidated Report of Change in Group Shareholder's Equity

Amount in SEK million	Share capital	Other capital contributed	Foreign currency conversion reserves	Retained earnings including net profit for the year	Total	Holdings without controlling influence	Total shareholders' equity
Opening Shareholders' equity, 01.01.2017	1,865	4,786	–	6,348	12,999	–	12,999
Net profit for the year	–	–	–	2,611	2,611	–	2,611
Other comprehensive income	–	–	–	–	–	–	–
Comprehensive income for the year	–	–	–	2,611	2,611	–	2,611
Repurchase of own shares	–	–	–	–419	–419	–	–419
Dividend to ordinary shareholders	–	–	–	–357	–357	–	–357
Dividend to preference shareholders	–	–	–	–329	–329	–	–329
Total contributions from and transfers of value to the company's owners	–	–	–	–1,105	–1,105	–	–1,105
Closing shareholders' equity, 31.12.2017	1,865	4,786		7,854	14,505		14,505
Net profit for the year	–	–	–	3,345	3,345	–11	3,334
Other comprehensive income	–	–	63	–	63	–	63
Comprehensive income for the year			63	3,345	3,408	–11	3,397
Repurchase of own shares	–	–	–	–558	–558	–	–558
Dividend to ordinary shareholders	–	–	–	–366	–366	–11	–377
Dividend to preference shareholders	–	–	–	–329	–329	–	–329
Capital contribution	–	–	–	1,261	1,261	–	1,261
Changes in holdings without controlling influence	–	–	–	51	51	194	245
Total contributions from and transfers of value to the company's owners	–	–	–	59	59	183	242
Shareholders' equity, 31.12.2018	1,865	4,786	63	11,258	17,972	172	18,144

Consolidated Statement of Cash Flow

Amount in SEK million	Note	2018	2017
Current operations			
Operating surplus		2,170	2,006
Central administration		-126	-108
Earnings from residential development		-59	-
Reversal of depreciation		6	5
Interest received		46	16
Interest paid		-661	-535
Income tax paid		0	-1
Cash flow from current operations before changes in working capital		1,376	1,383
Change in properties (current assets)		-16	-
Change in operating receivables		-196	-136
Change in operating liabilities		84	-217
Total change in working capital		-128	-353
Cash flow from current operations		1,248	1,030
Investment operations			
Divestment of properties	11	2,303	1,495
Acquisition of and investment in properties	11	-7,289	-3,598
Acquisition of subsidiaries		-174	-
Acquisition of machinery and equipment	12	-15	-3
Increase in financial non-current assets		-466	-42
Decrease in financial non-current assets		317	295
Cash flow from investment operations		-5,324	-1,853
Financing operations			
Loans raised		17,380	6,692
Amortization		-12,631	-5,032
Realized changes in value, derivatives		-217	-
Repurchase of own shares		-558	-419
Capital contribution ¹⁾		1,261	-
Dividend		-688	-508
Changes in holdings without controlling influence		66	-
Cash flow from financing operations		4,613	733
Cash flow for the period		537	-90
Liquid funds at beginning of year		39	129
Liquid funds at year-end		576	39

1) In its entirety: Issues of hybrid bonds.

Parent Company Statement of Income

Amount in SEK million	Note	2018	2017
Net sales	2	237	226
Cost of services sold	28	-195	-186
Gross profit		42	40
Central administration	3, 5, 6	-119	-108
Operating profit		-77	-68
Change in value of derivatives	25	70	107
Financial income	7	1,579	1,268
Financial expenses	7	-523	-460
Profit before tax		1,049	847
Tax on profit for the year	9	-38	-49
NET PROFIT FOR THE YEAR		1,011	798

Parent company's report on comprehensive income

Amount in SEK million	2018	2017
Net profit for the year	1,011	798
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	1,011	798

Parent Company Balance Sheet

Amount in SEK million	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Machinery and equipment	12	6	3
Participation rights in group companies	29	1,973	1,875
Receivables from group companies	28	21,879	19,930
Derivatives	24, 25	17	14
Deferred tax assets	9	371	409
Total non-current assets		24,246	22,231
Current assets			
Accounts receivable	17	0	0
Receivables from group companies	28	3,877	2,299
Other receivables		37	9
Prepaid expenses and accrued income	18	95	61
Cash and bank		249	909
Total current assets		4,258	3,278
TOTAL ASSETS		28,504	25,509
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,865	1,865
Statutory reserve		721	721
Retained earnings		4,137	3,330
Net profit for the year		1,011	798
Total shareholders' equity		7,734	6,714
Long-term liabilities			
Interest-bearing liabilities	21, 25	15,597	9,637
Derivatives		89	360
Liabilities to group companies	28	1,028	1,369
Other liabilities		4	4
Total long-term liabilities		16,718	11,370
Current liabilities			
Interest-bearing liabilities	21, 25	3,530	6,873
Accounts payable		13	14
Liabilities to group companies	28	49	103
Other liabilities	22	365	359
Accrued expenses and prepaid income	23	95	76
Total current liabilities		4,052	7,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		28,504	25,509

See Note 27 for information about the parent company's pledged assets and contingencies.

Change in Parent Company's Shareholders' Equity

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

Amount in SEK million	Share capital	Statutory reserve	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 01.01.2017	1,865	721	4,796	7,383
Adjustment according to RFR2, after tax ¹			-364	-364
Adjusted shareholders' equity, 01.01.2017	1,865	721	4,433	7,019
Net profit for the year	-	-	798	798
Other comprehensive income	-	-	-	-
Total change in assets, excluding transactions with the company's owners	-	-	798	798
Repurchase of own shares	-	-	-419	-419
Dividend to ordinary shareholders	-	-	-357	-357
Dividend to preference shareholders	-	-	-329	-329
Total transactions with the company's owners	-	-	-1,105	-1,105
Shareholders' equity, 31.12.2017	1,865	721	4,128	6,714
Net profit for the year	-	-	1,011	1,011
Other comprehensive income	-	-	-	-
Total change in assets, excluding transactions with the company's owners	-	-	1,011	1,011
Repurchase of own shares	-	-	-558	-558
Dividend to ordinary shareholders	-	-	-366	-366
Dividend to preference shareholders	-	-	-329	-329
Capital contribution	-	-	1,261	1,261
Total transactions with the company's owners	-	-	9	9
Shareholders' equity 31.12.2018	1,865	721	5,148	7,734

1) Concerns derivatives with negative value.

Parent Company Statement of Cash Flow

Amount in SEK million	Note	2018	2017
Current operations			
Operating profit		-77	-68
Reversal of depreciation		2	2
Interest received		52	0
Interest paid		-656	-384
Income tax paid		-	-
Cash flow from operations before changes in working capital		-679	-450
Change in operating receivables		-1,346	1,241
Change in operating liabilities		96	-118
Total change in working capital		-1,250	1,123
Cash flow from current operations		-1,929	673
Investment operations			
Acquisition of machinery and equipment	12	-5	0
Investment in non-current financial assets	30	-2,049	-2,712
Cash flow from investment operations		-2,054	-2,712
Financing operations			
Loans raised		5,045	3,959
Amortization		-2,428	-1,591
Realized change in value of derivatives		-201	-
Change in long-term liabilities		-341	236
Repurchase of own shares		-558	-419
Capital contribution ¹⁾		1,261	-
Dividend/group contribution from subsidiaries		1,233	1,197
Dividend		-688	-508
Cash flow from financing operations		3,323	2,874
Cash flow for the period		-660	835
Liquid funds at beginning of year		909	74
Liquid funds at year-end		249	909

1) In its entirety: Issues of hybrid bonds.

Notes

Amounts are given in SEK million, unless otherwise stated

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION ABOUT THE COMPANY

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

The consolidated accounts for 2018 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 21 March 2019. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be presented for adoption by the Annual General Meeting on 26 April 2019.

COMPLIANCE WITH STANDARDS AND LEGISLATION

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

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

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

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

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

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

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

ASSESSMENTS AND ESTIMATES IN THE FINANCIAL REPORTS

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

Estimates and assessments are regularly reviewed. Changed estimates are reported in the period that the change takes place if the change affects only this period, or in the period the change is made and in future periods if the change affects both the current and subsequent periods. See also Note 32.

AMENDED ACCOUNTING POLICIES

The Group applied IFRS 9 and IFRS 15 for the first time as from 1 January 2018. These and other amendments to IFRSs applicable from 1 January 2018 have not had any material effect on the Group's reporting.

IFRS 9 Financial Instruments

IFRS 9 Financial instruments deals with reporting financial instruments and has replaced IAS 39. The standard includes classification, valuation and impairment of financial instruments, as well as hedge accounting. The largest single item that affects Klöver is derivatives, which will continue to be reported at fair value via the statement of income. IFRS 9 also entails that the principles for provision for credit losses are to be based on an estimate of expected losses. Furthermore, IFRS 9 stipulates three valuation categories for financial instruments, accrued acquisition value, fair value through comprehensive income and fair value through the statement of income. An instrument's classification depends on the company's business model and the type of instrument. The introduction of IFRS 9 has not had any material effect on the Group's reported values although disclosure requirements have increased.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a comprehensive standard to determine how much income is to be recognized and how it is to be recognized. It replaces IAS 18 Revenue, IAS 11 Construction Contracts, and appurtenant interpretations. According to IFRS 15, income is recognized when the customer obtains control of the goods or services. Assessments are required to determine the time for transfer of control, i.e. at a particular time or during a period. Klöver's income consists mainly of rental income from letting commercial premises and, to a certain extent, income from contractual activities.

The introduction of IFRS 15 has not led to any effect on Klöver's accounts of recognition of rental income or contractual income.

NEW IFRS WHICH HAVE NOT YET COME INTO EFFECT

A number of new or amended IFRS do not come into effect until the next financial year and have not been applied in advance at the time these reports were prepared.

IFRS 16 Leases

The Group applies IFRS 16 Leases from 1 January 2019. The new standard includes rules for lessors and lessees. Reporting for lessors is similar to the current standard, i.e. the lessor continues to classify the lease as financial or operational leasing. For Klöver as landlord and lessor, this means that the amendment will not affect Klöver's reporting.

IFRS 16 introduces a uniform leasing reporting model for lessees. A lessee reports a right-of-use asset which represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments. There are exemptions for short lease contracts and leasing low-value assets. Klöver is a lessee only to a limited extent where site leasehold agreements make up the Group's single most important lease contract. In addition to these, there are small lease contracts for vehicles, which are covered by the standard. From 1 January 2019, Klöver will report site leasehold and lease contracts corresponding to around SEK 0.7 billion as a right-to-use asset and a corresponding lease liability. Site leasehold agreements and lease expenses associated with these agreements, which were previously reported under operating surplus, will be reported in net financial income. The cost of the rent and leases is estimated at around SEK 40 million for 2019. However, profit from property management will not be affected by this change in reporting.

The Group will use the simplified forward-looking method according to which the asset and the liability will be set at the same value in connection with the transition, that is no retroactive application is to take place.

CLASSIFICATION AND RELATED MATTERS

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

NOTE 1 CONT.**Input data for valuation at fair value**

- Level 1 – Listed, unadjusted prices on active markets for identical assets or liabilities which Klöver has access to at the time of valuation.
- Level 2 – Other input data than the listed prices, which are included in Level 1, which are directly or indirectly observable for assets and liabilities.
- Level 3 – Input data at Level 3 are non-observable input data for assets and liabilities.

Asset acquisition or business combination

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

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

Asset acquisition

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

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

All acquisitions except one that were made during the 2018 financial year have been classified as asset acquisitions.

Business combination

In the event of business combinations where the transferred payment, any holding without controlling influence and the fair value of previously held share (in the event of acquisition in stages), exceeds the fair value of the acquired assets and liabilities taken over which are reported separately, the difference is reported as goodwill. When the difference is negative, a low-price acquisition is reported directly in net profit for the year.

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

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

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

On 4 April 2018, the company Tobin Properties AB (publ) was acquired which has been classified as a business combination. The holding without controlling influence amounts to 18.8 per cent which has been reported at fair value.

CONSOLIDATION POLICIES**Subsidiaries**

Subsidiaries are companies where the Parent Company Klöver has a controlling influence. A controlling influence entails directly or indirectly a right to determine a company's financial and operational strategies with a view to obtaining financial benefits. In the assessment of whether a controlling

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

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

Associated companies

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

Transactions which are to be eliminated on consolidation

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

Holdings without controlling influence

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

TRANSLATION OF FOREIGN OPERATIONS

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

Transactions in foreign currency

Transactions in foreign currency are converted at the exchange rate at the time of the transaction. Monetary assets and liabilities in foreign currency are converted at the rate on the balance sheet date. Exchange rate differences regarding accounts receivables and accounts payable

NOTE 1 CONT.

are reported in the operating profit, whereas exchange rate differences regarding financial assets and debt are reported in net financial items.

INCOME

Klövern's income consists of rental income from letting of commercial properties. Rental income is reported in the period which the tenant makes use of the premises in accordance with IAS 17 Leasing. IFRS 15 requires a breakdown between rent for premises and services. Approximately 7 per cent of Klövern's rental income consists of service income. Actions that Klövern undertakes in tenancy agreements such as providing the premises with, for example, heating and cooling are an integrated part of the rent as the tenants cannot affect the choice of supplier, frequency or other influence over performance. The service that is provided to the tenants has thus been considered to be an integrated part of the rent so that all compensation is reported as rent.

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

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

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

SEGMENT REPORTING

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

The operations of the Group are divided into operating segments that are followed up by the executive management, which are four regions and international operations, which have been added in 2018. Each segment has a manager who is responsible for the everyday operations and who makes regular reports to the executive management. The executive management follows up the operating profit and on the assets side the value of the properties and investments. Financing takes place centrally and is not divided up by segment.

RESIDENTIAL DEVELOPMENT

Klövern's operations in the subsidiary Tobin Properties AB are reported under the heading Residential development. The focus of this operation is development of housing.

Recognition of income over time

Project income in project development of housing is recognized with deduction of profit in stages in accordance with IFRS 15, Revenue from Contracts with Customers. This means that contract income and expenses are recognized in accordance with the extent of working up and sales. According to this method, contract income and expenses are matched on the basis of the work performed until the end of the reporting period, which provides a direct link between the financial reporting and the operations performed during the period. The extent of working up is determined mainly on the

basis of project expenses incurred in relation to the estimated total project expenditure. Income refers to housing units sold in the form of binding contracts with the end customer, in the case of tenant owner associations the purchase agreement. Tobin Properties' projects for short-term development properties are carried out mainly by the company transferring a property to and entering into a contract with a tenant owners' association as client. Re-evaluations (forecast changes) of the projects' expected end result entails correction of previously reported results. Such corrections are included in the period's reported earnings. Assessed losses are charged in their entirety directly to the period's earnings. Recognition of income in accordance with profit deduction in stages is applied already at the initial stage of the project if a reliable assessment can be made and continues on the same conditions until the project is concluded.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES**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 expenses

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

Dividend income is reported when the right to receive payment is established. 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. Interest income and expenses are normally reported in profit in the period to which they are attributed.

TAXES

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

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

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

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

The current tax and the deferred tax have been calculated at the current tax rate of 22.0 per cent. The deferred tax has been calculated at the lower tax rate of 20.6 per cent, which is applicable from 2021 onwards as the difference in tax rates attributable to what may be realized in the coming two years and which affects tax is an insignificant amount.

NOTE 1 CONT.

With respect to Denmark, current and deferred tax are calculated at 22.0 per cent.

FINANCIAL INSTRUMENTS

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

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

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

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

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

Classification and valuation

Financial instruments are classified and evaluated in accordance with the Group's business model and the nature of the contractual cash flows.

Financial assets

IFRS 9 contains three main classification categories for financial assets: Valued at accrued acquisition value, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets according to IFRS 9 is generally based on the company's business model for the management of financial assets and the characteristics of the contractual cash flows from the financial asset. IFRS 9 eliminates the previous IAS 39 categories investments held to maturity, loan receivables and accounts receivable as well as financial assets that can be sold.

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

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

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

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for classification and valuation of financial liabilities. Financial liabilities are classified as valued at accrued acquisition value or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as being held for purpose of trade, as a derivative for which hedge accounting is not applied or which has identified as such at the time of initial recognition.

Subsequent valuation of other financial liabilities takes place at accrued acquisition value according to the effective interest method. Interest expense and profits or losses on removal from the balance sheet are reported in earnings. In particular, the Group's interest-bearing liabilities

are included in this category. Accounts payable and other short-term operating liabilities which are financial liabilities are recognized due to the short maturity at nominal value.

Derivative instruments

Derivative instruments are reported in the balance sheet on the contract date and valued at fair value, both initially and in subsequent revaluations. The Group uses derivatives of financial instruments to reduce interest rate risks. Borrowing at variable interest is exchanged for a fixed interest loan by interest rate swap contracts and protected by interest rate caps from large interest rate increases. The Group reports derivatives as financial instruments valued at fair value through the statement of income. Hedge accounting is not applied. The derivative instruments' payments are reported among interest expenses.

Impairment

IFRS 9 introduces impairment principles based on expected credit losses for the Group's financial assets which are reported at accrued acquisition value unlike previous principles that assumed required evidence of a credit event before reporting impairment.

The Group makes an assessment on each balance-sheet date whether there are objective grounds for impairment of a financial asset. Expected credit losses reflect the current value of all deficits in the cash flows attributable to non-performance either for the coming 12 months or for the expected remaining maturity of the financial instrument depending on the type of asset and on the credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that takes into account a number of scenarios based on reasonable and verifiable forecasts. The simplified model is applied to accounts receivable and other assets. A loss provision is reported, in the simplified model, for the remaining maturity of the receivable or asset.

Liquid funds

Liquid funds consist of cash and deposits at banks and other corresponding institutions available on demand. The amounts in blocked accounts consist of funds which are collateral for repayment of loans or for financing of investment in properties and are reported as other receivables. Liquid funds are covered by the requirements for loss provision for expected credit losses.

INTANGIBLE ASSETS**Goodwill**

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

PROPERTY, PLANT AND EQUIPMENT**Assets owned**

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

Lease assets

Lease contracts are classified 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 lease payments are expensed over the term of the lease based on the use.

On 1 January 2019, IFRS 16 Leases comes into effect, which means that assets and liabilities relating to all lease contracts with some exemp-

NOTE 1 CONT.

tions, are to be reported in the balance sheet. The lease payment is reported in the statement of income broken down into depreciation and interest expense.

Depreciation principles, machinery and equipment

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

- machinery and equipment 3–10 years

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

Investment properties

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

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

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

Reporting of borrowing costs

The Group does not capitalize interest in the assets' acquisition value except in major projects.

Impairment

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

STATEMENT OF CASH FLOW

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

REPURCHASE OF OWN SHARES

Acquisition of own shares is reported as a deductible item from equity. Payments for divestments of such an equity 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.

EARNINGS PER SHARE

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

REMUNERATION TO EMPLOYEES

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

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

Share-related remuneration

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

PROVISIONS

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

PROPERTIES CLASSIFIED AS CURRENT ASSETS

Properties classified as current assets are wholly attributable to residential development operations, which are conducted in the subsidiary Tobin Properties AB. Properties classified as current assets consist of short-term development properties, undeveloped or built for future production of tenant-owned apartments. The properties are not intended to be held in the long term. Short-term development properties are reported in accordance with IAS 2 Inventories which entails valuation at the lowest of acquisition value and the net sale value (estimated sale price after deduction of estimated completion costs). Property acquisition takes place either as direct acquisition of one or more individual properties or as acquisition of shares in a property-owning company. Short-term development properties acquired by direct acquisition are normally reported as an asset during the reporting period when the binding agreement on acquisition was entered into unless circumstances in the agreement's wording affect the reporting period chosen. On acquisition of shares in a property-owning company, the asset is normally reported in the period when access to the shares takes place. Production costs for short-term development properties include direct costs and a reasonable share of indirect costs.

THE PARENT COMPANY'S ACCOUNTING POLICIES

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

NOTE 1 CONT.**Differences between the Group's and the Parent Company's accounting policies**

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

Changed accounting policies

Unless otherwise stated below, the Parent Company's accounting policies during 2018 have been changed in accordance with the above statements applicable to the Group.

Invoiced sales to subsidiaries

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

Subsidiaries

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

Financial instruments

The company applies the exemption in RFR 2 and reports financial instruments based on the principles of the Annual Reports Act. The differences that this entails in comparison with the Group's principles are that the Parent Company's holding of interest rate derivatives is reported in accordance with a form of the lower of cost or market, where values that are lower than the acquisition value are reported in the balance sheet with the change of value reported in the statement of income. This is based on the amendments in RFR 2, which were made in connection with the introduction of IFRS 9. Recalculation of previous periods has taken place in accordance with the new policy.

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

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

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

	2018	2017
Group		
Rental income	3,238	3,019
Rental guarantees	6	1
Redemption of lease contracts	6	9
Total income	3,250	3,029
Parent company		
Invoiced administration to subsidiaries	237	226

NOTE 3 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION FOR SENIOR EXECUTIVES

Average number of employees	2018	Proportion of women, %	2017	Proportion of women, %
Parent Company – Sweden	246	42	247	40
Total Parent Company	246	42	247	40
Subsidiaries – Sweden	27	60	–	–
Subsidiaries - Denmark	2	–	–	–
Total subsidiaries	29	56	–	–
Group total	275	43	247	40

Gender distribution in executive management

Proportion of women, %	2018	2017
Parent Company		
Board	60	60
Other senior executives	27	8
Group total		
Board	46	60
Other senior executives	27	8

The number of senior executives in the Parent Company is 5 (4), of which two (1) are women. Rutger Arnhult is CEO. Other senior executives are Peeter Kinnunen, Head of Transactions, Jens Andersson, Head of Finance and Malin Löveborg, Corporate Lawyer and Susanne Hörnfeldt, Head of Strategy and Research (from December 2018).

At the end of 2018 the Board of the Parent Company (including the CEO) consisted of five (5) members, of which three women (3). The Chairman of the Board is Pia Gideon. Directors are Rutger Arnhult (CEO), Eva Landén, Johanna Fagrell Kohler and Ulf Ivarsson.

Remuneration

Principles for remuneration to the CEO and the executive management are decided upon by the Annual General Meeting.

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.

NOTE 3 CONT.

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 Klöverns 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 Klöverns profit-sharing foundation.

There are no agreements on severance pay.

Share-related remuneration

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

Outstanding options as at 31 December 2018 have an exercise price in the interval SEK 10.42 to SEK 11.81 and a remaining contractual time to maturity of 1.4 years. The fair value of services received from employees in exchange for options allocated is valued on the basis of the fair value of the options allocated. The fair value of the options has been estimated with the aid of the Black & Scholes model. At year-end, the closing debt amounted to SEK 6.4 million (8.4). Change in value for the year amounted to SEK -2.1 million.

Salaries, other remuneration and statutory social security contributions

	Salaries and remuneration		of which the Board, senior executives and CEO ¹		Social security contributions		of which pension costs	
	2018	2017	2018	2017	2018	2017	2018	2017
Parent Company ²	138	123	11	9	69	62	19	17
Subsidiaries	24	–	7	–	13	–	5	–
International	1	–	–	–	0	–	0	–
Total, Group³	162	123	18	9	82	62	24	17

1) The Board of the Parent Company (excluding the CEO) consists of 4 people (4) and senior executives of 4.1 people (3.3). Three people (-) are included in subsidiaries.

2) SEK 2.7 million (2.5) of the pension costs of the Parent Company are for the CEO and other senior executives.

3) SEK 4.1 million (2.5) of the pension costs of the Group are for the CEO and other senior executives. The Group has no outstanding pension obligations for these individuals.

Profit-sharing foundation

Klöverns has a profit-sharing foundation that covers all employees according to rules in the foundation's statutes. Transfers to the foundation can at most amount to one price basic amount per employee and year based on a combination of Klöverns profit, required rate of return and dividend to shareholders. For the 2018 financial year, SEK 14 million including wages tax was reserved for the foundation. At year-end, the foundation

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

SEK 000s	2018	2017
Chairman of the Board		
Pia Gideon	400	400
Other members of the board		
Ann-Cathrin Bengtsson	–	180
Eva Landén	200	180
Fredrik Svensson	–	180
Johanna Fagrell Köhler	200	–
Ulf Ivarsson	200	–
CEO		
Remuneration from Parent Company		
Basic salary	5,500	4,718
Variable salary	–	–
Benefits	234	234
Pension cost	1,618	1,588
Remuneration from subsidiaries		
Board fees	200	–
Other senior executives, 3.1 persons (2.3)		
Basic salary	4,148	3,418
Variable salary	741	498
Benefits	207	193
Pension cost	1,047	874
Total	14,695	12,463

owned 384,500 Class A ordinary shares and 5,723,546 Class B ordinary shares in Klöverns, corresponding to 0.7 per cent of the share capital and 0.6 per cent of the number of votes.

Defined contribution schemes

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

NOTE 4 BUSINESS SEGMENTS

Klövern's operations consist of business segments based on which parts of the business the most senior decision-makers monitor. Items not allocated are dealt with at group level.

Ericsson is Klövern's largest tenant and accounted for 6 per cent (7) of Klövern's contract value at year-end 2018. The area leased by Ericsson amounted to 112,000 sq.m. (113,000) and the average remaining contract period was 4.9 years (5.6).

The segments have changed since 1 January 2019, see page 64.

	Stockholm		South		East		Central		International		Not allocated		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income	1,347	1,278	714	701	683	662	386	388	120	–	–	–	3,250	3,029
Property costs	–439	–424	–257	–239	–226	–212	–147	–148	–11	–	–	–	–1,080	–1,023
Operating surplus	908	854	457	462	457	450	239	240	109	–	–	–	2,170	2,006
Central administration	–	–	–	–	–	–	–	–	–	–	–126	–108	–126	–108
Net financial items	–	–	–	–	–	–	–	–	–	–	–700	–635	–700	–635
Profit from property management	908	854	457	462	457	450	239	240	109	–	–826	–743	1,344	1,263
Earnings, residential development	–	–	–	–	–	–	–	–	–	–	–59	–	–59	–
Share in earnings of associated companies	–	–	–	–	–	–	–	–	–	–	7	–	7	–
Revaluation on transition from associated company to subsidiary	–	–	–	–	–	–	–	–	–	–	22	–	22	–
Change in value, properties	926	1,064	409	288	329	255	313	306	332	–	–	–	2,309	1,913
Change in value, derivatives	–	–	–	–	–	–	–	–	–	–	67	100	67	100
Change in value, financial assets	–	–	–	–	–	–	–	–	–	–	25	–15	25	–15
Impairment, goodwill	–	–	–	–	–	–	–	–	–	–	–27	–50	–27	–50
Profit before tax	1,834	1,918	866	750	786	705	552	546	441	–	–791	–708	3,688	3,211
Tax on profit for the year	–	–	–	–	–	–	–	–	–	–	–354	–600	–354	–600
Net profit for the year	1,834	1,918	866	750	786	705	552	546	441	–	–1,145	–1,308	3,334	2,611
Investment properties – investment, acquisition, divestment per segment														
Investment	613	518	607	537	265	173	199	261	107	–	–	–	1,791	1,489
Acquisition	311	348	1,033	1,275	535	486	1,850	0	4,328	–	–	–	8,056	2,109
Divestment	245	238	971	749	85	644	1,163	154	0	–	–	–	2,464	1,785

Key figure per property segment and region

	Fair value, SEKm		Yield requirement ¹ , %		Area, 000 sq.m.		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Stockholm	22,951	21,344	5.2	5.4	839	842	1,595	1,515	89	87
South	10,631	9,629	6.3	6.2	838	835	931	835	87	88
East	8,284	7,291	6.5	6.5	763	733	787	720	92	93
Central	6,036	4,696	6.2	6.7	433	490	520	437	88	87
International	4,811	–	4.3	–	96	–	230	–	98	–
Total	52,713	42,961	5.7	5.9	2,969	2,900	4,063	3,507	89	89
<i>of which</i>										
Management	47,380	39,521	5.7	5.9	2,673	2,592	3,766	3,271	91	91
Development	5,333	3,440	5.6	5.8	296	308	298	236	66	54

1) Yield requirement is calculated excluding building rights.

NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS

SEK 000s	Group		Parent company	
	2018	2017	2018	2017
Ernst & Young AB				
Audit assignments	4,541	3,000	3,245	3,000
Tax advice	49	–	49	–
Other assignments	347	625	347	625
Total	4,937	3,625	3,641	3,625
Grant Thornton AB				
Audit assignments	1,551	–	–	–
Other assignments	620	–	–	–
Total	2,171	–	–	–
KPMG				
Tax advice	110	–	–	–
Total	110	–	–	–
Grand total	7,218	3,625	3,641	3,625

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

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

NOTE 6 OPERATING EXPENSES BROKEN DOWN BY TYPE

Group	2018	2017
Property costs		
Operating costs	–592	–537
Repairs and maintenance	–153	–162
Property tax and site leasehold charges	–198	–189
Personnel costs	–135	–131
Other property costs	–2	–4
Total	–1,080	–1,023
Central administration		
Personnel costs	–66	–51
Allocation to profit-sharing foundation	–5	–11
IT, advertising and cost of premises	–24	–18
Audit fees	–6	–3
Other costs	–25	–25
Total	–126	–108

NOTE 7 NET FINANCIAL ITEMS

Group	2018	2017
Group		
Interest income	21	16
Total	21	16
Group		
Interest expense	–663	–592
Other financial expense	–58	–59
Total	–721	–651
Parent Company		
Income from divestment of subsidiaries	–	178
Interest income, group companies	53	35
Interest income, other	13	0
Dividend from group companies	890	450
Group contribution, group companies	623	605
Total	1,579	1,268
Parent Company		
Interest expense, group companies	–3	–4
Interest expense, other	–473	–415
Other financial expense	–47	–41
Total	–523	–460

SEK 524 million (432) of the Group's interest expense is attributable to liabilities valued at accrued acquisition value. The corresponding figure for the Parent Company is SEK 349 million (275). The remaining interest expense refers to current interest attributable to Klövern's interest rate derivatives.

NOTE 8 ACQUISITION OF BUSINESS

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

Effects of acquisition in 2018

The acquired company's net assets on acquisition date

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

Holdings without controlling influence

The fair value of holdings without controlling influence has been calculated through application of a market approach (also called relative valuation) and a yield-based value approach.

Acquisition-related expenses

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

Transferred compensation

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

NOTE 9 TAXES**Tax reported in consolidated Statement of Income**

	2018	2017
Current tax	-17	-2
Current tax relating to previous years	0	-6
Deferred tax income/expense (+/-)	-337	-592
Total taxes	-354	-600

Reconciliation, tax expense

	2018	2017
Profit before tax	3,688	3,211
Tax according to tax rate (22%)	-811	-706
Tax effect relating to		
Tax attributable to previous years	0	-6
Divestment of subsidiaries not subject to tax	167	128
Goodwill	-6	-11
Non-deductible expenses	4	0
Income not subject to tax	139	-
Other tax-related adjustments	-22	-5
Changed tax rate on deferred tax liability/claim	175	-
Reported tax	-354	-600
<i>Effective tax</i>	<i>10%</i>	<i>19%</i>

Deferred tax asset and deferred tax liability are reported net in the balance sheet. Deferred tax is calculated in accordance with the balance-sheet method on all temporary differences that arise between reported values and tax values, with the exception of temporary differences on properties in the event of asset acquisitions. Properties, derivative instruments and tax loss carry forwards are the main items that serve as a basis for reporting deferred tax. In the valuation of tax loss carryforwards, an assessment is made of the probability of it being possible to use the loss carryforwards in the future. Klöver's established/available loss carry forwards amount to SEK 1,704 million (1,821).

Deferred tax reported in the consolidated balance sheet

	2018	2017
Tax loss carryforwards	351	401
Investment properties	-4,817	-4,832
Asset acquisitions (less)	1,605	1,791
Derivatives and financial assets	16	90
Acquisitions	-37	-
Untaxed reserves	-1	-1
Total deferred tax	-2,884	-2,550

NOTE 9 CONT.
Changes in deferred tax, Group

	Opening balance	Reported in earnings	Closing balance
2018			
Tax loss carryforwards	401	-50	351
Investment properties	-4,832	14	-4,817
Asset acquisitions (less)	1,791	-187	1,605
Derivatives and financial assets	90	-74	16
Acquisitions	-	-37	-37
Untaxed reserves	-1	0	-1
	-2,550	-334	-2,884
2017			
Tax loss carryforwards	449	-48	401
Investment properties	-4,160	-672	-4,832
Asset acquisitions (less)	1,620	172	1,791
Derivatives and financial assets	113	-22	90
Untaxed reserves	-	-1	-1
	-1,978	-572	-2,550
Parent Company			
		2018	2017
Profit before tax		1,049	847
Current tax		-	-
Deferred tax		-38	-49
Net profit		1,011	798
Deferred tax asset			
At beginning of year		409	458
Change during the year		-38	-49
At year-end		371	409

NOTE 10 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 was made of the deferred tax liability in the balance sheet. Goodwill mainly arises owing to deferred tax being calculated in accordance with accounting rules and the value of deferred tax being set between the parties in the transaction. For the purpose of accounting, deferred tax is calculated as the difference between fair values and tax values. Impairment of goodwill is attributable to divestments and impairment of the fair value of the properties.

	2018	2017
Business combination	183	233
Impairment attributable to properties sold	-27	-50
Closing balance	155	183

NOTE 11 INVESTMENT PROPERTIES

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

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

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

Calculation of the fair value of the property

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

Summary

Value date	31 December 2018
Fair value	SEK 52,713 million
Calculation period	Normally five or ten years
Yield for assessment of residual value	Between 3.55 and 9.25 per cent
Cost of capital/discount rate	Between 5.55 and 11.00 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent

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 land; see the section Buildings and land below for the valuation methods used for these. The fair value of the property before deduction for selling expenses is calculated from the outcome in the cash flow method. The investment amount during the year includes capitalized loan expenditure at SEK 20 million (12). An interest rate of 4.0 per cent (4.0) has been used to determine the amount.

VALUATION MODEL

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

Sensitivity analysis

A property valuation is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the property can only be reliably established in a transaction between two independent parties. An uncertainty

NOTE 11 CONT.

interval is stated in the property values and is between +/- 5 - 10 per cent in a normal market. A changed property value of +/- 5 per cent affects Klöverns property value by +/- SEK 2,636 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.

Property holdings and valuation at fair value as at 31 December 2018

	Fair value, SEKm	No. of properties	Rental value, SEKm ¹⁾	Economic occupancy rate, %	Lettable area, 000 sq.m.	Cost of capital, %	Yield requirement, %	Yield requirement, average, %
Stockholm	22,951	90	1,595	89	839	5.55–10.50	3.55–8.50	5.2
South	10,631	156	931	87	838	6.30–10.40	4.25–8.25	6.3
East	8,284	122	787	92	763	7.00–11.00	5.00–9.25	6.5
Central	6,036	49	520	88	433	6.60–10.60	4.60–8.65	6.2
International	4,811	9	230	98	96	6.00–8.75	4.00–6.75	4.3
Total	52,713	426	4,063	89	2,969			5.7

of which

Investment	47,380	384	3,766	91	2,673	5.55–11.00	3.55–9.25	5.7
Development	5,333	42	298	66	296	6.25–11.00	4.25–9.00	5.6

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

BASIS FOR VALUATION

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

Rental payments

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

Contract structure

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

Maturity year	Contract value, SEKm	Proportion of contract value	Area, 000 sq.m.
2019	864	24	602
2020	603	17	453
2021	681	19	491
2022	522	14	350
2023	236	6	136
2024	107	3	74
2025	202	6	87
2026	61	2	34
2027–	347	9	183
Total	3,623	100	2,410

Operating payments

Operating payments consist of payments for the property's normal operations, including property tax, repairs and maintenance, property administration and site leasehold charges. The assessment of operating payments is based on the properties' budgets and outcomes as well as the experiences of the external valuers of similar properties. The main-

Sensitivity analysis, property valuation

	Change +/-	Effect on profit, property values, SEKm
Yield requirement	0.5 percentage point	-4,124/+ 4,918
Rental income	SEK 50/sq.m.	+/- 2,607
Operating cost	SEK 25/sq.m.	-/+ 1,304
Vacancy rate	1.0 percentage point	-/+ 714

tenance of the properties is assessed on the basis of their current state, ongoing and budgeted maintenance measures and the assessment by the external valuers of future maintenance requirements.

Required investment

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

Yield requirement and cost of capital

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

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

NOTE 11 CONT.

years. In these cases, a calculation period corresponding to 10 years or the remaining contract term plus at least one year has been adopted.

Building rights and land

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

Inspection of the properties

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

INTERNAL PROPERTY VALUATIONS

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

CHANGES IN VALUE

The fair value of Klöverns properties was SEK 52,713 million (42,961) on 31 December 2018. Changes in value for 2018 amounted to SEK 2,309 million (1,913). The changes in value include realized changes in value of SEK -15 million (-1) and unrealized changes in value SEK 2,324 million (1,914). SEK 382 million of which is a one-off effect of the acquisition of Agora due to this taking place with an implicit discount compared with the fair value of the company's properties. Klöverns property portfolio has been valued at an average yield requirement of 5.7 per cent (5.9) on 31 December 2018.

Group	Properties
Opening fair value, 1 January 2017	39,234
Acquisitions	2,109
Investments	1,489
Divestments	-1,785
Unrealized changes in value	1,914
Closing fair value, 31 December 2017	42,961
Acquisitions	8,056
Investments	1,791
Divestments	-2,464
Unrealized changes in value	2,324
Currency conversion	45
Closing fair value, 31 December 2018	52,713

TAX ASSESSMENT VALUES

Group	2018	2017
Tax assessment values, buildings	14,023	12,782
Tax assessment values, land	5,020	4,670
Total tax assessment value	19,043	17,452

TAX RESIDUAL VALUE

The residual value of the properties for tax purposes totalled SEK 27,916 million (20,999) on 31 December 2018.

NOTE 12 MACHINERY AND EQUIPMENT

	2018		2017	
	Group	Parent Company	Group	Parent Company
Accumulated acquisition cost				
Opening balance	52	13	53	15
Purchases	21	5	6	-
Acquisition of subsidiaries	-	-	1	-
Divestments and disposals	-6	-3	-8	-2
Total	67	15	52	13
Accumulated scheduled depreciation				
Opening balance	-36	-10	-35	-10
Acquisition of subsidiaries	-	-	-1	-
Divestments and disposals	5	3	6	2
The year's scheduled depreciation on acquisition values	-9	-2	-6	-2
Total	-40	-9	-36	-14
Carrying amount at end of period	27	6	16	3

NOTE 13 PARTICIPATION RIGHTS IN ASSOCIATED COMPANIES

	2018	2017
Investment ¹	476	-
Reclassification ²	-265	-
Share of earnings ³	7	-
Value at year-end ⁴	217	-

- 1) During the period 17 January to 31 March 2018, shares were acquired in Tobin Properties AB to such an extent that the voting share exceeded 20 per cent. During the stated period, shares were acquired in Tobin Properties AB for SEK 265 million. SEK 211 million was for shares in associated companies owned by Tobin Properties AB.
- 2) As from 4 April 2018, Klöverns holdings in Tobin Properties was reported as a subsidiary.
- 3) Profit after tax and holdings without controlling influence in associated companies.
- 4) The closing value concerns shares owned by Tobin Properties in associated companies.

NOTE 14 FINANCIAL ASSETS VALUED AT FAIR VALUE VIA THE INCOME STATEMENT

Group	2018	2017
Other securities	74	113
Other items	-	-
Total	74	113

SEK 49 million (61) of the other securities has been valued at the listed price and is therefore allocated to Level 1. SEK 25 million (52) in other securities is holdings in unlisted companies. The value is based on assumptions that are not supported by prices of observable data and they are accordingly allocated to Level 3.

NOTE 15 OTHER LONG-TERM RECEIVABLES

	2018	2017
Vendor loan	160	340
Receivable, property development	1,062	-
Other	25	-
Total	1,247	340

NOTE 16 PROPERTIES CLASSIFIED AS CURRENT ASSETS

	2018	2017
Acquisitions	426	–
Divestments	–305	–
Investment for the year	323	–
Value at year-end	444	–

Properties (current assets) are wholly attributable to Tobin Properties AB. The values are taken up as from 4 April 2018 when Tobin Properties AB was consolidated in Klöver and reported as a subsidiary.

NOTE 17 ACCOUNTS RECEIVABLE

A business model is applied for the Group's accounts receivable that is intended to collect together cash flows which entail reporting according to accrued acquisition value as the cash flows only consist of payments on principal amounts and interest. Klöver's accounts receivable are reported at the amount that is expected to be received after deduction of doubtful claims which are assessed individually. The expected maturity of accounts receivable is short and the value is accordingly reported at nominal amounts without being discounted. Impairment of accounts receivable is reported in operating expenses.

Accounts receivable by age

Days	2018	2017
0 – 29	51	15
30 – 89	19	4
90 –	8	41
Doubtful claims	–20	–8
Total	58	52

Doubtful claims	2018	2017
Doubtful claims at beginning of year	8	12
Provisions for anticipated rent losses	16	7
Claims collected	–2	–3
Established losses	–2	–8
Doubtful claims at year-end	20	8

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	2018	2017
Group		
Accrued property costs	24	16
Accrued project costs	60	–
Accrued rent discounts	169	117
Prepaid site leasehold charges	10	9
Prepaid financial expense	85	54
Accrued income	56	31
Receivables tenants	68	53
Prepaid insurance	1	1
Other prepaid expenses	9	7
Total	482	288

cont.	2018	2017
Parent Company		
Prepaid financial expense	75	44
Prepaid insurance	–	1
Property acquisition in process	2	3
Accrued income	14	6
Other prepaid expenses	4	7
Total	95	61

NOTE 19 SHAREHOLDERS' EQUITY

Thousands of shares	2018	2017
Class A ordinary share		
Issued as at 1 January	74,553	78,361
Conversion A to B	–893	–3,808
Total	73,660	74,553
Class B ordinary share		
Issued as at 1 January	841,441	837,633
Conversion A to B	893	3,808
Total	842,334	841,441
Preference shares		
Issued as at 1 January	16,444	16,444
Total	16,444	16,444

As at 31 December 2018, the registered share capital consisted of 915,993,980 (915,993,980) ordinary shares and 16,444,000 (16,444,000) preference shares. All shares have a quota value of SEK 2 per share. Class B ordinary shares and preference shares confer a tenth of a vote per share unlike Class A ordinary shares which confer one vote per share. All shares have the same right to the company's remaining net assets, except that preference shares confer the right to receive SEK 400 per share as well as any withheld amount before distribution to ordinary shareholders takes place. As regards the shares owned by Klöver (see below), all rights are cancelled until these shares are re-issued.

Repurchased shares, which are included in the equity item retained earnings including net profit for the year

	No. of shares, thousand		Amounts that affected equity, SEKm	
	2018	2017	2018	2017
Opening repurchased own shares	39,367	–	419	–
Purchases for the year	50,833	39,367	558	419
Closing repurchased own shares	90,200	39,367	977	419

Repurchased shares include the acquisition fees for Klöver's own shares and are held by the Parent Company.

Dividend

The Board of Directors of Klöver propose to the Annual General Meeting that dividend for the 2018 financial year shall amount to SEK 0.46 per ordinary share (0.44) and SEK 20.00 (20.00) per preference share, totalling SEK 709 million (715).

NOTE 19 CONT.**Parent Company****Restricted funds**

Restricted funds must not be reduced by distribution of earnings.

Non-restricted equity

Non-restricted equity consists of retained earnings and net profit for the year, i.e. the amount available for distribution to shareholders.

Retained earnings

Retained earnings consist of the previous year's profits brought forward and net profit after deduction of the profit distributed during the year. In addition, capital contributions and repurchased shares are included.

NOTE 20 EARNINGS PER SHARE

The calculation of earnings per ordinary and preference share for 2018 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 3,345 million (2,611). Earnings per preference share have been calculated on the basis of the year's dividend to the preference shares of SEK 329 million distributed to 16.4 million outstanding preference shares. The remaining part of the year's earnings, SEK 3,016 million has been distributed to 852.4 million, the average number of ordinary shares. There are no outstanding warrants or convertibles.

Net profit attributable to the Parent Company's shareholders

	2018	2017
Net profit attributable to the Parent Company's shareholders	3,345	2,611
Earnings per ordinary share, SEK	3.54	2.53
Earnings per preference share, SEK	20.00	20.00

NOTE 21 INTEREST-BEARING LIABILITIES

The following section contains information about the company's contract terms for interest-bearing liabilities.

Please refer to Note 25 for more information about the company's exposure to interest rate risk and the risk of exchange rate fluctuations.

	Group		Parent Company	
	2018	2017	2018	2017
Long-term liabilities				
Long-term interest-bearing liabilities	28,641	16,963	15,597	9,637
Total	28,641	16,963	15,597	9,637
Current liabilities				
Current interest-bearing liabilities	5,004	8,545	3,530	6,873
Utilized overdraft facility	43	21	–	–
Total	5,047	8,566	3,530	6,873
Unused overdraft facility	535	529	550	550

Current interest-bearing liabilities include recurrent maturities of facilities at credit institutions with which Klöver has a long-term relationship. Of SEK 5,047 million current interest-bearing liabilities on 31 December 2018, Klöver has already re-financed SEK 1,740 million at the beginning of 2019. The current interest-bearing liabilities also include SEK 1,845 million of commercial paper with long-term back-up facilities.

NOTE 22 OTHER LIABILITIES

	2018	2017
Other current liabilities		
Group		
Personnel's withholding tax and social security contributions	11	7
Dividend shares	346	340
Liabilities to previous property owners	3	2
Liabilities to purchasers	27	7
Value-added tax	12	–
Other items	50	2
Total	449	358
Parent Company		
Personnel's withholding tax and social security contributions	7	7
Dividend shares	346	340
Value-added tax	12	12
Total	365	359

NOTE 23 ACCRUED EXPENSES AND PREPAID INCOME

	2018	2017
Group		
Prepaid rents	578	340
Accrued property costs	165	84
Accrued interest expense	91	72
Accrued personnel costs	37	31
Other items	34	8
Total	905	535
Parent Company		
Accrued interest expense	43	40
Accrued personnel costs	20	19
Accrued costs, profit-sharing foundation	14	12
Other items	18	5
Total	95	76

NOTE 24 FINANCIAL ASSETS AND LIABILITIES
Financial assets and liabilities valued at fair value in the balance sheet

In compliance with IRFS 13, financial instruments are reported on the basis of fair value in a hierarchy of three levels, based on the input data used in valuation. When establishing the fair value of a listed shareholding, listed prices are used and they are accordingly attributable to Level 1.

The fair value of derivatives is calculated by the company's banks guided by current interest rate terms and the market rate. Input data is based on observable market values, which means that they are attributable to Level 2.

Valuation of unlisted shareholding is based on assumptions which are not based on prices of observable data and are therefore attributable to Level 3.

Financial assets and liabilities are set off and reported at a net amount in the balance sheet when there is a legal set-off right.

Financial assets and liabilities not valued at fair value in the balance sheet

There is no material difference between reported value and fair value for loans with variable interest. Financial assets and liabilities are otherwise reported at accrued acquisition value with a deduction for impairment and the reported value is accordingly considered to coincide with the fair value.

No reclassifications have taken place during the period.

Group	Financial assets/liabilities valued at fair value through the statement of income ¹		Financial assets/liabilities valued at accrued acquisition value ²	
	2018	2017	2018	2017
Assets				
Financial assets	74	113	–	–
Other long-term receivables	0	0	1,247	340
Accounts receivable	–	–	58	52
Other receivables	–	–	329	152
Liquid funds	–	–	576	39
Total	74	113	2,210	583
Liabilities				
Long-term interest-bearing liabilities	–	–	28,641	16,963
Derivatives	85	367	–	–
Current interest-bearing liabilities	–	–	5,047	8,566
Accounts payable	–	–	270	368
Other liabilities	–	–	461	372
Total	85	367	34,419	26,269

1) All items are classified in the category for fair value through profit/loss in both 2018 and 2017.

2) In 2017 all asset items were classified in the category Loans and accounts receivable.

NOTE 25 FINANCIAL RISKS AND RISK MANAGEMENT

Through its operations, the Group is exposed to different kinds of financial risks. Financial risks mean fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klövern is mainly exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's financial policy for managing financial risks has been formulated and decided upon by the Board. The financial policy creates a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Responsibility for the Group's financial transactions and financial risks is dealt with centrally by the Parent Company's finance function. The overall aim of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's profit due to market fluctuations. Financial issues of strategic importance are dealt with by the Board. Additional information is contained in the section on Financing on pages 46–49, Bonds and commercial paper on pages 50–51 and in Risk and sensitivity on pages 58–61.

Liquidity and financing risk

Liquidity risk means the risk of liquidity being insufficient to meet future payment commitments. Internal liquidity forecasts are drawn up in connection with quarterly reports for the coming twelve months where all items affecting cash flows are analysed in aggregate form. The liquidity forecast is intended to verify the need of capital. The financing risk also refers to the risk that financing cannot be obtained at all, or only at greatly increased costs. To manage this risk, the financial policy contains rules on the spread of tied-up capital for the loan stock and the size of unutilized loan facilities and investments. According to the financial policy, the average remaining maturity, the period of tied-up capital, on the loan stock should be at least 2.0 years, and at most 40 per cent of the loan stock should mature in one and the same year. Moreover, investments and confirmed credit facilities should be kept at an average level that corresponds to the due date of the tied-up capital during a quarter. At the same time, liquid assets were available totalling SEK 576 million (39) and granted, but not utilized credit facilities of SEK 2,110 million (2,468), SEK 535 million (529) of which were unutilized overdraft facilities.

Structure of capital maturity

Maturity year	Credit agreement, SEKm	Utilized, SEKm	Share, %
2019	5,378	4,843	14
2020	4,523	4,523	14
2021	12,991	11,916	35
2022	4,059	3,559	11
2023 –	8,847	8,847	26
Total	35,798	33,688	100

Liquidity flows

Year	Maturing loans	Interest on loans	Interest on derivatives	Total
2019	5,060	634	66	5,760
2020	4,662	545	57	5,264
2021	11,864	316	45	12,225
2022	3,555	158	21	3,734
2023 –	8,547	461	3	9,011
Total	33,688	2,114	192	35,994

1) Including expected current amortisation

2) When calculating interest on liabilities, the Stibor interest rate is assumed to be unchanged during the period to maturity.

3) When calculating the interest on derivatives, the variable portion runs at the Stibor rate as at 31 December 2018 over the whole period to maturity.

NOTE 25 CONT.**Interest rate risks**

The interest rate risk can partly consist of a change in fair value due to changes in interest rates, the price risk, and changes in cash flow, the cash flow risk. A significant factor that affects the interest rate risk is the period of fixed interest. Long periods of fixed interest entail a higher price risk while shorter periods of fixed interest entail a higher cash flow risk. Of the total interest-bearing liabilities of SEK 33,688 million (25,529), 78 per cent (65) had variable interest and the average fixed-interest period was 2.9 years (2.8) at year-end. As at the balance-sheet day, the Group had the following fixed interest in its financial instruments excluding the effects of derivatives.

Interest maturity structure

Maturity year	Interest due, SEKm	Proportion, %
Variable	26,400	78
2019	1,338	4
2020	2,442	7
2021	2,908	9
2022	–	–
2023 –	600	2
Total	33,688	100

According to the financial policy, the cash flow risk is to be limited as follows: At least 50 per cent of the total loan volume should have fixed interest or be hedged with derivative instruments. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining period of fixed interest, according to the financial policy, should be at least 2.0 years; at the year-end it was 2.9 years (2.8). The strike level for the interest rate caps may when taken be equivalent to at most the five-year government bond rate plus 3.0 percentage points. At year-end, Klöver had a volume of SEK 23,500 million (10,000) interest rate caps and SEK 7,288 (8,925) million fixed interest loans (mainly through swaps), totalling SEK 30,788 million, corresponding to 91 per cent, compared with SEK 16,844 million, 50 per cent, which was a minimum requirement according to policy.

During 2018, changes in value of interest rate caps amounted to SEK -15 million (-12). The fair value amounted to SEK 10 million (9) at year-end. At year-end, Klöver had 12 interest rate swap agreements maturing between 2019 and 2023. The fair value of the swaps amounted to SEK -95 million (-376) and changes in value totalled SEK 80 million (117) during the year, of which SEK 6 million (0) were realized. Value changes of options to senior executives and key personnel amounted to SEK 2 million (-5). Total value changes for derivatives were SEK 67 million (100). Interest caps and swaps both increase Klöver's price risk. The interest rate caps have been valued by Danske Bank, Nordea and Swedbank based on the current interest rate curve and the volatility of the respective maturity. The interest rate swaps have been valued by Danske Bank, Nordea and Swedbank by expected future cash flows being discounted to present value. In the parent company, the interest rate caps are reported at acquisition value.

Derivatives**Interest rate swaps**

Maturity date	Nominal amount, SEKm	Interest rate level, %	Fair value, SEKm
2019-06-03	1,000	-0.1	0
2019-07-06	315	0.4	-1
2020-01-07	100	1.9	-2
2020-06-03	500	0.1	-1
2020-06-03	500	0.1	-1
2020-07-06	315	0.7	-4
2021-01-02	1,000	0.2	-3
2021-06-01	900	0.3	-5
2021-09-23	300	2.5	-19
2021-12-20	200	2.5	-14
2023-01-07	500	2.2	-37
2023-04-11	100	2.2	-8
	5,730	0.6	-95

Interest rate caps

Maturity date	Nominal amount, SEKm	Interest rate level, %	Fair value, SEKm
2020-12-14	2,500	2.5	0
2021-06-05	1,000	3.0	0
2021-06-28	5,000	2.5	0
2021-12-12	2,500	3.0	0
2022-12-22	2,000	3.0	1
2022-12-22	2,000	3.0	1
2023-01-02	3,000	2.5	2
2023-01-02	3,000	2.5	3
2023-05-04	2,500	3.0	3
	23,500	2.7	10

Currency risk

The risk that fair values and cash flows of financial instruments may fluctuate when the value of foreign currency changes is referred to as currency risk. In Klöver's financial policy, the currency risk is defined as a cash flow risk and a price risk. According to the policy, these are to be limited by total currency exposure not being permitted to exceed 10 per cent of the balance sheet total after deduction of foreign currency derivatives and financing in local currency.

The currency risk in Klöver is primarily attributable to statements of income and balance sheets in foreign currency being converted into Swedish kronor.

The functional currency for the group companies is mainly SEK. Transactions are made in the currencies SEK, DKK, EUR and USD. Klöver does not at present hedge conversion exposures in foreign currency. Conversion of foreign net assets affected Klöver's equity by SEK 63 million (-).

Credit risk

Credit risk means the risk of a counterparty or issuer not being able to comply with its undertakings to Klöver and thus causing the Group to incur a financial loss. Klöver's exposure to credit risk is overall very small. Rent is invoiced in advance, which leads to small rent losses and the tenants consist of a deliberate selection, which limits their credit risk. An assessment of creditworthiness is always made in connection with new letting.

Exposure to individual customers/tenants is also limited and the ten largest customers/tenants account together for 17 per cent of the contract value. Liquid funds are only deposited in stable banks with a high credit rating. In all, possible expected credit losses are an insignificant amount for the Group.

Covenants and risk-taking

Klövern's financial risk-taking and position can be seen, inter alia, from the key figures equity ratio, interest coverage ratio and leverage. There are often set limit values, known as covenants, in the credit agreements with banks and credit institutions, specifically for these three key figures. Klöverns own goals accord well with the banks' requirements. Klöverns 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. Klöverns goal is for the interest coverage ratio to be at least 2.0, while the banks' requirements are usually 1.25 to 1.5. Klöverns has not set its own goal for leverage although the banks usually have a limit of 50-70 per cent for the respective property portfolio.

Klövern meets all goals and requirements for 2018 by a good margin. The equity ratio was 31.8 per cent, the adjusted equity ratio 37.4 per cent and the interest coverage ratio 2.7. Leverage was 60 per cent and the leverage ratio for properties 48 per cent.

Sensitivity analysis

In connection with the quarterly reports, an interest sensitivity analysis is also prepared, measuring the effects of changes in short market interest rates on the borrowing rate and the interest coverage ratio. A change in short market interest rates of +1 percentage point at year-end would have meant that Klöverns average borrowing rate would have changed by +0.8 percentage points, which would have been equivalent to a change in interest expense of SEK +268 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2.7 to 2.0. A winding up of negative positions in interest rate derivatives at the end of 2018 is assessed to have some positive effect on the interest coverage ratio going forward.

The calculations of the sensitivity analysis are based on the Group's earning capacity and balance sheet as at 31 December 2018. The sensitivity analysis shows the effect on the Group's annual profit after full impact of each of the parameters. Interest-bearing liabilities and lease contracts have a term of a number of years, which means that level changes do not have full impact in one particular year but only over a longer period.

	Change +/-	Annual effect on profit, SEK m
Economic occupancy rate	1 percentage point	+/- 41
Rental income	1 per cent	+/- 33
Property expenses	1 per cent	-/+ 11
Klövern's average interest rate	1 percentage point	-/+ 337

NOTE 26 OPERATIONAL LEASING

The Group's lease contracts where the company is lessee mainly concern site leaseholds, cars and IT equipment. Lease fees amounted to SEK 52.6 million (49.7). The breakdown of future lease payments is as follows:

	2018	2017
Matures within a year	22	27
Matures between one and five years' time	72	49
Matures later than five years' time	111	49

The Group leases investment properties using operational lease contracts. The breakdown of future rental income which is attributable to operational lease agreements, which cannot be terminated, is as follows:

	2018	2017
Matures within a year	871	675
Matures between one and five years' time	6,524	5,816
Matures later than five years' time	6,215	5,319

NOTE 27 ASSETS PLEDGED AND CONTINGENCIES

	Group		Parent Company	
	2018	2017	2018	2017
Assets pledged				
Property mortgages	29,842 ¹	23,258	–	–
Floating charges	10	–	–	–
Total assets pledged	29,852	23,258	–	–
Contingencies				
Guarantees in favour of subsidiaries	–	–	13,831	9,015
Other contingencies	1,175	28	–	–
Total contingencies	1,175	28	13,831	9,015

1) Refers to assets pledged for bank loans and for secured bonds.

Klövern is not involved in any ongoing dispute which may have a significant effect on earnings.

NOTE 28 CLOSE ASSOCIATES

	Year	Services sold	Services purchased	Receivable	Liability
Group					
Other close associates	2018	6	115	–	–
Other close associates	2017	6	102	–	–
Parent Company					
Subsidiary	2018	230	13	25,756	1,077
Subsidiary	2017	226	11	22,229	1,472
Other close associates	2018	–	1	–	–
Other close associates	2017	–	1	–	–

The Parent Company has a close associate relationship with its subsidiaries, see Note 29. Transactions with close associates are priced on market terms. Rutger Arnhult, who is Klöverns CEO and a board member, is owner of M2 Gruppen and has ownership in Wästbygg AB through companies in the M2 group. During the year, Klöverns signed contracts with Wästbygg for around SEK 157 million for construction projects. During the year, Wästbygg invoiced Klöverns a total of SEK 113 million (excluding value-added tax), which also includes a number of smaller projects and alteration work. Lease contracts with Wästbygg AB have an annual contract value of SEK 2 million (2). Klöverns AB has signed a lease contract with M2 Gruppen with an annual contract value of SEK 1 million (1). Pia Gideon is a board member of Metria AB, Apoteket AB and is the chairman of the board of Klöverns. Lease contracts with Apoteket AB has an annual contract value totalling SEK 4 million (5) and with Metria of SEK 0.2 million (0.2). Eva Landén is CEO of Corem Property Group and a board member of Klöverns. Payments to the CEO, senior executives and the Board of Directors are shown in Note 3.

NOTE 29 PARTICIPATION RIGHTS IN GROUP COMPANIES

SEK 000s	31.12.2018	31.12.2017
Accumulated acquisition values		
Opening balance	1,728,627	1,728,627
Acquisitions	500	350
Contributions	97,103	
Divestments	-100	-350
Reported closing balance	1,826,130	1,728,627
Accumulated shareholders' contribution		
Opening balance	146,551	146,551
Write-ups for the year	-	-
Reported closing balance	146,551	146,551
Total	1,972,681	1,875,178

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

Subsidiary/Reg. No./Registered Office	No. of shares	Share in % ¹	Book value, SEK 000s
Klövern Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klövern Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klövern Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klövern Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klövern Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klövern Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klövern Bobby AB, 556594-9780, Nyköping	1,000	100	105,241
Klövern Komp Bobby AB, 556678-9938, Nyköping	100,000	100	100
Klövern Dante AB, 556594-9830, Nyköping	1,000	100	100
Klövern Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klövern Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klövern Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klövern Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klövern Karl AB, 556708-7985, Nyköping	1,000	100	5,139
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
Klövern Jonathan AB, 556634-6606, Nyköping	1,000	100	100
Klövern Lovisa AB, 559068-5334, Nyköping	50,000	100	50
Klövern Alfred AB, 556922-4255, Nyköping	50,000	100	50
Klövern Klas AB, 559042-7562, Nyköping	50,000	100	50
Other subsidiaries, dormant			550
Total			1,972,681

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

NOTE 30 STATEMENT OF CASH FLOW
Reconciliation of cash flows attributable to financing operations

Group	2018	Cash flow	Change in fair value/ acquisitions	2017
Long-term liabilities to credit institutions	28,641	6,119	5,559	16,963
Current liabilities to credit institutions	5,047	-1,370	-2,149	8,566
Derivatives	85	-217	-65	367
Total liabilities attributable to financing operations	33,773	4,532	3,345	25,896

Parent company	2018	Cash flow	Change in fair value	2017
Long-term liabilities to credit institutions	15,597	5,960	-	9,637
Current liabilities to credit institutions	3,530	-3,343	-	6,873
Derivatives	89	-201	-70	360
Total liabilities attributable to financing operations	19,216	2,416	-70	16,870

Investments in financial assets

Parent company	2018	2017
Shares in group companies	-98	0
Derivatives	-3	-3
Receivables from group companies	-1,949	-2,709
Total	-2,050	-2,712

NOTE 31 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

In January 2019, Klöver signed an agreement to acquire an office building in Kista, Stockholm, for an underlying property value of SEK 633 million. Transfer of possession was on 4 March 2019.

In January/February 2019, Klöver issued unsecured bonds for a total of SEK 1,600 million under the company's green bond loan with final maturity in April 2022 and a framework amount of SEK 2,500 million. The total outstanding volume of the bond loan after the issues amounts to SEK 2,500 million.

In February 2019, Klöver's Board made use of the authorization to transfer Klöver's own shares by transferring 1,423,360 shares of class B for a total of SEK 18 million, or around SEK 12.60 per share. At the same time, Klöver acquired an additional 1,423,360 ordinary shares in Tobin Properties AB (publ) at SEK 10 per share. The total purchase price of the shares acquired amounted to SEK 14 million. Klöver received the balance of SEK 4 million in cash. After the acquisition, Klöver owns 84.6 per cent of the shares in Tobin Properties, corresponding to 86.4 per cent of the votes.

NOTE 32 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 11.

Deferred tax

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

Classification of acquisitions

An assessment is made, in connection with acquisitions of companies, of whether the acquisition is to be regarded as an asset acquisition or as a business combination. Companies containing only properties without appurtenant property management/administration are normally classified as asset acquisitions. See Note 1 Classification and related matters for more information.

Arrangement of the statement of income

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

Reporting of preference shares

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

NOTE 33 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 in Stockholm is Bredgränd 4, SE-111 30 Stockholm and the address of the head office in Nyköping is Box 1024, SE-611 29 Nyköping. The consolidated accounts for 2018 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 34 PROPOSED APPROPRIATION OF PROFITS

SEK

The following earnings are available to the Annual General Meeting:	
Amount brought forward	4,137,240,074
Net profit for the year	1,010,816,314
Total	5,148,056,388

The Board proposes that profits be allocated as follows:

Dividend to shareholders	
SEK 0.46 per ordinary share, total	379,865,231
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,439,311,157
Total	5,148,056,388

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 2019 Annual General Meeting is that a dividend of SEK 0.46 per ordinary share be paid in four instalments of SEK 0.11, 0.11, 0.12 and 0.12 and a dividend of SEK 20.00 per preference share be paid in four instalments of SEK 5.00.

The current proposal means that the dividend constitutes 53 per cent of the profit from property management for 2018. 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	4,137,240,074
Net profit for the year	1,010,816,314
Total	5,148,056,388
Dividend to ordinary shareholders	379,865,231
Dividend to preference shareholders	328,880,000
To be carried forward	4,439,311,157
Total	5,148,056,388

As at 31 December 2018, the number of registered ordinary shares in Klöver AB totalled 915,993,980, of which outstanding shares totalled 825,793,980 and repurchased shares 90,200,000. The total number of registered preference shares amounted to 16,444,000.

ALLOCATION OF EARNINGS

THE BOARD'S STATEMENT ON THE PROPOSED ALLOCATION OF EARNINGS

The Board's proposal

In the proposed allocation of earnings for the 2018 financial year, the Board of Directors proposes to the Annual General Meeting on 26 April 2019 that a dividend be paid of SEK 0.46 per ordinary share in four instalments of SEK 0.11, 0.11, 0.12 and 0.12, and SEK 20.00 per preference share, distributed equally over four quarters. In addition, the Board proposes that the shareholders at the Annual General Meeting authorize the Board to set 28 June 2019, 30 September 2019, 30 December 2019 and 31 March 2020 as the record days for dividend on ordinary and preference shares.

If the AGM votes according to the proposal, the associated payment days are estimated to be 3 July 2019, 3 October 2019, 7 January 2020 and 3 April 2020.

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

Amount brought forward	4,137,240,074
Net profit for the year	1,010,816,314
Total	5,148,056,388

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders

SEK 0.46 per ordinary share, total	379,865,231
SEK 20.00 per preference share, total	328,880,000
To be carried forward	4,439,311,157
Total	5,148,056,388

The above calculation is based on the total number of outstanding ordinary shares, 825,793,980 and the total number of outstanding preference shares, 16,444,000.

The Board further proposes that the Annual General Meeting decide that all new shares – a total of 91,599,397 ordinary shares and 1,644,400 preference shares – which may be issued by virtue of the Annual General Meeting's authorization, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 0.11 per ordinary share and SEK 5.00 per preference share on the next following record day according to the above.

In the event of a maximum use of the authorization for the Board to decide on a new issue, a dividend for additional

ordinary shares of at most SEK 42,135,723 and for preference shares of at most SEK 32,888,000 will be paid. Dividend for repurchased shares amounts to SEK 41,492,000. At least SEK 4,322,795,434 of the amount available for distribution will remain after dividends totalling at most SEK 825,260,954.

Klövern AB's financial position

Klövern's financial goals for 2018 were:

- > Return on equity shall in the long term amount to at least 10 per cent.
- > Dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management.
- > Dividend to the preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.
- > The adjusted equity ratio shall in the long term be 40 per cent.
- > The interest coverage ratio shall be at least 2.0.
- > The period of tied-up capital shall be at least 2.0 years.
- > The period of fixed interest shall be at least 2.0 years.

All the financial goals were achieved in 2018, with the exception of the adjusted equity ratio. However, this is a long-term goal.

According to the annual report, Klöver's equity ratio is 31.8 per cent in the Group and 27.1 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 31.0 per cent in the Group and 25.3 per cent in the Parent Company. The proposed dividend constitutes 3.9 per cent of shareholders' equity in the Group and 9.2 per cent of the equity in the Parent Company.

Motivation by the Board of Directors

With reference to what has been stated, the Board considers that the proposed dividend can be justified taking into consideration the requirements made in Chapter 17, section 3, second and third paragraphs, of the Companies Act. The type and scope of activity does not entail risks to a greater extent than those normally occurring in the industry.

The assessment by the Board of the financial position of the Parent Company and the Group means that the dividend is justifiable in relation to the requirements that the type of business, extent and risks make on the size of the equity of the Parent Company and the Group and the consolidation requirements, liquidity and position otherwise of the Parent Company and the Group.

The Board considers that the proposed dividend will not affect the ability of Klöver to comply with its commitments in the short and long term or to make necessary investments.

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

Stockholm, 21 March 2019
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

Pia Gideon
Chairman

Rutger Arnhult
CEO

Johanna Fagrell Köhler
Board member

Eva Landén
Board member

Ulf Ivarsson
Board member

Our audit report was submitted on 22 March 2019
Ernst & Young AB

Fredric Hävrén
Authorized public accountant

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual report and the consolidated accounts of Klöver AB (publ) for the 2018 financial year, with the exception of the Corporate Governance Report on pages 63-73. The annual report and consolidated accounts of the company are on pages 11-62 and 83-113 of this document.

In our opinion, the annual report has 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 2018 and of its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and are a fair presentation in all material respects of the financial position of the group as at 31 December 2018 and of its financial performance and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 63-73. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual report and the consolidated accounts comply with the content in the additional report submitted to the Parent Company's audit committee in accordance with article 11 of the Regulation (EU) No. 537/2014 requiring Statutory Audit of Public-Interest Entities [the Audit Regulation].

Grounds for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise complied with our professional responsibility in accordance with these requirements. This means that, to the best of our knowledge and conviction, no prohibited services as referred to article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, in relevant cases, to its parent company or its controlling company in the EU.

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

Areas of particular importance

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

following description of how the audit was performed shall be read in this context.

We have performed the obligations described in the section The auditor's responsibility in our report on the annual report also in these areas. In this way, audit measures were undertaken to take into account our assessment of the risk of material errors in the annual report and the consolidated accounts. The outcome of our audit and the audit measures performed to deal with the areas shown below form the background for our audit report.

Valuation of investment properties

Description of the area

On 31 December 2018, the fair value of Klöver's investment properties was SEK 52,713 million and changes in value amounted to SEK 2,309 million. The Group's investment properties constituted 93 % of the total assets on 31 December 2018. Valuation at fair value is by nature associated with subjective assessments and a minor change in assumptions made on which valuations are based may have an important effect on the reported amounts.

The valuations are yield-based in accordance with the cash flow method, which means that future cash flows are forecast. The property's yield requirement is assessed on the basis of the unique risk of each property and transactions made in the market. A description of the valuation of the property portfolio is contained in Note 11 and Note 32 Important estimates and assessments. Due to the many assumptions and assessments that take place in conjunction with the valuation, we make the assessment that this area is to be regarded as being of particular importance in our audit.

How this area was taken into account in the audit

In our audit, we have evaluated and tested the executive management's process for property valuation.

We have examined input data for the external valuations from the company's system for a selection of properties.

We have discussed important assumptions and assessments with those responsible for valuation at Klöver. Our selection has mainly comprised the largest properties by value in the portfolio, as well as the properties with the greatest variation in value compared with previous quarters and the previous year. We have also made comparisons with known market information. We have evaluated the competence and expertise of the external valuers.

With the support of our valuation specialists, we have examined the reasonableness of the assumptions made for a selection of the properties such as yield requirements, vacancy rate, rental income and operating expense.

We have assessed the information provided in the Annual Report.

Other information than the annual accounts and the consolidated financial accounts

This document also contains other information than the annual accounts and the consolidated financial accounts that can be found on pages 1-10, 74-82 and 117-147. The Board of Directors and the CEO are responsible for this information.

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

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

If we, on the basis of the work performed relating to this information, draw the conclusion that the other information contains material misstatements, we are obliged to report this. We have nothing to report in this respect.

The responsibility of the Board of Directors and the CEO

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

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

The Board's audit committee shall, without this affecting the responsibility and other tasks of the Board, inter alia, monitor the company's financial reporting.

The auditor's responsibility

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

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

Furthermore:

- > we identify and assess the risk of material misstatement in the annual report and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures, inter alia, on the basis of these risks and obtain audit evidence which is sufficient and appropriate for its purpose to serve as a basis for our opinions. The risk of not detecting material misstatement due to fraud is higher than for material misstatement due to error, as misstatements may include action in collusion, counterfeiting, deliberate omission, incorrect information or setting aside internal control.
- > we obtain an understanding of the company's internal control, which is important for our audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the company's internal control.

- > we assess the suitability of the accounting policies applied and the reasonableness of the Board and the CEO's estimates in the accounts and supplementary disclosures. utvärderar vi den övergripande presentationen, strukturen och inne-hållet i årsredovisningen och koncernredovisningen, däribland upp-lysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- > we draw a conclusion on the suitability of the Board and the CEO applying the assumption of a going concern when drawing up the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, whether there is any material uncertainty factor, concerning such events or circumstances that may lead to considerable doubt about the company's ability to continue as a going concern. If we draw the conclusion that there is a significant uncertainty factor, we must draw attention in the Audit Report to the disclosures about the significant uncertainty factor or, if such disclosures are insufficient, modify the statement about the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence obtained until the date of the audit report. However, future events or circumstances may mean that the company is unable to continue as a going concern.
- > we evaluate the overall presentation, structure and content of the annual report and the consolidated accounts, including the supplementary disclosures and, whether the annual report and the consolidated accounts reproduce the underlying transactions and circumstances in a way that provides a fair picture.
- > we obtain sufficient audit evidence that is appropriate for its purpose concerning the financial information for the units or business operations in the group to make a statement on the consolidated accounts. We are responsible for control, monitoring and drawing up of the audit for the group. We bear sole responsibility for our opinions.

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

We must also provide the Board with a statement that we have applied relevant professional ethical requirements and taken up all relationships and other circumstances that can reasonably affect our independence and in applicable cases associated countermeasures.

Out of the areas communicated with the Board, we establish which of these areas that have been of greatest importance for the audit of the annual report and the consolidated accounts, including the most important assessed risks for significant misstatements, and which therefore constitute the areas of particular importance for the audit. We describe these areas in the audit report as long as laws or other regulations do not prevent such information.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual report, we have also performed an audit of the management by the Board of Directors and the CEO of Klöver AB (publ) for the 2018 financial year and of the proposals for the appropriation of the company's profit or loss.

We approve the annual general meeting appropriating the profit in accordance with the proposal in the Administration Report and granting

the members of the Board and the CEO release from liability for the financial year.

Grounds for our opinions

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

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

Responsibilities of the Board of Directors and the CEO

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

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

The auditor's responsibility

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

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

Our objective as regards the audit of the proposal for appropriation of the company's profit or loss, and thus our opinion on this, is to assess with reasonable degree of assurance whether the proposal complies with the Companies Act. Reasonable assurance is a high extent of assurance, but not absolute assurance that an audit performed in accordance with

generally accepted auditing standards in Sweden will always detect procedures or neglect which may lead to an obligation to compensate the company or that a proposal on appropriation of the company's profit or loss is not compatible with the Companies Act.

As part of the audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and have a professional sceptical approach throughout our audit. Scrutiny of the management and the proposal for appropriation of the company's profit or loss are based primarily on audit of the accounts. The additional audit procedures performed are based on our professional assessment based on risk and importance. This means that we focus the examination on such procedures, areas and circumstances that are important for the business and where deviations and breaches would be especially important for the company's situation. We review and test decisions made, bases for decision, measures undertaken and other circumstances that are relevant for our statement on discharge from liability. As a basis for our opinion on the Board's proposal for appropriations of the company's profit or loss, we have examined the Board's reasoned statement as well as a selection of documentation for this to be able to assess whether the proposal complies with the Companies Act.

The auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report on pages 63-73 and for it being drawn up in accordance with the Annual Accounts Act.

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

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

Ernst & Young AB, Box 7850, 103 99 Stockholm was appointed as auditor of Klöver AB by the Annual General Meeting on 26 April 2018 and has served as the company's auditor since 2000.

Stockholm, 22 March 2019

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

PROPERTY LIST AND OVERVIEW



PROPERTY LIST			117
STOCKHOLM	118	KARLSTAD	134
VÄSTERÅS	122	NORRKÖPING	136
GOTHENBURG	124	NYKÖPING	138
COPENHAGEN	126	KALMAR	140
LINKÖPING	127	ÖREBRO	141
MALMÖ	129	NEW YORK	142
UPPSALA	132	HALMSTAD	143
<hr/>			
HISTORICAL OVERVIEW AND KEY FIGURES			144
<hr/>			
DEFINITIONS			146
<hr/>			
HISTORY			147

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

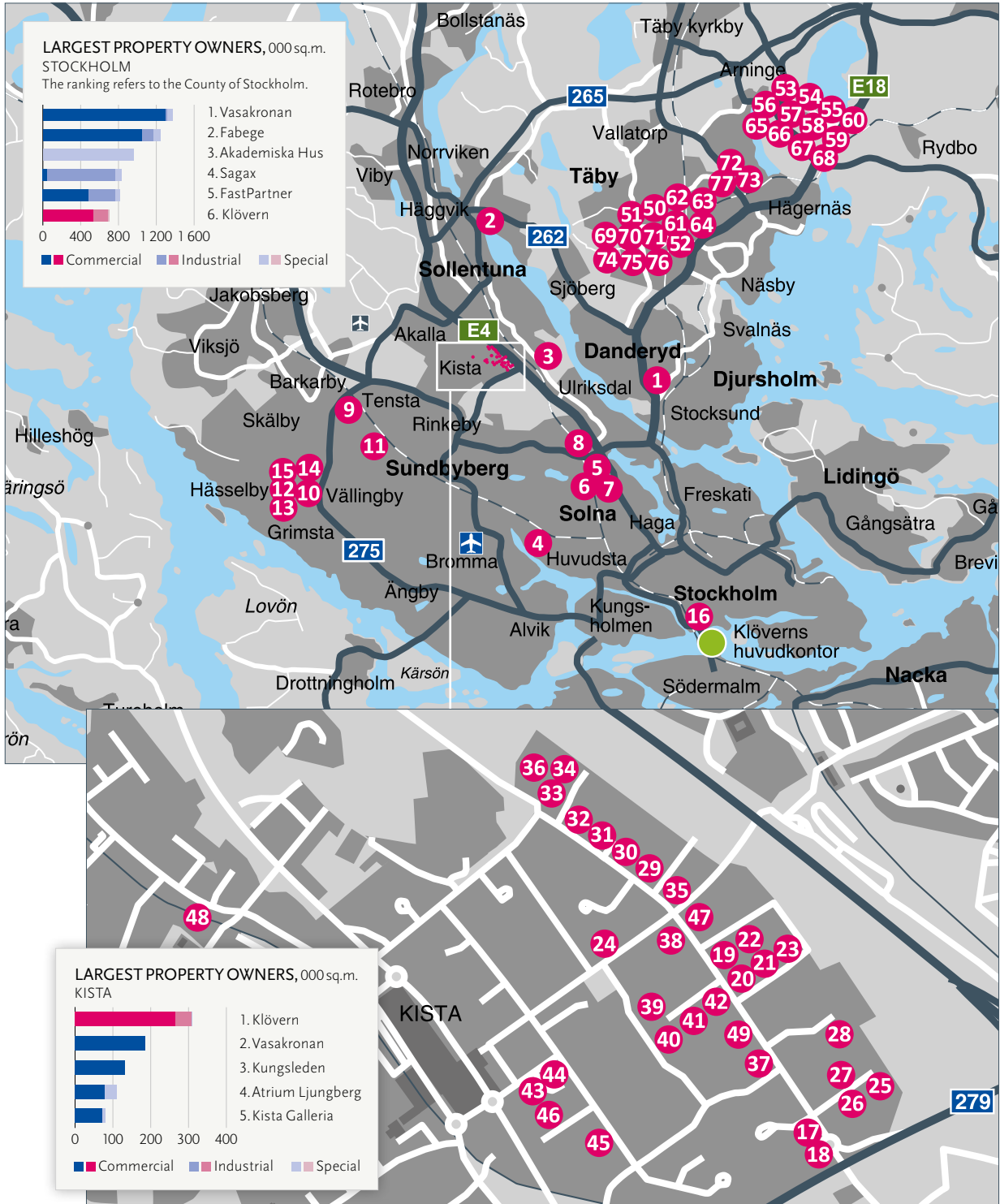
SUSTAINABILITY

FINANCIAL REPORTS

The property Isafjord 8 in Kista, Stockholm.

PROPERTY LIST AND OVERVIEW

STOCKHOLM



Byggstatistik has contributed diagrams on the largest property owners for each business unit. These diagrams are based on property taxation.

STOCKHOLM NORTH

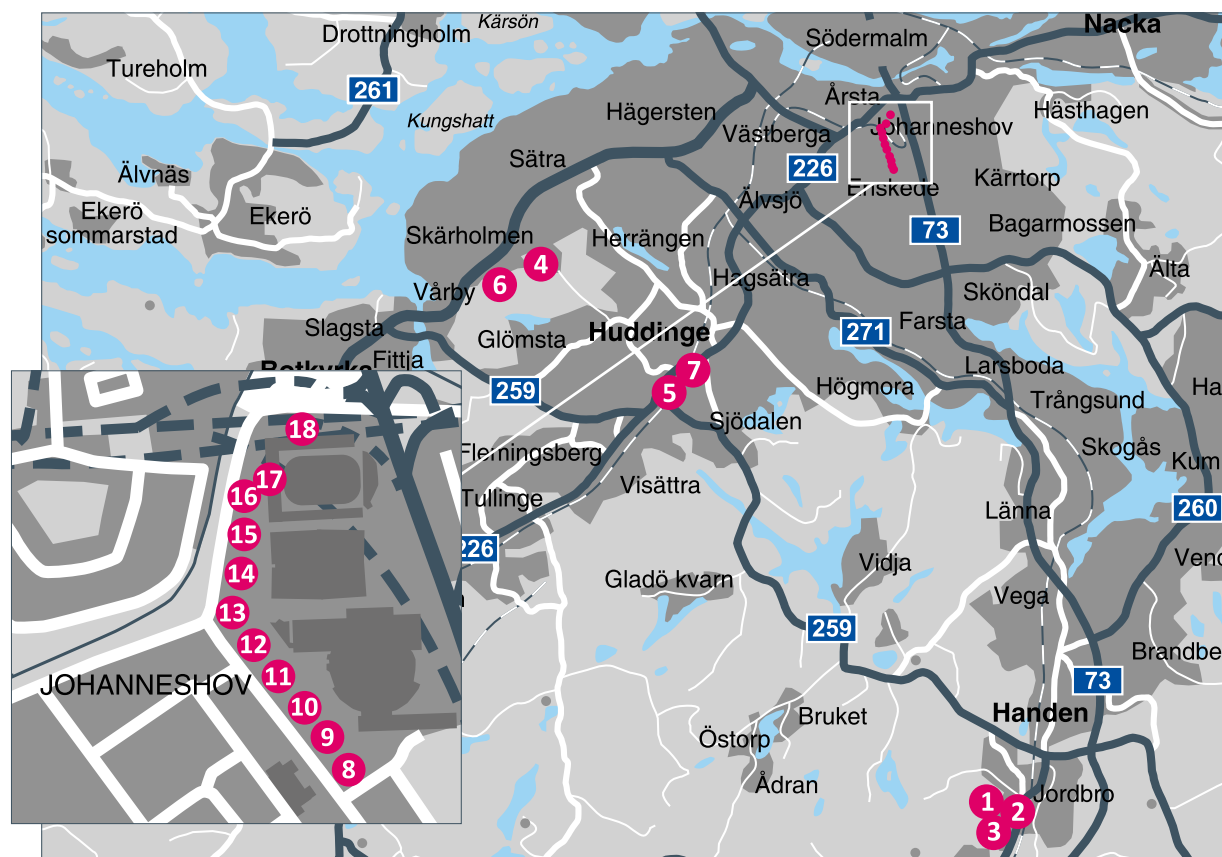
No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
						Office	Warehouse/logistics	Retail	Other*				Total
1	Timmerhug-garen 2	Vendev. 90, Danderyd		1969/1969	Office	6,170	1,947	1,117	1,400	10,634	17.0	89	76.8
2	Ekplantan 1	Djupdalsv. 17, 19, Sollentuna		1988/1988	Office	2,600				2,600	1.6	0	6.7
3	Malten 1	Vetenskapsv. 10, 12, 14, Sollentuna		2005/2005	Office	12,393	527	660	253	13,833	27.2	99	164.0
4	Aprikosen 2	Hemvärnsg. 5, 7, 9, Solna		1975/1992	Office	26,358	3,553	1,875	3,372	35,158	81.0	94	428.0
5-7	Hilton 3	Gustav III:s Boulevard 40-46, Solna		2003/2003	Office	19,037	682	326	6	20,051	57.2	90	364.3
8	Startboxen 3	Vallg. 5-9 Solna		1985/1985	Office	10,777	762		7,706	19,245	39.5	92	202.0
9	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778			3,673	4.3	100	26.5
10	Johannelund 7	Krossg. 10, 12, 14, 16, 18, Sorterarg. 23, Stockholm	S	1969/1969	Office	16,388	4,438	505	803	22,134	23.8	72	61.1
11	Mandelblom-man 1	Kronofogdev. 54, Stockholm		1983/1983	Warehouse/logistics	762	3,493	969	1,681	6,905	6.4	87	27.0
12	Singeln 13	Krossg. 26-28	S	1966/1966	Warehouse/logistics	1,807	2,293			4,100	4.1	67	14.5
13	Stenen 1	Krossg. 15, 17, Sorterarg. 31, 33, 35, Stockholm	S	1970/1970	Office	9,132	2,221			11,353	9.4	58	35.6
14	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Other*	967	326	1,776	2,110	5,179	5.7	74	27.1
15	Stenmjölet 2	Siktg. 3A-3B, Stockholm	S	1960/1960	Warehouse/logistics		2,730	2,094		4,824	5.2	58	10.8
16	Orgelpipan 4	Klarabergsg. 33, 35, Stockholm	S	1957/1957	Office	3,490	343	525	159	4,517	19.3	79	185.0
17	Alptanäs 2	Torshamnsg. 7, 7A, 9, Haukadalsg. 1, Kista	S	1981/1981	Office	2,783	247			3,030	3.7	50	19.3
18	Alptanäs 3	Torshamnsg. 1, 3, 5, Kista	S	Site	Other*						1.5	100	1.2
19	Borg 1	Torshamnsg. 16, Kista	S	1977/1977	Office	1,411				1,411	1.9	79	10.2
20	Borg 2	Strömög. 3, Kista	S	1981/1981	Warehouse/logistics		4,655			4,655	5.4	100	27.4
21	Borg 3	Strömög. 5, Kista	S	1978/1978	Warehouse/logistics		1,837			1,837	2.2	100	11.9
22	Borg 4	Vågög. 6	S	1979/1979	Office	1,931				1,931	3.1	100	30.0
23	Borg 6	Strömög. 7, Vågög. 8, Kista	S	1980/1980	Warehouse/logistics	1,487	4,930			6,417	6.9	95	41.6
24	Borgarfjord 4	Kistagången 12, Torshamnsg. 31-33, Kista	S	1983/1983	Office	12,633	213	654	6	13,506	30.2	89	94.9
25	Geysir 1	Österög. 4, Kista	S	1979/1979	Warehouse/logistics		5,110			5,110	5.8	99	34.8
26	Geysir 2	Österög. 2, Kista	S	1980/1980	Warehouse/logistics	1,862	5,097	165		7,124	8.7	62	42.6
27	Gullfoss 3	Österög. 1, 3, Kista	S	1979/1983	Office	4,846	1,107		1,565	7,517	10.8	52	59.4
28	Gullfoss 5	Viderög. 6, Kista	S	1979/1983	Office	3,508				3,508	5.5	100	14.4
29	Helgafjäll 1	Torshamnsg. 22, 24 A-D, 26 A-B, Kista	S	1979/1979	Office	10,673	1,592			12,265	28.3	88	123.0
30-31	Helgafjäll 2	Torshamnsg. 28 A-B, 30 A-E, 32 A-D, 34 A-B, Kista	S	1981/1981	Office	18,327	1,060		7,560	26,947	50.7	90	194.0
32	Helgafjäll 3	Torshamnsg. 36, 38, 40, Kista	S	1980/1990	Warehouse/logistics	3,965	10,502			14,467	17.2	71	91.6
33-34	Helgafjäll 4	Torshamnsg. 42, 44, 46, Kista	S	1998/1998	Office	13,467	225	231		13,923	22.0	26	228.0
35	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Kista	S	1978/1988	Office	13,727	522	1,567	269	16,085	28.2	75	190.0
36	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Kista		2001/2002	Office	21,510	110		246	21,866	43.4	31	344.0
37	Isafjord 1	Skaftåg. 2A-B, Kista		Site	Other*						2.7	100	-
38	Isafjord 4	Torshamnsg. 21, 23, Torshamnsgränd 2, 4, 6, Grönlandsg. 10, Kista		1976/2008	Office	62,231			8,847	71,078	151.2	100	770.0
39	Isafjord 5	Grönlandsg. 8, Kista		Site	Other*						0.0	-	-
40	Isafjord 6	Grönlandsg. 6, Torshamnsgränd 9, Kista		1976/2008	Other*				3,222	3,222	3.5	100	-
41	Isafjord 7	Hans Werthéns Gata 19, Kista		Site	Other*						0.9	100	-
42	Isafjord 8	Torshamnsg. 17, Hans Werthéns Gata 19, Torshamnsgränd 3, Skaftåg. 14, 16, Kista		2016/2016	Office	23,698	240	1,230		25,168	65.7	100	439.0
43	Knarrarnäs 3	Färög. 5, 7 Kista	S	1985/1985	Office	5,504	234		1,417	7,155	14.1	67	89.7

STOCKHOLM NORTH CONT.

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
44	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Kista	S	1985/1985	Other*		3		8,082	8,085	13.5	84	52.0
45	Knarrarnäs 6	Isafjordsg. 3, 5	S	1987/1987	Office	4,419	293			4,712	8.7	99	59.2
46	Knarrarnäs 9	Knarrarnäs. 15, Kista	S	1984/1986	Office	4,748	172	3		4,923	11.1	89	63.2
47	Lidarände 1	Torshamnsg. 18, Kista		1979/2008	Other*	3,007	126	533	16,280	19,946	34.1	95	168.0
48	Röros 1	Norgeg. 1, Kista	S	1985/1985	Office	3,312	7	1		3,320	4.6	63	23.4
49	Skaftå 1	Torshamnsg. 19, Kista		Site	Other*						2.5	100	0.0
50	Kannringen 1	Enhagslingan 2, 4, Täby		1988/1988	Office	4,101				4,101	5.8	94	32.8
51	Kannringen 2	Enhagslingan 6, 8, Täby		1991/1991	Office	1,990	16			2,006	2.9	94	16.1
52	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,541	340	1,374		14,255	19.7	95	95.8
53	Linjalen 60	Måttbandsv. 12, Täby		1991/1991	Office	3,057	766			3,823	4.8	91	23.6
54	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Warehouse/logistics		778			778	0.8	100	6.7
55	Linjalen 65	Måttbandsv. 8, 10, Täby		1989/1989	Retail		600	750		1,350	1.2	100	6.8
56	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Warehouse/logistics		3,815	108		3,923	4.5	100	19.4
57	Linjalen 7	Måttbandsv. 4, Täby		1989/1989	Warehouse/logistics		800			800	0.7	100	4.4
58	Linjalen 8	Måttbandsv. 6, Täby		1989/1989	Warehouse/logistics		600			600	0.7	100	3.2
59	Lodet 2	Tumstocksv. 9, 11, Täby		1990/1990	Office	5,012	3,391	70	6	8,479	9.4	98	47.4
60	Mätstången 2	Linjalv. 6 A–B, Kundv. 5, Täby		1991/1991	Office	3,844				3,844	4.1	85	24.0
61	Roslags-Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0.0	–	–
62	Roslags-Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0.0	–	–
63	Roslags-Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Retail		530	2,181		2,711	3.2	100	11.3
64	Roslags-Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Retail						0.0	–	–
65	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Warehouse/logistics	397	430			827	0.5	29	5.4
66	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Warehouse/logistics		1,634	258	500	2,392	3.4	100	11.9
67	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	850	714			1,564	1.6	100	17.4
68	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Warehouse/logistics		960			960	0.5	36	5.0
69	Svänghjulet 1	Enhagslingan 23, 25, Täby		1990/1990	Other*	591	424	445	2,731	4,191	4.6	91	–
70	Svänghjulet 2	Enhagslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12	1,323		2,995	4.0	99	22.4
71	Svänghjulet 3	Enhagslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579			4,908	5.7	90	32.2
72–73	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Warehouse/logistics	1,367	2,131			3,498	3.8	92	15.9
74	Ventilen 1	Enhagslingan 1A–B, Täby		1987/1987	Office	1,984	675	296		2,955	3.8	97	17.7
75	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,407	390			2,797	3.8	83	15.7
76	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,210	353	337		1,900	2.0	74	9.2
77	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	1,195	12			1,207	1.3	93	8.2
TOTAL STOCKHOLM NORTH						377,359	83,324	18,672	70,922	550,277	982.7	86	5,304.4

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. ■ Acquisitions during 2018
A property can consist of a number of jointly administered properties or several large buildings.

STOCKHOLM SOUTH



STOCKHOLM SOUTH

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
						Office	Warehouse/ logistics	Retail	Other*				Total
1	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Warehouse/ logistics					0.0	-	101.6	
2	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Warehouse/ logistics		26,617	1,008	27,625	19.7	100	28.6	
3	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Warehouse/ logistics					0.0	-	6.6	
4	Ellipsen 5	Ellipsv. 17, Huddinge		1997/1997	Office	2,800			2,800	2.8	100	16.3	
5	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600			1,600	3.2	100	20.5	
6	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Other*		477	2,654	3,131	7.5	94	22.7	
7	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232		4,480	8.0	93	48.6	
8-11	Arenan 2	Arenaslingan 1-3, Arenav. 49, 55-63, Johanneshov		1989/1989	Office	32,535	3,350	18,391	298	54,574	160.5	97	1,051.0
12-13	Arenan 3	Arenav. 39-47, Johanneshov		1989/1989	Office	13,780	1,002	1,799	16,581	49.9	95	276.0	
14-17	Arenan 6	Arenav. 17, 21-35, Johanneshov		1991/1993	Office	16,393	2,617	3,852	7,297	30,159	87.5	93	269.3
18	Arenan 8	Arenav. 7-13, Johanneshov		2001/2001	Office	14,150			14,150	38.0	100	219.0	
TOTAL STOCKHOLM SOUTH						85,506	34,295	22,243	13,056	155,100	377.0	96	2,060.3

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2018
 A property can consist of a number of jointly administered properties or several large buildings.

VÄSTERÅS

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq. m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
						Office	Warehouse/logistics	Retail	Other*				Total
1	Allmogekulturen 5	Svalgången 1, 18, Västerås		1966/1991	Other*	5,338	636	8,958	14,932	10.9	62	64.6	
2	Bogserbåten 1	Saltängsv. 22, Västerås		Site	Other*					0.0	–	1.0	
3	Finnslättan 2	Hydrov. 1, 3, 5, 7, 9; Turbov. 2, 4, 6, Västerås		1966/1990	Office	3,399	929	1,617	5,945	5.8	75	25.6	
4	Friledningen 18	Elledningsg. 5B, Västerås		1988/1988	Warehouse/logistics		940		940	0.4	100	4.2	
5	Gastuben 5	Björnöv. 8, Västerås		1943/1943	Retail			2,442	2,442	2.1	92	13.0	
6	Gustavsvik 13	Sjöhagsv. 3, 5, 7, Stensborgsg. 2, Västerås		1957/1962	Office	12,871	11,482	450	5,053	29,856	18.5	84	72.8
7	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Other*			3,000	3,000	4.5	93	–	
8	Inge 10	Smedjeg. 8, Västerås		1939/1960	Other*	636	308	2,302	2,629	5,875	7.0	91	48.5
9	Klas 8	Smedjeg. 13, Västerås		1956/1956	Retail	1,309	196	2,196	1,774	5,475	8.7	98	48.4
10	Kranlinan 1	Traversg. 13, Västerås		2009/2009	Warehouse/logistics		2,582	2,423		5,005	5.2	60	27.5
11–12	Kryssen 3	Regattag. 7–31, 33–53, Västerås		1940/1980	Warehouse/logistics	4,798	10,253	220	4,193	19,464	12.7	78	44.3
13	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås		1984/1984	Retail			14,442	2,300	16,742	19.3	87	77.7
14–17	Leif 19	Hantverkarg. 2, Västerås		1929/1964	Retail	5,328	979	7,924	6,869	21,100	36.1	97	216.7
18	Lennart 17	Vasag. 12, Västerås		1965/1994	Retail	3,286	193	7,996	1,788	13,263	27.3	96	190.0
19	Livia 16	Skomakarg. 2, Västerås		1992/1992	Office	4,960	378	595		5,933	13.1	100	66.2
20	Loke 24	Kopparbergsg. 17, Västerås		1962/1983	Retail	4,607	2,221	9,634	4,829	21,291	30.6	86	242.2
21	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	2,016	183		2,076	4,275	5.6	95	40.9
22	Mats 5	Stora g. 21, Västerås		1968/1983	Retail	622	1,254	8,959	8,453	19,288	53.0	88	327.5
23–24	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Office	5,914	3,847			9,761	5.5	69	33.6
25	Regattan 46	Regattag. 8–28 etc, Västerås		1940/1970	Warehouse/logistics	3,087	8,418	111		11,616	7.1	89	40.7
26	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627				1,627	1.2	100	6.5
27–28	Ringborren 15	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Warehouse/logistics	8,302	9,860	1,069	378	19,609	17.3	89	60.3
29	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Warehouse/logistics	2,322	3,358	2,699	1,743	10,122	10.1	83	34.2
30	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Other*	2,201	1,223		5,097	8,521	15.0	98	45.4
31	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Warehouse/logistics	329	6,729			7,058	4.9	97	17.5
32	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	756	134			890	1.0	83	3.9
33	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*				2,143	2,143	6.5	100	–
34	Traversföraren 1	Traversg. 2, Västerås		1988/1996	Retail			2,500		2,500	2.6	68	20.6
35	Traversföraren 3	Traversg. 4, Västerås		1990/1990	Retail			2,572		2,572	3.4	89	22.8
36	Turbinen 1	Stenbyg. 2–4, Västerås		1968/1986	Warehouse/logistics		17,757			17,757	5.8	14	54.0
37–38	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Warehouse/logistics	2,184	13,377	2,660	2,322	20,543	18.1	81	37.5
39	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450				1,450	1.5	87	7.5
–	Vampyren 9	Kungsg. 25, Eskilstuna		1937/1975	Retail	3,937	812	6,016	5,992	16,757	28.3	94	158.2
–	Vestalen 10	Kungsg. 24, Eskilstuna		1966/1966	Retail		334	7,764	2,759	10,856	27.4	91	153.8
TOTAL VÄSTERÅS						81,279	98,383	84,973	73,973	338,608	416.6	88	2,241.5

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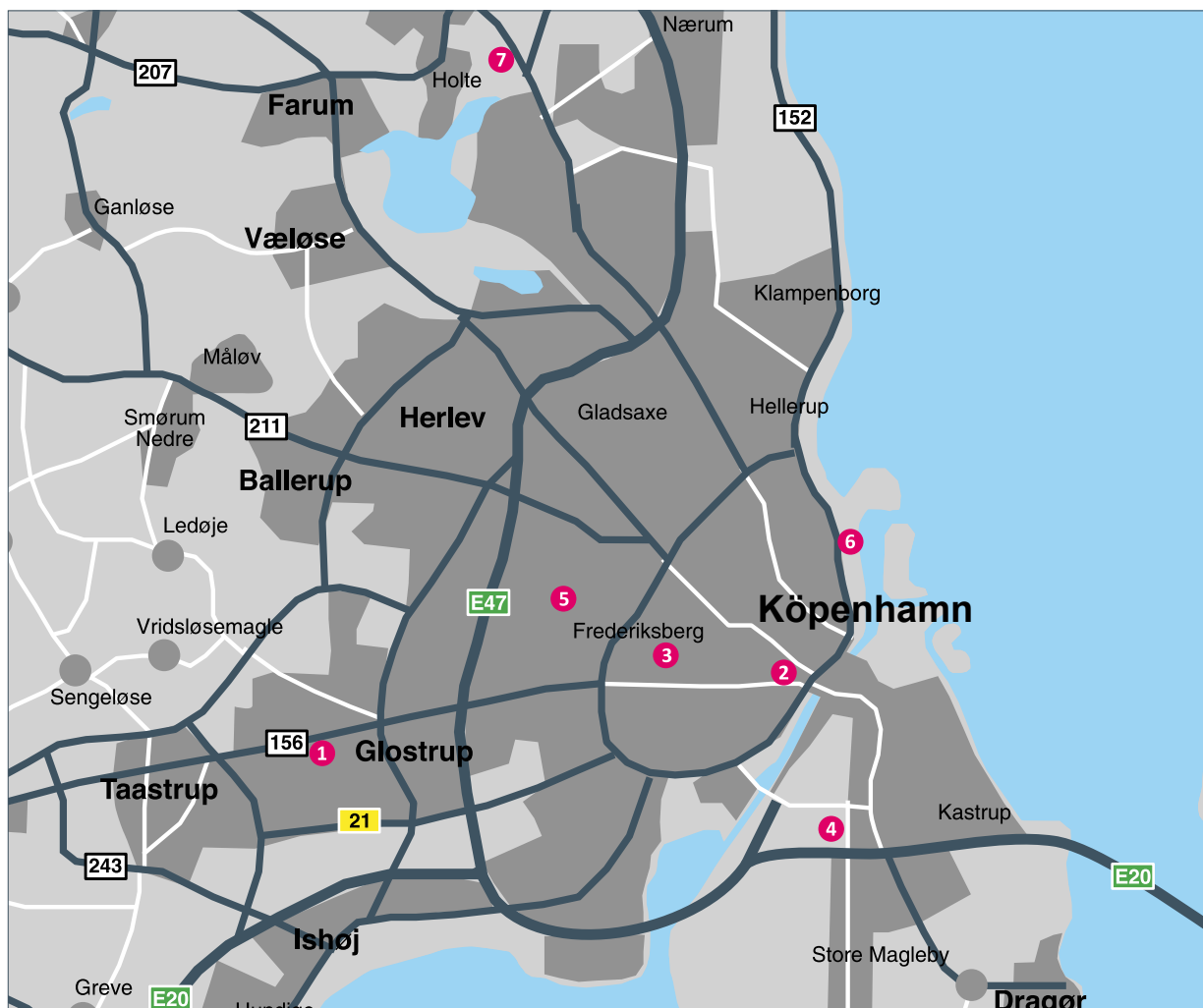
GOTHENBURG

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
1-2	Gamelestad 39:13	Slakthusg. 8, Gothenburg		1963/1963	Office	6,593	6,491		445	13,529	17.1	64	36.8
3	Gamelestad 39:14	Slakthusg. 6, Gothenburg		1905/1952	W/L**		1,000			1,000	1.9	97	2.5
4	Inom Vallgraven 15:2	Drottningg. 28, Södra Hamng. 27, Gothenburg		2003/2003	Office	4,123		217		4,340	13.4	100	104.6
5	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	20,170			200	20,370	22.2	91	93.8
6-8	Kobbegården 6:141	Datav. 6, 8, 10, Gothenburg		1983/1983	Office	10,459	1,982	1,195	40	13,676	14.5	81	102.5
9	Majorna 219:7	Fiskhamnsg. 6A-C, Skärgårdsg. 1, Gothenburg	S	2002/2002	Office	11,679	1,933	1,897	201	15,710	27.2	100	164.0
10	Majorna 220:4	Fiskhamnsg. 2, Gothenburg		1986/1986	Office	5,745				5,745	10.1	63	53.2
11	Majorna 220:5	Skärgårdsg. 4, Gothenburg		1990/1990	Other*	579	16		3,815	4,410	7.8	100	0.0
12	Nordstaden 18:3	Kronhusg. 7, Torgg. 17, Gothenburg		1985/1985	Office	1,911	6	354		2,271	5.0	62	31.2
13	Nordstaden 18:4	Torgg. 19, Gothenburg		1985/1985	Office						0.0	-	-
14	Sävenäs 67:4	Torpavallsg. 11, 13, Gothenburg		1982/1991	Office	2,336				2,336	2.8	40	12.2
15	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	W/L**	227	7,351			7,578	5.7	99	18.4
16	Sävenäs 170:12	von Utfallsg. 18, 20, Gothenburg		1990/1990	W/L**	884	3,178			4,062	3.3	96	12.1
17	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,624	465			2,089	1.9	100	8.4
18	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg		1991/1991	Office	4,700	509	250		5,459	5.7	86	25.2
19	Sävenäs 170:17	von Utfallsg. 18, 20, Gothenburg		1990/1990	W/L**						0.0	-	1.2
20	Tuve 86:2	Hildedalsg. 1, Gothenburg	S	2007/2007	W/L**		5,301			5,301	4.8	100	24.7
21	Tynnered 1:15	Femvägsskålet 4, Gothenburg	S	1979/1979	W/L**		2,600			2,600	2.5	100	16.6
22	Gastuben 3	Argong. 2D, Mölndal		1991/1994	Office	5,990				5,990	8.7	87	47.1
23	Hårddisken 3	Alfag. 8, Mölndal		2012/2012	Office	3,274				3,274	5.1	100	28.8
24	Mejramen 1	Lunnagårdsg. 4, Mölndal		1999/1999	Office	8,123	2,617	741	117	11,598	14.1	98	112.4
25	Pottegården 2	Täljegårdsg. 1, Mölndal		1965/1965	W/L**	429	1,371			1,800	1.4	90	10.2
26	Pottegården 4	Kråketorpsg. 20, Mölndal		1991/1991	Office	3,059	1,871			4,930	4.9	92	24.0
27	Spinnaren 5	Göteborgsv. 44, Mölndal		1973/1973	W/L**						0.4	100	1.1
28	Stockrosen 2	Norra Äg. 40, Mölndal		1988/1988	Retail	1,102		1,937		3,039	4.3	100	10.3
29	Stockrosen 7	Norra Äg. 32, Mölndal		1947/1997	Office	3,322	988	433		4,743	6.1	94	30.0
30	Travbanan 2	Åby Arenav. 8, Mölndal		2018/2018	Other*						0.0	-	-
31	Travbanan 3	Åby Arenav. 10, Mölndal		2018/2018	Other*						0.0	-	-
32	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	2,683	777			3,460	4.5	79	13.1
33	Violen 1	Göteborgsv. 40, Mölndal		1958/1980	Retail			718	238	956	1.3	100	8.5
34	Ängsviolen 1	Flöjelbergsg. 18, Mölndal		1960/1960	W/L**	2,578	2,797	180		5,555	4.7	93	20.6
35	Mellby 3:198	Mellbyv. 21, 23, Partille		1967/1983	Other*				2,576	2,576	3.1	100	
36	Mellby 5:120	Ögärdesv. 19, Partille		1990/1990	Office	3,862	1,230			5,092	5.9	99	27.4
37	Partille 4:2	Kung Göstas v. 4, Partille		Site	Other*						0.0	-	0.9
38	Partille 4:25	Gamla Kronv. 22, Partille		1981/2008	Retail			2,500		2,500	4.0	100	12.0
39	Ugglum 1:76	Göteborgsv. 88, Tillfällav. 27-29, Partille		1988/1988	Retail	1,179	270	2,566	421	4,436	5.7	96	24.8
40	Ugglum 8:37	Tillfällav. 23-25, Partille		1937/1975	Office	1,951	114	1,324	278	3,667	4.9	100	29.8
41	Ugglum 8:92	Tillfällav. 17-21, Partille		1992/1992	Office	4,633	319	720	74	5,746	8.0	87	47.0
42	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,832	4,505	365	1,270	15,972	16.2	86	60.6
43	Ugglum 9:243	Industriv. 6, Partille		Site	Other*						0.0	-	3.3
44	Ugglum 126:4	Gibsons v. 3, Partille		1989/1989	Office	468				468	0.5	100	6.1
45	Ugglum 7:117	Industriv. 39, Partille		1969/1999	W/L**	801	2,176		343	3,320	3.4	97	11.6
-	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	0.8	100	
-	Tollestorp 7:6	Tollestorpsv. 2A-F, Lerum		1990/1990	W/L**		3,197			3,197	1.9	100	9.0
-	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*			121	3,358	3,479	3.3	100	
-	Ölslanda 10:81	Hantverkerv. 21, Lerum		1990/1990	W/L**		1,716			1,716	0.9	100	4.1
-	Bromsen 3 och 4	Bergslenag. 41, Borås		1945/1971	Retail	1,481	5,763	13,727	1,830	22,801	33.8	68	196.0
-	Spindeln 13 och 14	Bergslenag. 41, Borås		1945/1971	Retail						0.0		
-	Termiten 1	Bergslenag. 8, Borås		1971/1978	Retail	24	832	13,259	691	14,806	20.9	97	122.0
-	Ciselören 2	Odeng. 38, Falköping		1962/1962	Retail	60	98	4,220	271	4,649	2.8	81	10.5
-	Hjälmen 1	Göteborgsv. 12, Falköping		1966/1991	Retail			1,415	1,284	2,699	1.4	90	5.4
-	Lilla Björn 1	Loveng. 1, Falköping		1973/1973	Other*					3,418	1.9	100	6.4
TOTAL GOTHENBURG						126,382	61,533	48,139	21,765	257,818	320.5	88	1,598.6

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

** Warehouse/Logistics

COPENHAGEN

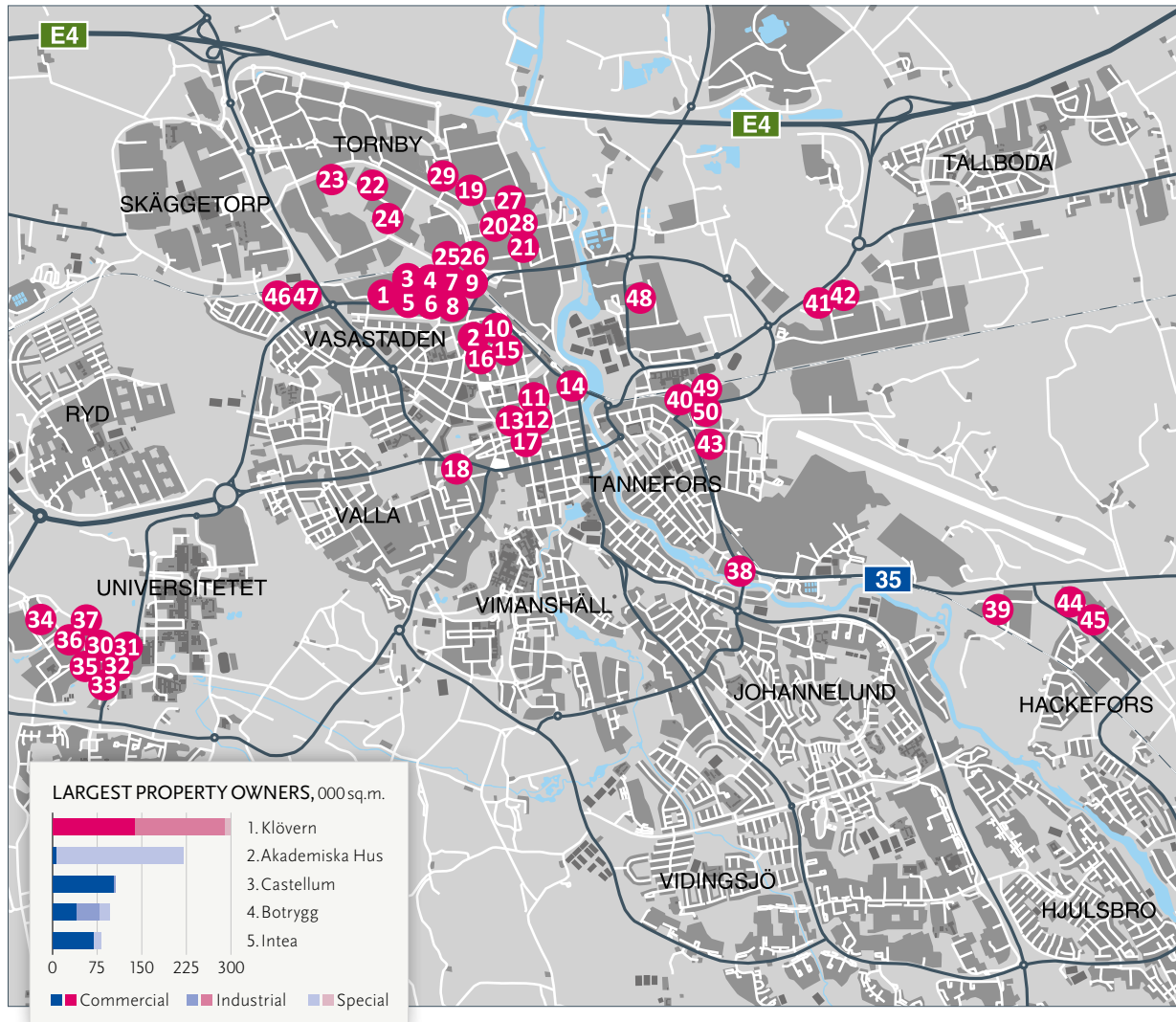


COPENHAGEN

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/ logistics	Retail	Other*				Total
1	12p Vridsløse-lille By	Roskildevej 157, Albertslund		1982/2000	Office	8,630				8,630	16.2	100	–
2	24a Frederiksberg (1, 2)	Gammel Kongevej 60, Frederiksberg		1967/2004	Office	31,204	202			31,406	95.0	97	–
3	26er, 26fg, 26fi Frederiksberg	Porcelænshaven 16A, 18A och 26, Frederiksberg		1922/2005	Other*			19,300	19,300	41.7	100	–	
4	383 Eksercer-pladsen	Arne Jacobsens Allé 7, Copenhagen		2012/2012	Office	15,157		506	15,663	37.4	99	–	
5	3269b Vanløse	Indertoften 10, Copenhagen		1964/1964	Office	6,946			6,946	12.6	100	–	
6	984 Østervold Kvarter	Amerika Plads 38, Copenhagen		2008/2008	Office	6,033			6,033	17.2	87	–	
7	1kh Rudegård Ny Holte	Kongevejen 495B, Rudersdal		1994/1994	Office	5,341			5,341	9.8	100	–	
TOTAL COPENHAGEN						73,311	202	0	19,806	93,319	230.0	98	0.0

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LINKÖPING

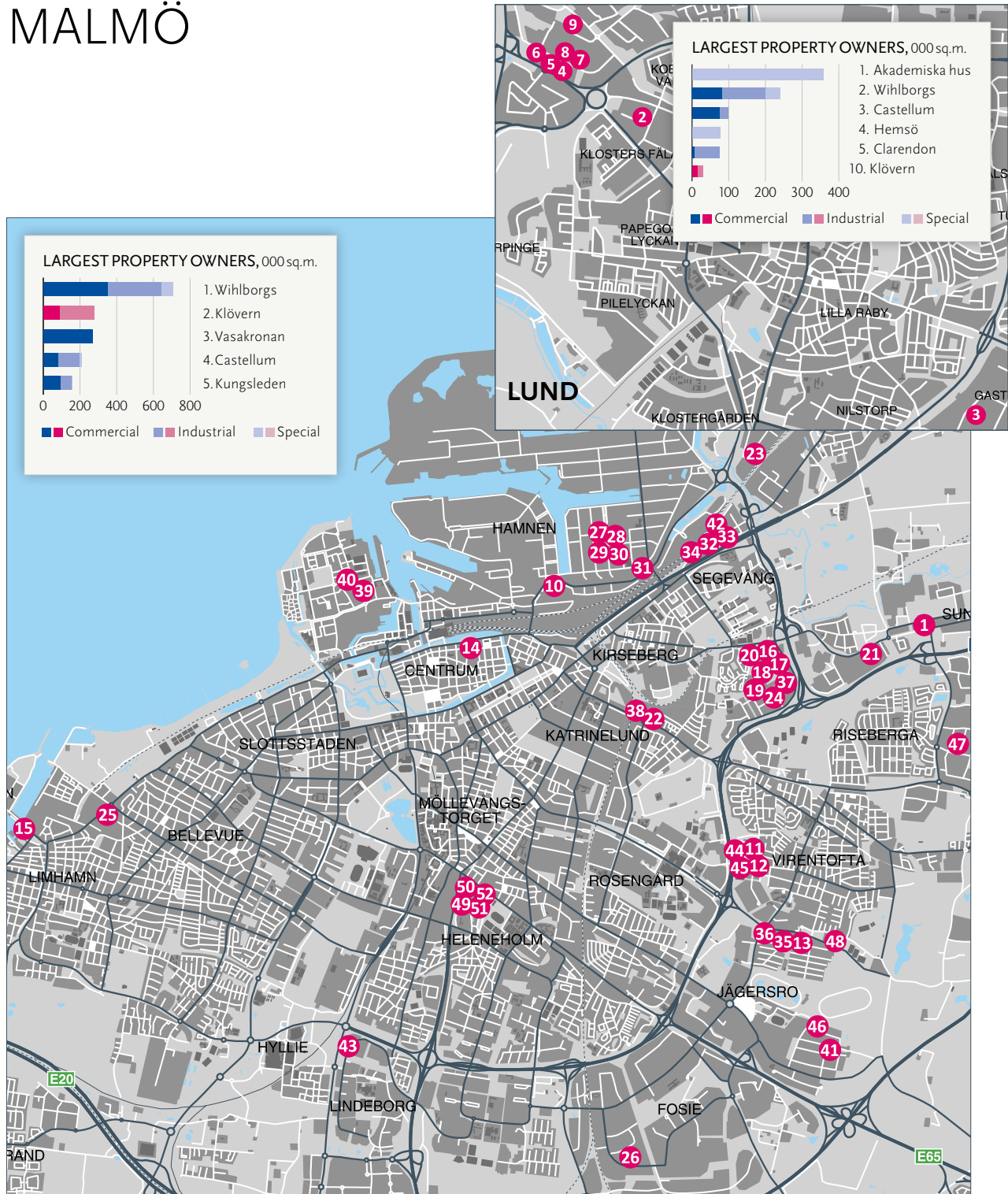


LINKÖPING

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
1	Ackordet 10	Industrig. 15, Linköping		1954/1954	Retail	604	199	3,206	363	4,372	4.8	95	24.4
2	Amor 1	Platensg. 26, Linköping		1929/1990	Office	3,292				3,292	6.7	100	38.6
3	Antennen 15	Mellang. 9, Linköping		1986/1986	Office	6,905	1,669	977	1,914	11,465	6.7	87	56.9
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office						0.0	–	–
5	Antennen 23	Industrig. 11A–C, Linköping		1986/1986	Office						0.0	–	–
6	Antennen 24	Industrig. 11A–C, Linköping		1947/1972	Office						0.0	–	–
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	W/L**	928	1,016			1,944	1.1	94	8.2
8	Antennen 6	Industrig. 9, Linköping		1954/1988	W/L**						0.0	–	–
9	Antennen 9	Alkag. 4–6, Linköping		1948/1988	W/L**	847	2,356		2,057	5,260	6.4	90	11.5
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A–D, Linköping		1929/1959	Office	3,996	361		112	4,469	7.2	99	27.4
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,391	391		130	7,912	13.3	99	57.9
12	Brevduvan 20	Åg. 31, S:t Larsg. 24, Linköping		1990/1990	Office	3,441	223	480	67	4,211	6.7	96	46.4
13	Brevduvan 21	Klosterg. 19, Åg. 33–37, Linköping		1991/1991	Office	8,661	68	348	511	9,588	13.2	100	100.0
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1–3, Linköping		1958/1992	Other*	3,818	201		6,302	10,321	14.9	86	–
15	Bävern 13	Hertig Karlsg. 2 A–C, 4 A–B, Linköping		1981/1981	Office	5,434	403		55	5,892	8.3	98	44.2
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				1,040	1,040	1.0	100	–
17	Dahlia 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Retail	1,828	319	2,249	298	4,694	8.6	97	52.8
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,310				6,310	9.7	100	43.8
19	Galgen 3	Gillbergsg. 23, 25, Linköping		1975/1975	Retail	715	942	1,622	625	3,904	2.6	93	16.8
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	W/L**	3,130	9,710	440	2,079	15,359	8.3	72	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A–D, Roxeng. 18, Linköping		1946/1960	Office	3,640	710			4,350	3.8	92	21.0
22	Glasberget 1	Attorpsg. 7–23, Linköping		1989/1992	Office	6,922	730		1,995	9,647	9.6	96	43.5
23	Glasbitten 1	Attorpsg. 2, Linköping		1977/1977	W/L**		4,160			4,160	2.5	0	16.4
24	Glasbitten 7	Roxtorpsg. 9, Linköping		1973/1989	W/L**	1,085	10,527			11,612	13.6	98	42.2
25–26	Glasblåsaren 7	Tornbyv. 1, Linköping		1929/1929	Retail	3,527	744	5,454	264	9,989	12.3	85	72.4
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	W/L**	310	1,117	1,094	750	3,271	1.9	84	10.0
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,442		310	330	2,082	2.1	97	10.8
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,140	332			1,472	2.0	100	10.9
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,946	66			4,012	5.1	99	27.0
31–33	Idéläran 1	Teknikringen 2, Teknikringen 6, Diskettg. 11, Linköping		1986/1999	Office	15,477	934		231	16,642	24.0	98	127.3
34	Idéskaparen 2	Datalinjen 4, Linköping		1999/2002	Office	23,650				23,650	24.6	100	150.6
35	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5.5	100	0.0
36–37	Idétävlingen 4	Wallenbergsg. 1, 4, Teknikringen 8, Datalinjen 2, Linköping		1990/2001	Office	21,156	140	670	620	22,586	30.1	94	160.8
38	Kvarnen 4	Nya Tanneforsv. 96, 96A–B, Linköping		1935/1955	Retail	1,860	976	2,269		5,105	4.2	91	19.6
39	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	W/L**	200	13,292	400	998	14,890	4.5	90	32.3
40	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	W/L**		635			635	0.2	–	2.9
41	Magneten 2	Finnög. 12, Linköping	S	1980/1980	W/L**	54	6,175			6,229	3.7	91	20.5
42	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	W/L**						0.0	–	0.0
43	Mekanikern 22	G Tanneforsv. 17A, Vimarckg. 1, 3, 5, 7, 9, Linköping		1947/1998	W/L**	1,745	14,025	312	4,874	20,956	13.4	93	44.4
44	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	W/L**	655	10,535		21	11,212	6.0	72	30.1
45	Navhålet 3	Låsblecksg. 5, Linköping		1991/1991	W/L**	1,376	5,086			6,462	3.6	71	19.8
46–47	Oboisten 2	Barhällsg. 1, 10, Linköping		1952/1952	W/L**	1,373	7,693	568		9,634	3.5	82	21.1
48	Paletten 1	Umpekuallav. 8, Ottarg. 3, Linköping		1980/1980	Office	5,343	341		8	5,692	5.9	89	26.6
49	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	W/L**		1,071			1,071	0.4	–	4.4
50	Tannefors 1:90	Hagalundsv. 3B, Linköping		Tomt	Other*						0.0	–	–
–	Plåtslagaren 7	Kungsg. 5, Motala		1974/1979	Retail	166	389	7,155	414	8,123	14.7	93	57.0
TOTAL LINKÖPING						152,367	97,536	27,554	30,784	308,241	316.8	93	1,541.7

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**) Warehouse/Logistics

MALMÖ



MALMÖ

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
1	Sunnanå 12:26	G:a Staffanstopsv. 59A, 111, Burlöv			Site						0.0	-	1.2
2	Annedal 9	Annedalsv. 2B, Lund		1990/1990	Warehouse/logistics		1,296			1,296	1.5	100	6.1
3	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Warehouse/logistics		5,010			5,010	4.7	100	20.1
4-5	Traktorn 4	Traktorv. 13, Lund		1983/1983	Office	6,974	1,346	5,650		13,970	17.4	72	75.9
6	Trumlan 1	Traktorv. 19, Lund		1991-1994/1991-1994	Warehouse/logistics	350	1,263	904		2,517	2.9	100	12.5
7	Välten 4	Traktorv. 8, Lund		2004/2004	Warehouse/logistics		3,100			3,100	3.4	100	18.9
8	Välten 5	Traktorv. 10, Lund		1974/1987	Warehouse/logistics		3,645			3,645	3.4	100	12.1
9	Årdret 12	Höstbruksv. 14, Lund		1991/1991	Warehouse/logistics	281	1,768			2,049	2.2	90	7.9
10	Betongen 11	Krang. 4, Malmö	S	1992/1992	Office	4,872	37			4,909	7.9	98	22.0
11	Brandnävan 1	Stenbärsq. 3, Malmö	S	Site	Other*					0.0	-		3.3
12	Brandnävan 2	Stenbärsq. 1, Malmö	S	1989/1989	Office	2,550	272			2,822	2.6	0	14.8
13	Brudbuketten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.8	85	7.4
14	Carolus 32	Österg. 12, Malmö		1971/1999	Retail		81	11,718	3,549	15,348	49.1	65	198.0
-	Innerstaden 1:152	Österg. 12, Malmö		1971/1999	Retail					0.0			
15	Dragör 1	Öv. 6, Malmö		2014/2014	Office	1,708	130	536		2,374	6.1	96	31.6
16-17	Flygfyren 1	Höjdroderg. 29, Flygfältsv. 1, Malmö		1955-2004/1955-2004	Warehouse/logistics	360	8,463	3,325		12,148	11.6	91	50.9
18	Flygfyren 3	Höjdroderg. 25, Malmö		1990/1990	Office	3,301	1,328	595		5,224	5.7	93	26.0
19	Flygledaren 3	Höjdroderg. 18, Malmö	S	1990-2000/1990-2000	Warehouse/logistics	745	852			1,597	2.0	100	8.0
20	Flygvärdinnan 4	Vattenverksv. 47, Höjdroderg. 30-34, Malmö	S	1940-2001/1978-2001	Office	6,309	2,739	210		9,258	14.7	90	60.8
21	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Warehouse/logistics		3,975			3,975	3.6	100	20.0
22	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	S	1962/1962	Warehouse/logistics		5,445	2,890		8,335	4.3	100	18.1
23	Häken 3	Vinkelg. 5, Malmö	S	1972/1972	Warehouse/logistics	100	3,341			3,441	1.8	97	10.7



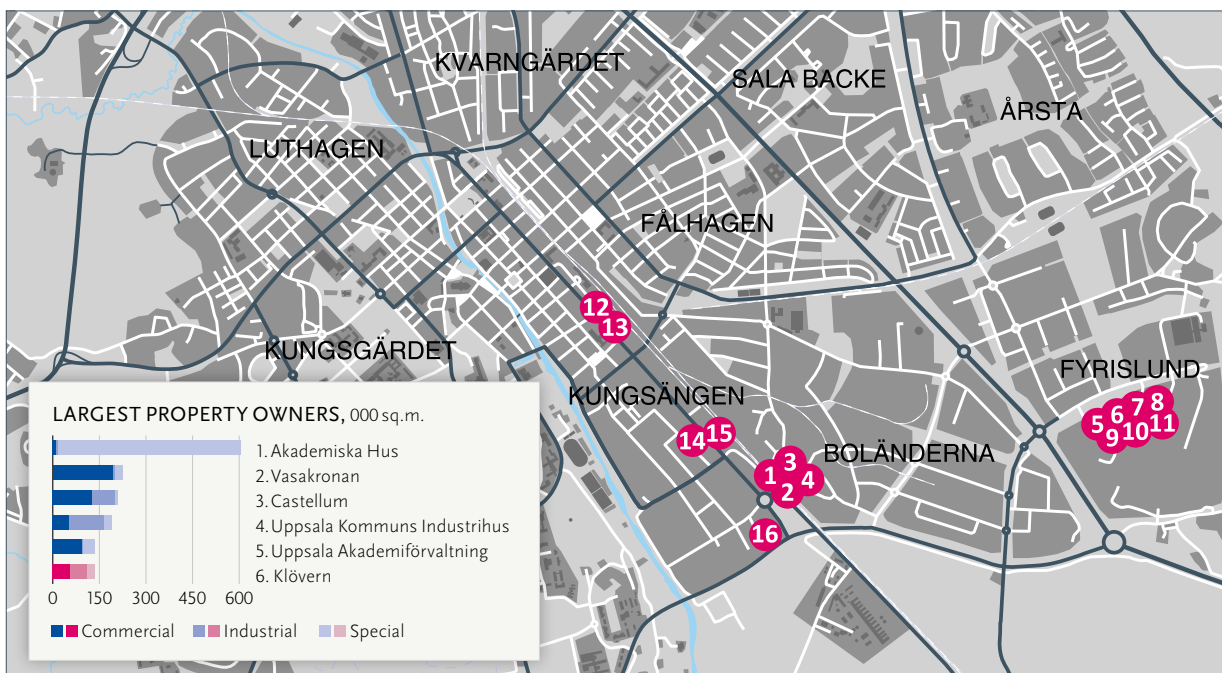
MALMÖ CONT.

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
24	Höjdrodret 3	Kabing. 11, Malmö		1990/1990	Office	1,182	162			1,344	1.7	75	6.8
25	Kajan 33	Limhamnsv. 104, Malmö		Site	Other*						0.0	100	1.1
26	Krukskärvan 9	Stenyxeg. 32, Malmö	S	1981/1981	Warehouse/logistics		2,680			2,680	2.2	100	11.2
27-30	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Warehouse/logistics	4,833	79,382	1,285		85,500	30.0	66	165.9
31	Lillgrund 5	Borrg. 31, Malmö		1952/1989	Warehouse/logistics		4,430			4,430	3.7	100	15.6
32	Murman 7	Murmansg. 124 A-C, Kruseg. 25, Malmö	S	1959/1959	Warehouse/logistics	2,186	4,324			6,510	5.0	61	23.1
33	Murman 8	Murmansg. 126, Kruseg. 27, Malmö		1960/1968	Office	4,627	2,571			7,198	7.9	88	18.7
34	Murman 11	Murmansg. 118-120, Kruseg. 21, Malmö	S	1960/1960	Warehouse/logistics	2,851	4,751	835		8,437	6.3	73	25.7
35	Nejlikebuketten 4	Derbyv. 6, Malmö		1991/1991	Office	5,926		617		6,543	10.1	81	43.8
36	Nejlikebuketten 6	Derbyv. 4, Malmö		1987/1987	Office	1,765				1,765	2.2	17	9.5
37	Skevrodret 1	Kabing. 9, Malmö		1978/1978	Office	2,158				2,158	2.7	71	9.4
38	Spindeln 2	Singelg. 2A-D, Stålkuleg. 2, Malmö	S	1968/2001	Warehouse/logistics	2,334	3,304	1,594		7,232	5.7	100	23.6
39	Stapelbädden 2	Östra Varvsg. 2, Malmö		2005/2005	Office	4,492				4,492	11.0	83	89.6
40	Stapelbädden 4	Östra Varvsg. 4, Malmö		2008/2008	Office	7,699	27	197	112	8,035	18.2	91	164.0
41	Stiggläddret 10	Sadelg. 16, Betselg. 6A-B, Malmö	S	1978/1978	Warehouse/logistics	387	2,598			2,985	3.0	100	16.2
42	Stillman 40	Kruseg. 34, Malmö		1961/1975	Warehouse/logistics	479	1,308			1,787	1.8	58	7.0
43	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270		1,043		5,313	6.9	100	22.5
44	Svedjenävan 3	Stenbärsg. 4-6, Malmö		1991/1991	Office	4,291		614		4,905	7.9	100	29.7
45	Svedjenävan 4	Stenbärsg. 2, Malmö	S	Site	Other*						0.0	-	2.0
46	Tränsbattet 2	Travbaneg. 4, Malmö		1989/1989	Warehouse/logistics	265	3,791			4,056	2.2	69	14.4
47	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	Warehouse/logistics	621	1,771			2,392	2.3	100	12.4
48	Vårbuketten 3	Husiev. 21, Malmö		1992/1997	Warehouse/logistics	1,595	1,722			3,317	3.8	100	22.3
49-50	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	5,112	892	6,571	14,734	15.1	88	13.1
51-52	Västerbotten 9	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Retail	3,876	2,235	10,249	4,137	20,497	23.7	96	54.1
TOTAL MALMÖ						86,892	164,259	38,855	18,668	308,674	320.0	82	1,428.1

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UPPSALA



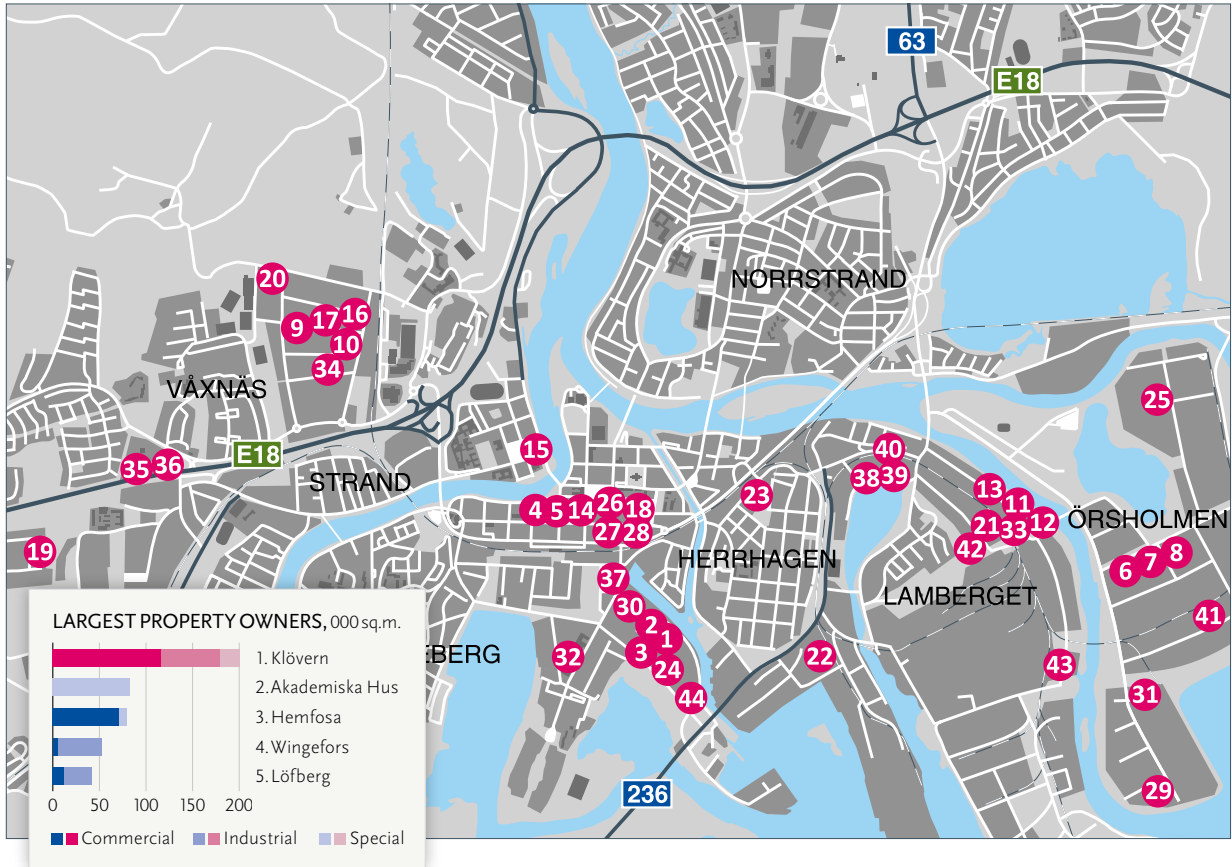
UPPSALA

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						Office	Warehouse/logistics	Retail	Other*				Total
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	17,676	381	486	461	19,004	27.5	72	169.0
5-11	Fyrislund 6:6	Rapsg. 7, Uppsala		1921/2003	Other*	22,263	9,502	1,873	35,992	69,630	120.3	86	453.6
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1966/1989	Other*	9,047	137		10,132	19,316	48.2	99	139.0
13	Kungsängen 10:2	Suttungsgränd 4, 6, Uppsala		2017/2017	Other*						0.0	-	139.0
14	Kungsängen 24:3	Kungsängsg. 70-74, Uppsala		1998/1998	Retail	696		5,665		6,361	9.9	99	62.4
15	Kungsängen 29:1	Kungsg. 70A-E, Uppsala		1985/1985	Office	2,428	342	1,707		4,477	5.8	87	36.2
16	Kungsängen 37:13	Kungs. 107-115, Stallängsg. 19-25		1989/1989	Office	7,899	612	6,725		15,236	24.1	89	147.0
TOTAL UPPSALA						60,009	10,974	16,456	46,585	134,024	235.7	88	1,146.2

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KARLSTAD

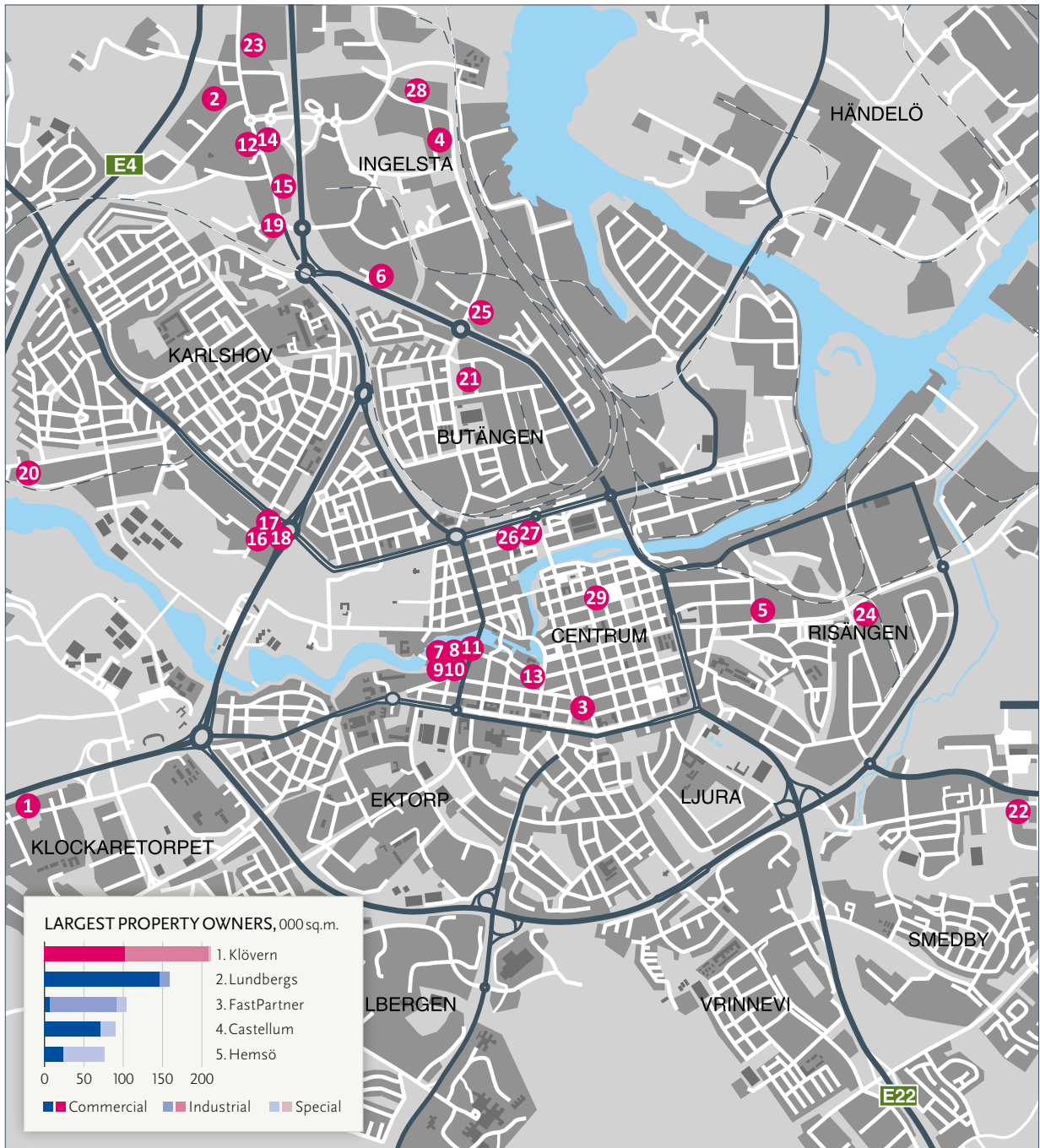


KARLSTAD

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
						Office	Warehouse/logistics	Retail	Other*				Total
1-2	Barkassen 7	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	12,149	132	61		12,342	19.8	106.4	
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,876	169			7,045	11.0	58.8	
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,741	3,672		40	7,453	7.6	34.2	
5	Björnen 7	Järnvägsg. 7, Karlstad		1965/1965	Office	1,380	216	398	1,330	3,324	5.4	37.9	
6	Blåsten 3	Stormg. 6, Karlstad		1975/1975	Warehouse/logistics	473	1,615			2,088	1.3	3.8	
7	Blåsten 4	Stormg. 8, Karlstad		1975/1979	Office	2,280	136			2,416	1.3	5.4	
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	5.4	
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Retail	359		861		1,220	0.9	5.8	
10	Bromsen 6	Ramg. 7, Karlstad		1967/1977	Warehouse/logistics	1,660	1,742	204		3,606	3.3	8.1	
11	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	2.3	3.2	
12	Bälgen 10	Sågverksg. 35, Karlstad		1959/1988	Office					0.0	-	-	
13	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office					0.0	-	11.6	
14	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Office	2,008	245	1,651	348	4,252	6.8	51.3	
15	Ekorren 11	Malm Morgsg. 6, Karlstad		1929/1992	Office	4,354	222		2,068	6,644	10.1	15.0	
16	Fjäders 14	Kolvig. 1, Karlstad		1966/1971	Retail	977	544	2,380		3,901	3.8	9.1	
17	Fjäders 16	Bromsg. 4, Karlstad		1991/1991	Office	2,679		1,653		4,332	4.0	24.6	
18	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	437	2,114	958	6,826	9.1	62.8	
19	Grästege 2	Stråg. 3, Karlstad		1990/1990	Office	2,515	24			2,539	2.5	13.9	
20	Gångjärnet 2	Blockg. 29, Karlstad	S	1964/1974	Warehouse/logistics	255	2,459	355		3,069	1.6	7.6	
21	Hammaran 21	Gjuterig. 27, 29, Karlstad		1990/1990	Warehouse/logistics	774	1,172			1,946	1.5	6.3	
22	Herrhagen 1:10	Hamnpirsg. 4, Karlstad	S	1986/1987	Other*		475		1,040	1,515	2.0	1.6	
23	Hybelejen 17	Verkstads g. 20, Karlstad		1929/1985	Office	2,823	98			2,921	3.3	-	
24	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,719	765	477	111	10,072	11.1	68.5	
25	Kulingen 4	Östanvindsg. 17, Karlstad		1976/1976	Warehouse/logistics		7,715	450		8,165	4.7	15.5	
26-27	Mercurius 3	V Torgg. 10-12, Karlstad		1929/1939	Retail	711	102	1,792		2,605	4.9	30.6	
28	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	2,976	107	344		3,427	6.6	37.2	
29	Passadvinden 3	Regnvindsg. 17, Karlstad		1990/1990	Warehouse/logistics	309	3,375			3,684	2.8	8.6	
30	Pinassen 2	Tullhusg., Karlstad		2017/2017	Office	11,917	15	1,344	996	14,272	31.6	187.0	
31	Regnvinden 1	Dagvindsg. 7, Karlstad		1981/2005	Warehouse/logistics	3,966	6,017			9,983	7.0	33.9	
32	Skepparen 15	Orrholmsg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,969	430	570	18,080	22,049	20.3	6.9	
33	Släggen 13	Sågverksg. 20, Karlstad		1981/1981	Warehouse/logistics	302	882	566		1,750	1.0	5.0	
34	Spärren 7	Rattg. 6, Karlstad		1968/1968	Office	834	598	476		1,908	1.5	4.9	
35	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	3,779	343			4,122	4.1	18.9	
36	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	598				598	0.8	3.4	
37	Styrmannen 5	Hamntorget 1-3, Karlstad		1991/1991	Office	6,806	559		23	7,388	11.7	63.0	
38	Sågen 1	Faktorig. 13, Industrig. 1, Karlstad	S	1986/1986	Office	3,213				3,213	3.1	15.5	
39	Sågen 2	Faktorig. 15, Karlstad		1988/1988	Office	1,611				1,611	1.5	8.4	
40	Sågen 9	Lantvärnsg. 8, Karlstad		1972/1972	Office	1,214	1,087			2,301	2.3	3.9	
41	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Warehouse/logistics	303	12,854			13,157	7.3	20.1	
42	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Office	984	490	500		1,974	1.4	5.8	
43	Ugnen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.3	3.9	
44	Vänersnipan 1	Bogsprötsgatan 20, Karlstad		1990/1990	Office	8,894				8,894	10.6	38.5	
TOTAL KARLSTAD						113,472	49,504	16,196	24,994	204,166	234.3	91	1,052.3

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NORRKÖPING



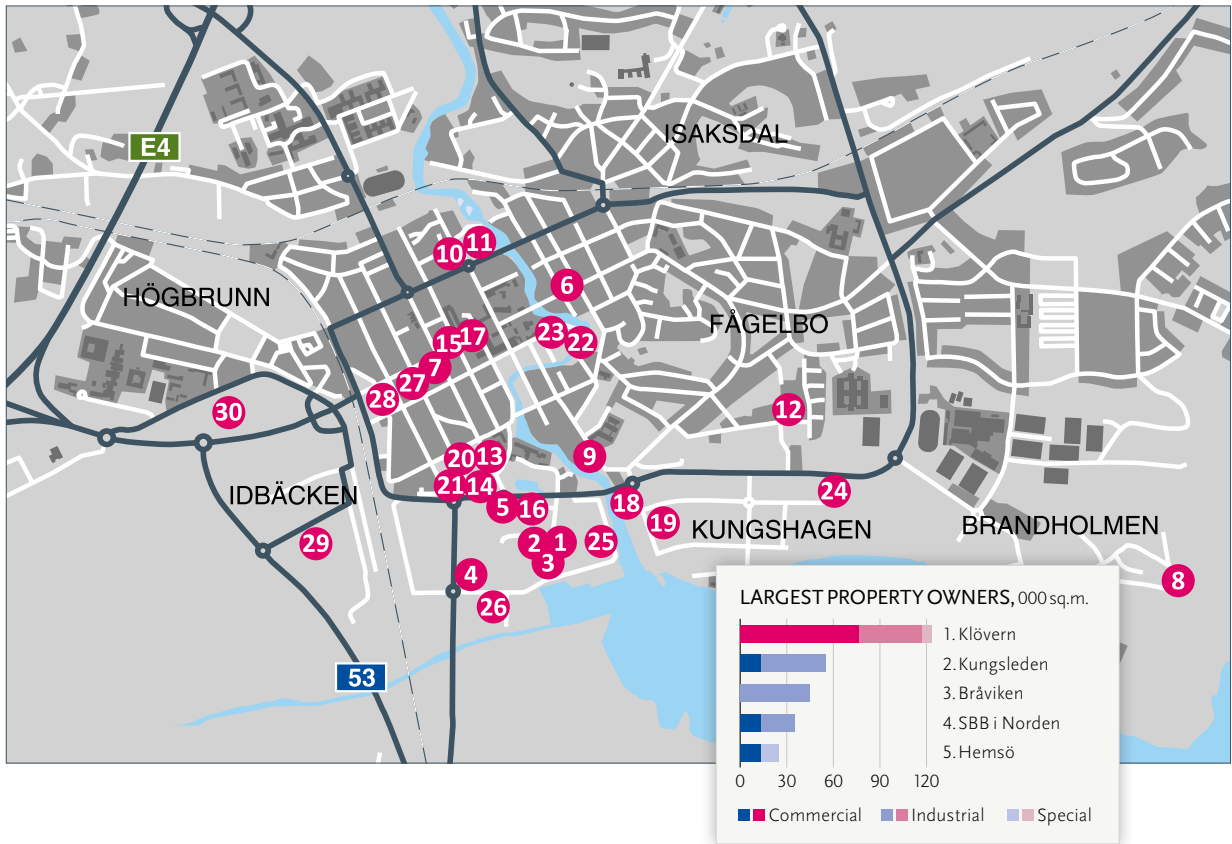
NORRKÖPING

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*	Total			
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58			1,204	1.1	32	3.6
2	Bronsen 2	Tenng. 4, Norrköping		1971/1971	Office	4,483	4,215	1,803	41	10,542	8.0	88	37.9
3	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	2,369	164	1,364	1,016	4,913	7.7	87	51.8
4	Järnet 5	Malmg. 39, 41, Blyg. 4		1976/1976	Retail			14,510	465	14,975	18.5	98	86.6
5	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	2,621	2,226		40	4,887	4.5	88	12.6
6	Kondensatorn 1	Ståthögav. 48, Norrköping		1960/1993	Warehouse/logistics	5,583	21,869	1,621	2,901	31,974	19.9	79	83.7
7-10	Kopparhammaren 2	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	27,878	1,104		9,953	38,935	52.9	93	184.3
11	Kopparhammaren 7	Kungsg. 56, N Grytsg. 2, 4, 6, Norrköping		1929/1929	Office	3,375	113		990	4,478	9.3	99	-
12	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	4,203	2,987			7,190	6.2	96	42.3
13	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.9	99	82.0
14	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Warehouse/logistics	576	2,802	610		3,988	2.6	76	15.9
15	Malmen 8	Kopparg. 10, Norrköping		Site	Other*						0.9	100	2.0
16-18	Omformaren 7	Hagag. 10, Norrköping		1951/1968	Warehouse/logistics		4,960	4,178	3,065	12,203	8.0	73	21.3
19	Platinan 1	Platinag. 1, Norrköping		1988/1988	Retail			4,375		4,375	1.5	22	14.4
20	Regulatorn 3	Kabelv. 15, Norrköping		1996/1996	Warehouse/logistics	1,365	2,287	580	473	4,705	2.9	46	14.9
21	Ritsaren 10	Industrig. 7-9, Masking. 23, Norrköping		1964/1986	Retail		151	4,851	696	5,698	5.3	100	17.3
22	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	5,731	1,688			7,419	8.2	99	28.7
23	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Warehouse/logistics		6,866			6,866	2.8	100	31.8
24	Slakthuset 14	Lindöv. 70, Norrköping		1985/1985	Warehouse/logistics		2,805			2,805	1.2	100	7.3
25	Statorn 10	Malmg. 4, Norrköping		1938/1978	Warehouse/logistics	1,747	1,758	1,085	61	4,651	4.1	81	16.6
26	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,584	245	2,878	810	12,517	17.2	93	78.0
27	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office					0.0			-
28	Stålet 3	Malmg. 18, Norrköping		1976/1976	Warehouse/logistics	1,127	9,190		93	10,410	6.1	95	-
29	Svärdet 8	Hospitalsg. 17 mfl, Norrköping		1967/1976	Office	7,638	15	365		8,018	12.1	100	61.4
TOTAL NORRKÖPING						86,575	65,503	38,220	22,220	212,518	217.0	91	894.4

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NYKÖPING

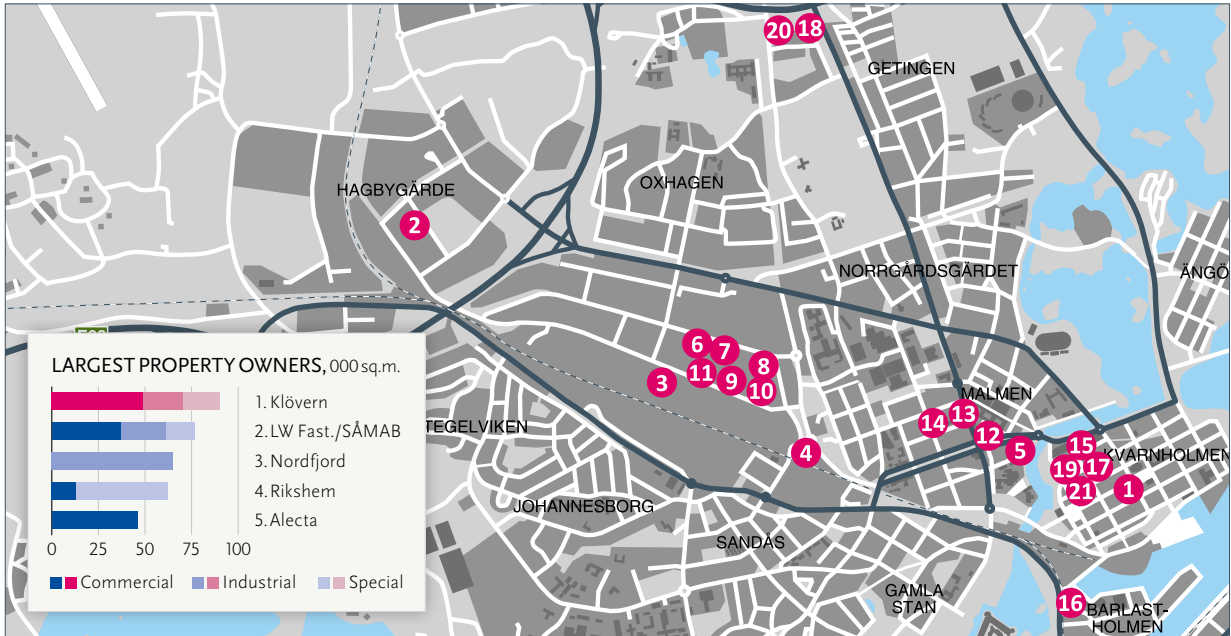


NYKÖPING

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*	Total			
1-3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,239	12,701		5,453	31,393	24.9	78	91.3
4	Ana 12	Spelhagsvägen 1, Nyköping		1984/1984	Warehouse/logistics		2,710	520	10	3,240	3.2	98	9.6
5	Ana 13	Nyckelv. 14, Nyköping		Site	Other*					0.0	-	0.9	
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Retail	400		802	681	1,883	2.4	98	15.2
7	Biografen 19	V Storg. 18, 20, Brunnsng. 29, Nyköping		1929/1987	Other*	393	19	1,091	1,103	2,606	3.9	97	25.8
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Warehouse/logistics	251	7,464		97	7,812	4.1	82	23.4
9	Brädgården 3	Folkkungav. 1, Nyköping		Tomt	Other*					0.4	95	-	
10-11	Fors 11	Repslagareg. 43, Nyköping		1929/1987	Office	9,007	2,010	506		11,523	14.5	89	53.0
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.9	100	
13	Glödlampan 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Retail	229		570		799	1.1	99	4.3
14	Glödlampan 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535				535	1.1	100	3.9
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Office	643		523		1,166	1.7	98	11.5
16	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	0.7		4.7
17	Klädes-handlaren 15	Brunnsng. 36, 38, 40, V Storg. 24, 26, 28, V Trädgårdsg. 39, 41		1962/1972	Retail	4,205	459	7,079	651	12,394	19.3	93	112.0
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg. 4, 6, Nyköping		1929/1989	Office	1,143		450		1,593	2.4	100	11.4
19	Lansen 13	Gasverksv. 2, Ö Längdg. 5, 7, Nyköping		1977/1991	Office	4,003	277	1,993		6,273	7.5	86	36.9
20-21	Mjölklaskan 8	Bagareg. 3 A-C, Fruängsg. 4, Kungsg. 16, Nyköping		1929/1940	Other*	3,752	334	157	3,955	8,198	11.5	99	
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,854	20	270		2,144	3.3	100	14.5
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,459	274		100	1,833	2.5	82	11.1
24	Skölden 2	Gasverksv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.9	100	8.5
25	Spelhagen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Warehouse/logistics	190	5,813			6,003	1.6	8	7.8
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Retail			1,280		1,280	1.4	100	10.6
27-28	Standard 17	V Storg. 2-6, 8, 10, Bagareg. 29, Fruängsg. 28, 30, Nyköping		1969/1993	Office	3,057	44	2,975	550	6,626	10.0	96	60.5
29	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Retail	173	1,460	3,285		4,918	3.8	100	13.4
30	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.1	100	
-	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Warehouse/logistics	497	1,865	644	1,423	4,429	3.7	68	13.7
-	Fabrikatet 4	Materialv. 3, Nyköping		Site	Warehouse/logistics					0.0	-	0.5	
-	Fabrikatet 5	Materialv. 3, Nyköping		Site	Warehouse/logistics					0.0	-	0.3	
TOTAL NYKÖPING						47,637	35,540	22,145	19,683	125,005	133.7	89	544.8

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KALMAR

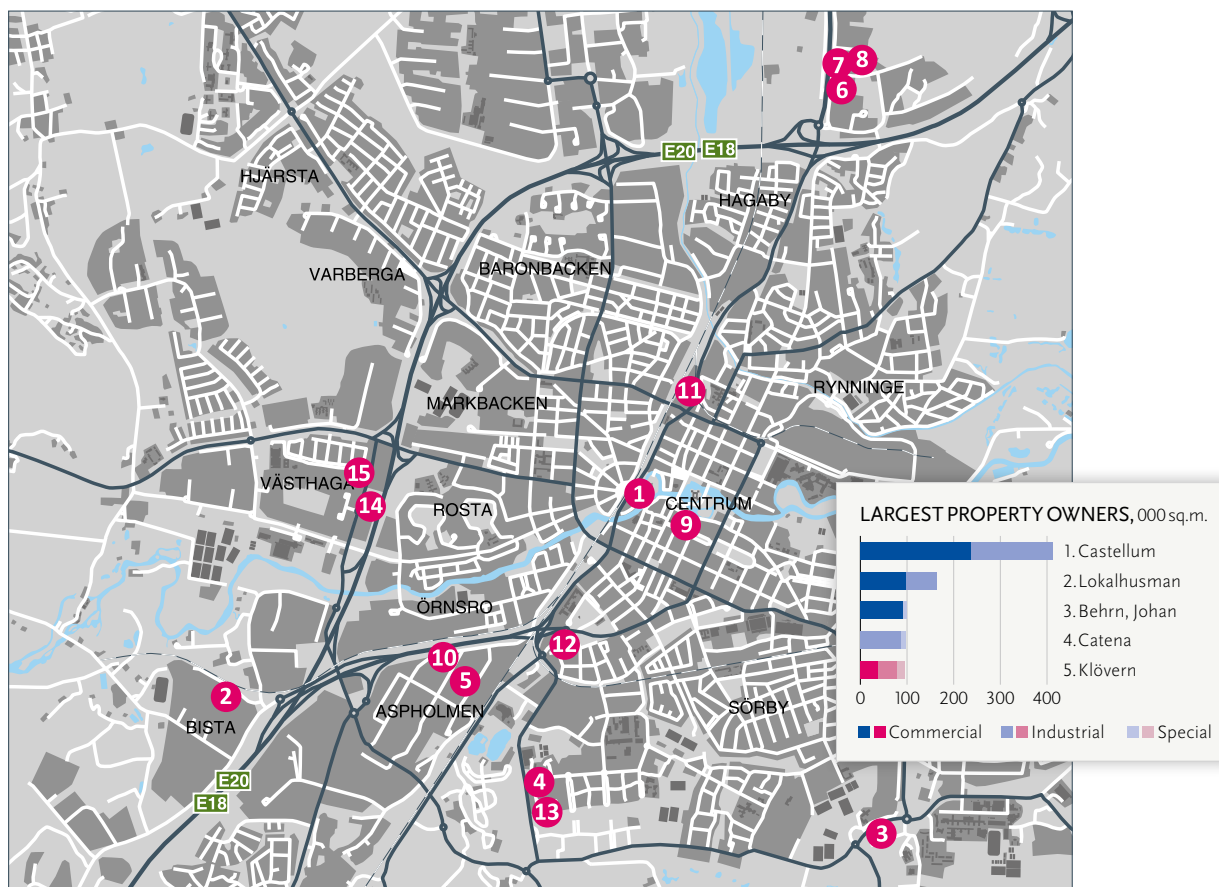


KALMAR

No.	Property	Address	Site lease-hold	Building year/value	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/logistics	Retail	Other*				Total
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Retail	771	101	817	182	1,871	3.2	100	21.0
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Warehouse/logistics	1,035	9,863			10,898	6.9	91	21.7
3	Elefanten 3	Torsåsg. 9, Kalmar		1970/1971	Office	3,923	2,000	2,500		8,423	6.9	100	22.7
4	Fredriksdal 1	Lorensbergsleden 1, 3, Kalmar		1975/1975	Other*	750	913		1,835	3,498	2.9	88	-
5	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Other*				3,029	3,029	0.0	-	16.6
6-10	Gumsen 31	Verkstadsq. 3, Kalmar		1950/1960	Warehouse/logistics	6,416	9,793	1,153	7,440	24,802	17.1	98	42.1
11	Gumsen 41	Torsåsg. 16, Kalmar		1975/1975	Office	2,042			2,042	2,042	1.8	100	5.2
12	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Other*	1,604	528	477	3,171	5,779	6.8	97	14.5
13	Korpen 18	Fabriksq. 31, Kalmar		1976/1976	Office	3,117	703			3,820	4.8	98	23.8
14	Korpen 20	Fabriksq. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,550	178		3,557	6,285	7.9	94	-
15	Lärlingen 5	Kaggensg. 40, 42, 44, Strömg. 7, Kalmar		1960/1960	Office	2,182	245	318	1,829	4,574	5.9	99	29.6
16	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Other*	971			1,288	2,259	3.5	100	10.4
17	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Retail	568	57	712		1,337	2.2	100	14.6
18	Rybsen 1	Dagöv. 1B, Kalmar		2000/2000	Office	1,112				1,112	1.3	100	6.9
19	Tenngjutaren 1	Strömg. 2, Larimg. 40, Kalmar		1974/1979	Office	1,199	92		297	1,588	2.1	99	12.8
20	Timotejen 1	Öselv. 1, Kalmar		1991/1991	Office	902		650		1,552	1.5	100	4.6
21	Äldermannen 25	Kaggensg. 29, Kalmar		1978/1978	Retail	40	438	7,179	897	8,554	13.6	69	99.3
-	Lejonet 2 m.fl (Lejonet 2,13,14)	Storg. 38, Nässjö		1973/1978	Mark						0.1	40	19.7
-	Lejonet 8	Storg. 38, Nässjö		1973/1978	Retail	698	130	1,760	765	3,353	3.2	69	-
-	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.6	100	44.7
-	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Warehouse/logistics		5,300			5,300	3.4	100	19.5
-	Sunaman 5	Storg. 10, Växjö		1965/1992	Other*	1,660	400	1,415	4,227	7,702	14.6	92	88.6
TOTAL KALMAR						39,954	30,740	17,850	28,538	117,082	119.4	92	518.2

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ÖREBRO

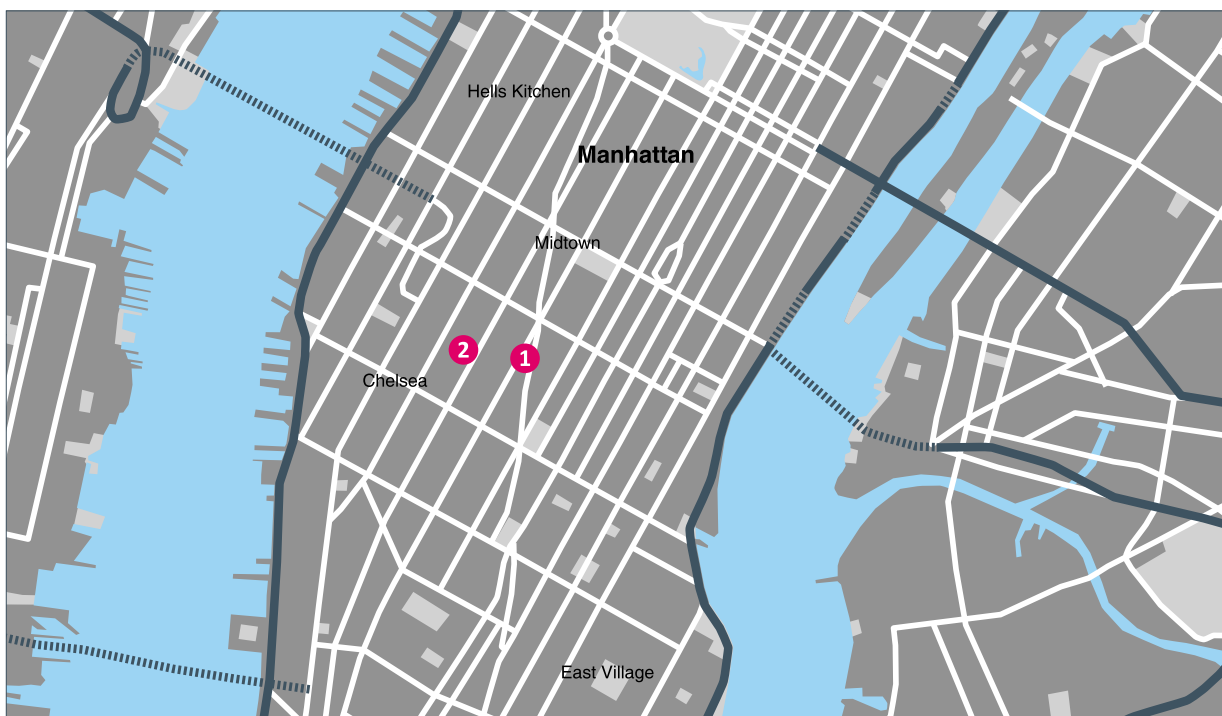


ÖREBRO

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	Warehouse/logistics	Retail	Other*				Total
1	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302			2,819	4.4	98	24.5
2	Bleckslagaren 3	Handelsg. 5, Örebro		1969/2007	Warehouse/logistics		18,842			18,842	9.8	100	53.9
3	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,333	46	136		5,515	8.0	86	35.8
4	Fåraherden 1	Riag. 1,3, Örebro		1992/1992	Office	2,191	5		752	2,948	3.8	100	19.8
5	Importören 2	Skvadronv. 5, Örebro		1970/1970	Warehouse/logistics	1,055	1,510			2,565	0.9	22	7.4
6	Karossen 19	Bettorpsg. 10, Örebro		1975/2006	Warehouse/logistics	3,955	4,355	1,037	3,413	12,760	12.0	93	34.4
7	Karossen 32	Bettorpsg. 10, Örebro		2018/2018	Other*				2,530	2,530	2.7	36	15.4
8	Karossen 5	Bettorpsg. 12 B-C, Örebro		2004/2009	Office	2,768	206		2,153	5,127	7.1	100	20.3
9	Kitteln 11	Stort. 7, Örebro		1964/1984	Other*	3,831	52	1,899	7,711	13,493	29.2	91	154.5
10	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Warehouse/logistics	1,222	4,898	3,036	1,324	10,480	6.8	88	27.1
11	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	2,034	2,437	9	4,421	8,901	6.7	59	-
12	Oxbacken 7	Krontorpsg. 1, Örebro		1981/1988	Office	2,942				2,942	4.6	100	17.8
13	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931				931	0.9	100	0.0
14	Vindrutn 1	Västthagag. 3, Örebro		1975/1992	Retail		85	1,230		1,315	2.3	100	10.2
15	Vindtunneln 1	Skäpplandsg. 1A-C, Örebro		1989/1989	Office	3,318	51			3,369	4.0	81	17.1
TOTAL ÖREBRO						32,097	32,789	7,347	22,304	94,536	103.2	89	438.6

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2018
 A property can consist of a number of jointly administered properties or several large buildings.

NEW YORK

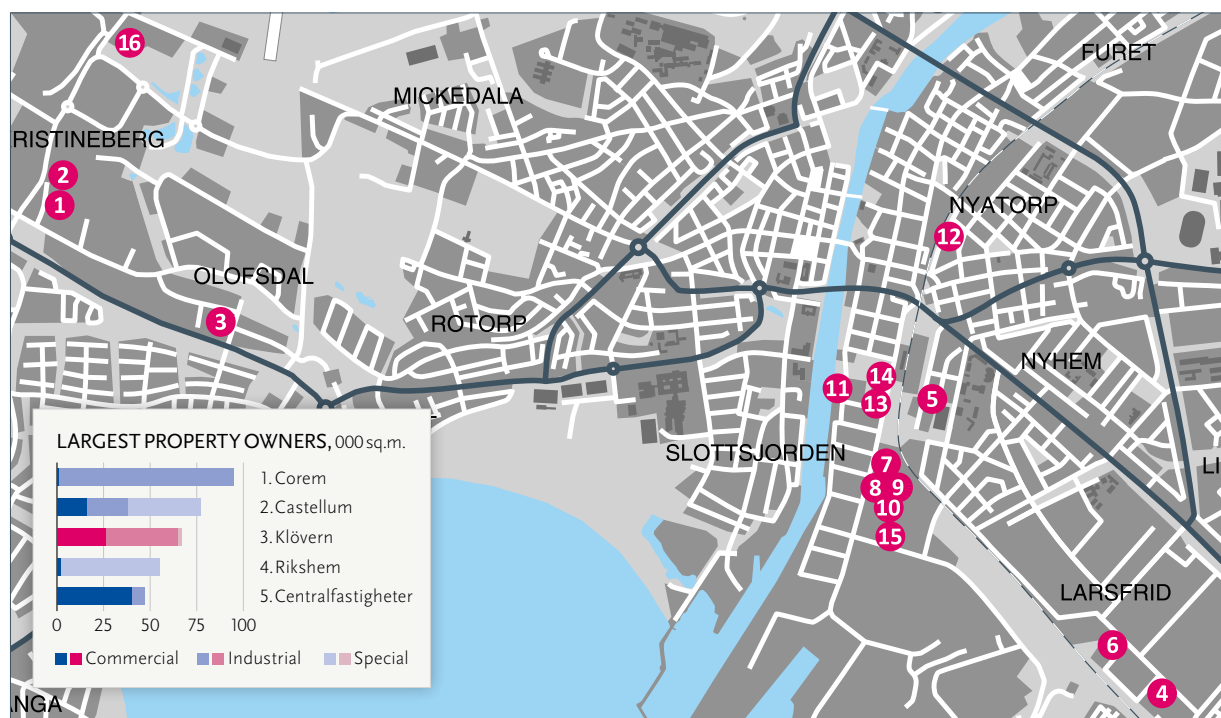


NEW YORK

No.	Property	Address	Site lease-hold	Building year/value	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/logistics	Retail	Other*			
1	1241-1251 Broadway	1241-1251 Broadway, New York		-	Land						-	-
2	322-326 7th Ave	322-326 7th Ave, New York		1940	Office	2,300				2,300	-	-
TOTAL NEW YORK						2,300				2,300	0	0.0

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2018
A property can consist of a number of jointly administered properties or several large buildings.

HALMSTAD



HALMSTAD

No.	Property	Address	Site lease-hold	Building year/value	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
						Office	Warehouse/ logistics	Retail	Other*				Total
1	Eketånga 24:37	Kristinebergsv. 18–20, Halmstad		1989/1990	Warehouse/ logistics	611	1,107			1,718	0.9	100	6.3
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Warehouse/ logistics	1,808	3,449			5,257	2.5	86	17.0
3	Eketånga 5:417	Industriv. 1, Halmstad		1962/1962	Warehouse/ logistics	267	3,285			3,552	1.6	98	8.9
4	Fläkten 1	Svetsareg. 16, Halmstad	S	1974/1974	Warehouse/ logistics		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	4.7
7	Halmstad 2:25	Stationsg. 37, Halmstad		Site	Other*					0.0	–	–	–
8–10	Halmstad 2:28	Stationsg. 37, Halmstad		1920/1929	Warehouse/ logistics	2,395	10,270	1,915	200	14,780	17.3	99	71.8
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Office	3,025				3,025	6.1	93	26.8
12	Järnvägen 3	Gamletullsg. 12,14		2017/2017	Office	4,431			1,053	5,484	11.5	74	63.2
13	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Warehouse/ logistics	183	967		256	1,406	0.5	50	2.7
14	Orkanen 2	Stationsg. 50, Halmstad		1948/1948	Warehouse/ logistics		1,300			1,300	0.4	–	1.3
15	Ostkupan 3	Stålverksg. 1, Halmstad		1950/1950	Office	6,884	5,756			12,640	5.6	89	28.2
16	Slättern 2	Kundv. 15, Halmstad		2008/2008	Retail			3,616		3,616	3.6	57	25.9
TOTAL HALMSTAD						21,601	38,334	5,531	1,509	66,975	56.3	88	273.8

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2018
 A property can consist of a number of jointly administered properties or several large buildings.

HISTORICAL OVERVIEW AND KEY FIGURES

Statement of Income, SEKm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Income	3,250	3,029	2,876	2,718	2,521	2,220	1,948	1,364	1,243	1,254
Property costs	-1,080	-1,023	-985	-952	-878	-828	-733	-507	-498	-474
Operating surplus	2,170	2,006	1,891	1,766	1,643	1,392	1,215	857	745	780
Central administration	-126	-108	-100	-92	-84	-78	-86	-71	-64	-66
Net financial items	-700	-635	-611	-631	-770	-678	-605	-358	-242	-221
Profit from property management	1,344	1,263	1,180	1,043	789	636	524	428	439	493
Earnings from residential development	-59	-	-	-	-	-	-	-	-	-
Shares of profit in associated companies	7	-	-	171	-126	5	-	-	-	-
Revaluation on transition from associated company to subsidiary	22	-	-	-	-	-	-	-	-	-
Change in value, properties	2,309	1,913	1,709	1,252	1,207	-28	-33	435	298	-231
Change in value, derivatives	67	100	-114	91	-565	337	-175	-225	23	34
Change in value, financial assets	25	-15	-19	-4	-	71	10	-	-	-
Impairment of goodwill	-27	-50	0	-12	-10	-34	-95	-	-	-
Profit before tax	3,688	3,211	2,756	2,541	1,295	987	231	638	760	296
Current tax	-354	-600	-497	-533	-131	-179	-108	-173	-155	-59
Net profit	3,334	2,611	2,259	2,008	1,164	808	339	465	605	237
Other comprehensive income	63	-	-	-2	4	-2	-	-	-	-
Total comprehensive income	3,397	2,611	2,259	2,006	1,168	806	339	465	605	237
Balance Sheet, SEKm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Goodwill	155	183	233	233	245	255	289	-	-	-
Investment properties	52,713	42,961	39,234	35,032	30,208	24,059	22,624	14,880	13,493	12,032
Machinery and equipment	27	16	18	12	12	12	14	8	9	10
Deferred tax asset	-	-	-	-	-	-	-	-	-	48
Participation rights in associated companies	217	-	-	-	448	488	-	-	-	-
Financial assets at fair value via statement of income	74	113	99	112	35	30	330	-	-	-
Properties (current assets)	444	-	-	-	-	-	-	-	-	-
Other receivables	2,256	945	814	482	424	302	163	94	129	83
Liquid funds	576	39	129	12	286	84	375	11	36	24
Total assets	56,462	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667	12,197
Shareholders' equity attributable to parent company shareholders	17,972	14,505	12,999	11,390	9,988	7,198	6,696	4,740	4,516	4,112
Equity attributable to holdings without controlling influence	172	0	0	0	0	0	0	-	-	-
Deferred tax liability	2,884	2,550	1,978	1,503	978	861	681	276	103	-
Interest-bearing liabilities	33,688	25,529	23,869	21,486	18,870	16,163	15,229	9,345	8,517	7,646
Derivatives	85	367	482	467	709	144	432	242	13	31
Accounts payable	270	368	259	250	197	193	158	49	157	104
Other liabilities	486	403	251	188	206	132	140	34	53	15
Accrued expenses and prepaid income	905	535	689	599	710	539	459	307	308	289
Total shareholders' equity and liabilities	56,462	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667	12,197

	2018	2017	2016	2015	2014
Property					
Number of properties	426	405	431	415	408
Lettable area, 000 sq.m.	2,969	2,900	2,943	2,872	2,792
Rental value, SEKm	4,063	3,507	3,386	3,182	2,983
Rental value per lettable area, SEK/sq.m.	1,368	1,209	1,151	1,108	1,068
Fair value of properties, SEKm	52,713	42,961	39,234	35,032	30,208
Yield requirement, valuation, %	5.7	5.9	6.2	6.5	6.9
Operating margin, %	67	66	66	65	65
Economic occupancy rate, %	89	89	89	91	90
Area-based occupancy rate, %	81	81	82	83	81
Average lease contract period, years	3.5	3.6	3.7	3.5	3.3
Financial					
Return on equity, %	21.2	18.9	18.6	18.9	14.5
Equity ratio, %	31.8	32.8	32.1	31.7	31.5
Adjusted equity ratio, %	37.4	38.5	36.7	35.8	35.9
Leverage, %	60	58	60	61	60
Leverage, properties, %	48	42	44	47	51
Interest coverage ratio	2.7	2.9	2.9	2.6	2.0
Average interest, %	2.3	2.5	2.5	2.7	3.5
Average period of fixed interest, years	2.9	2.8	2.6	2.1	2.1
Average period of tied-up capital, years	4.3	3.0	3.0	2.8	2.1
Interest-bearing liabilities, SEKm	33,688	25,529	23,869	21,486	18,870
Share					
Equity per ordinary share, SEK	14.08	10.74	9.01	7.38	5.20
EPRA NAV, SEK	17.67	14.07	11.70	9.53	7.05
Equity per preference share, SEK	307.00	309.60	288.50	281.50	317.50
Profit from property management per ordinary share, SEK	1.19	1.03	0.93	0.78	0.61
Earnings per ordinary share, SEK	3.54	2.53	2.11	1.83	1.02
Share price, ordinary share Class A at end of period, SEK	10.15	10.87	9.38	9.45	8.20
Share price ordinary share Class B at end of period, SEK	10.28	10.72	9.55	9.50	7.60
Share price preference share at end of period, SEK	307.00	309.60	288.50	281.50	317.50
Market capitalization, SEKm	14,455	14,922	13,479	13,327	12,232
Number of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0
Number of outstanding ordinary shares at end of period, million	825.8	876.6	916.0	916.0	916.0
Number of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4
Number of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4
Dividend per ordinary share, SEK	0.46 ¹	0.44	0.40	0.35	0.30
Dividend per preference share, SEK	20.00 ¹	20.00	20.00	20.00	20.00
Dividend ordinary and preference shares in relation to profit from property management, %	53 ¹	57	59	62	77
Dividend preference shares in relation to profit from property management, %	24 ¹	26	28,	32	42

1) Proposed dividend.

DEFINITIONS

PROPERTIES

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

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

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

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

INCOME
Rental income and other income.

INVESTMENT PROPERTIES
Properties currently being actively managed.

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

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

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

OPERATING MARGIN
Operating surplus in relation to income.

OPERATING SURPLUS
Income less property costs.

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

OTHER INCOME
Income from rental guarantees and redemption of leases.

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

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

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

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

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

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

VALUE ADDED FROM IMPROVEMENT
Sale price less invested capital.

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

FINANCE

EQUITY RATIO
Equity² in relation to reported total assets.

EQUITY RATIO, ADJUSTED¹
Equity² adjusted for the value of derivatives, goodwill, repurchased own shares (based on the share price at the end of the respective period) and deferred tax liabilities exceeding 5 per cent of the difference between tax value and fair value of the properties in relation to reported total assets adjusted for goodwill.

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

LEVERAGE¹
Interest-bearing liabilities after deduction of the market value of listed shareholdings (including repurchased own shares) 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 equity².

SHARE

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

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

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

EPRA NAV
Equity² after deduction for equity attributable to preference shares and hybrid bonds adding back derivatives and deferred tax liability in relation to the number of outstanding ordinary shares.

EQUITY PER ORDINARY SHARE
Equity² after deduction of equity attributable to preference shares and hybrid bonds 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.

1) The definition of the key figure was reformulated in connection with the interim report for the period January-September 2017 to take into account repurchased shares. The Annual General Meeting on 26 April 2018 decided to authorize the Board to, at the longest until the next Annual General Meeting, decide to acquire and transfer Klöver's own shares.

2) Shareholders' equity attributable to the parent company's shareholders.

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

2019 ANNUAL GENERAL MEETING

Shareholders of Klöver AB are welcome to the Annual General Meeting at 11 am on 26 April 2019 at Kista Gate, Torshamnsgatan 48 in Kista. The notice of the meeting, proposed dividend and information about notification of participation is available on Klöver's website, www.klovern.se.

CALENDAR

Interim report January to March	26 April 2019
Interim report, January to June	12 July 2019
Interim report, January to September	23 October 2019
Year-end report 2019	12 February 2020

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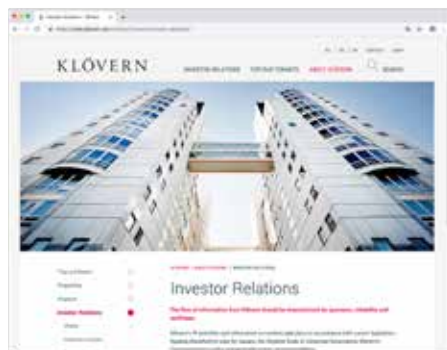
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The latest information about vacant premises, financial statistics and a lot more can be found on Klöver's website, www.klovern.se

Cover pictures:

Front page: Fairway House, Copenhagen

Back page: The property S7 (Sigurd 7), Västerås

Klöver's annual report has been produced by Klöver in collaboration with Intellecta Corporate. The photographs have mainly been taken by Per-Erik Adamsson.



2018 Klöver acquired 18 properties for SEK 8,056 million, including seven properties in Copenhagen and two properties in New York. 17 properties were divested for SEK 2,464 million, including the portfolio in Härnösand, Sollefteå and Falun. Tobin Properties and Agora were consolidated in Klöver. Property value: SEK 52,713 million.

2017 Klöver acquired 27 properties for SEK 2,116 million and divested 54 properties for SEK 1,796 million. Among other properties, the divestments included the whole portfolio in Borås and Karlskrona. Furthermore, a contract was signed to acquire a property in Denmark, with transfer of possession in 2018. Property value: SEK 42,961 million.

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

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

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

2013 Klöver took possession of 23 properties for a total of SEK 1,020 million, including a large logistics unit at Jordbro, south of Stockholm, with a lettable area of 28,000 sq.m. and two office properties in Gothenburg, encompassing 9,800 sq.m. During the year, Klöver divested 12 properties for SEK 387 million. Property value: SEK 24,059 million.

2012 Klöver acquired a total of 137 properties for SEK 7,459 million, of which 124 came from the acquisition of Dagon. With the purchase of Dagon, Klöver became established in new expansive markets, including Öresund and Gothenburg. Eleven properties were divested for a total of SEK 543 million. Property value: SEK 22,624 million.

2011 Klöver acquired eight properties at a price of SEK 315 million and divested five properties for a total of SEK 48 million. At the beginning of December, a public offer was made to purchase all shares in Dagon AB (publ). Property value: SEK 14,880 million.

2010 Klöver acquired a large property portfolio of 37 properties with a total area of 157,000 sq.m. Of the properties, 31 are located in Linköping, four in Norrköping and two in Örebro. The purchase price was SEK 1,055 million. Klöver sold a total of nine properties to a value of SEK 368 million. Property value: SEK 13,493 million.

2009 Kistamässan was completed and the first sod was cut for the adjacent Victoria Tower. Klöver sold four properties in Karlstad, Linköping and Nyköping for SEK 162 million and acquired five properties in Borås, Kista and Nyköping, as well as 17 site leaseholds in Karlstad for a total of SEK 179 million. Property value: SEK 12,032 million.

2008 Three properties in Karlstad, Kista and Nyköping were divested for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. Property value: SEK 11,895 million.

2007 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 12 properties were divested for SEK 1,236 million. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for SEK 989 million. Property value: SEK 12,154 million.

2006 Klöver's investment in Science and Business Parks was reinforced by acquisition of Pfizer's head office in Uppsala for SEK 235 million. Seven properties were acquired in Nyköping for SEK 245 million and 46 properties in Kista and Täby for SEK 4 billion. Property value: SEK 10,701 million.

2005 A total of 36 properties were divested for SEK 557 million. Klöver acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. Property value: SEK 5,968 million.

2004 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. Divestment of a total of 20 properties for SEK 307 million. Property value: SEK 4,193 million.

2003 Klöver was listed on the stock exchange's O list. Properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. 15 properties were sold at unprioritized locations for SEK 185 million. Property value: SEK 2,890 million.

2002 The then IT company Adcore's business was split up and Adcore AB's name was changed to 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. Property value: SEK 1,876 million.

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This is a translation of the original Swedish language annual report. In the event of discrepancies, the original Swedish wording shall prevail.

