

KLÖVERN

INTERIM REPORT 18

JANUARY – SEPTEMBER

- » Income increased by 6 per cent to SEK 2,397 million (2,261).
- » The operating surplus increased by 6 per cent to SEK 1,646 million (1,553).
- » Profit from property management increased by 5 per cent to SEK 1,047 million (1,001).
- » Profit before tax amounted to SEK 1,888 million (2,410) and net profit, attributable to the parent company's shareholders, totalled SEK 1,779 million (2,006), corresponding to SEK 1.78 (1.93) per ordinary share.
- » Changes in value of properties totalled SEK 817 million (1,371).
- » Project development, including development of building rights, contributed to increases in value of properties of SEK 209 million (380).
- » After taking possession of 10 properties for SEK 4,264 million, transfer of possession of 12 properties for SEK 1,976 million and investments of SEK 1,248 million, the value of the property portfolio amounted to SEK 47,378 million.
- » The interest coverage ratio amounted to 2.9 (3.1) and the adjusted equity ratio to 37.0 per cent.
- » EPRA NAV amounted to SEK 15.31.

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Our streamlining of the Swedish portfolio has now been completed at the same time as we have expanded with additional acquisitions in Copenhagen.

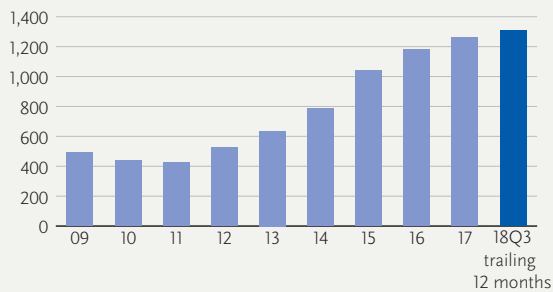
Rutger Arnhult, CEO

THIS IS KLÖVERN

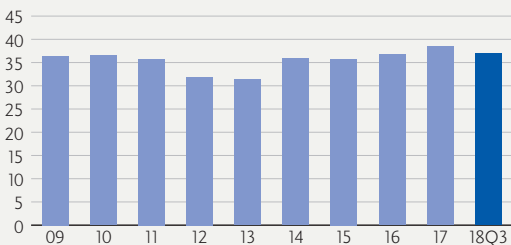
KLÖVERN IS A LISTED REAL ESTATE COMPANY committed with closeness and commitment to offering attractive commercial premises, and developing housing, in growth regions.

The company's vision is to create attractive and sustainable environments for future enterprise and living. This requires active construction of city neighbourhoods, districts and business clusters.

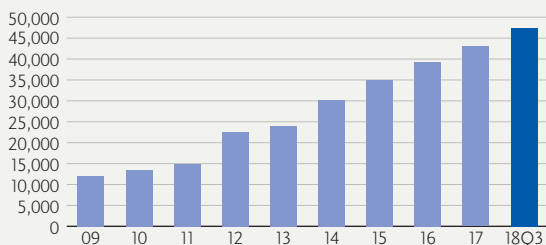
PROFIT FROM PROPERTY MANAGEMENT, SEKm



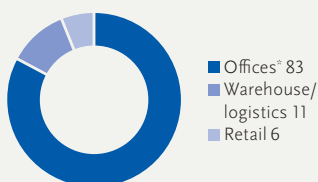
EQUITY RATIO, adjusted, %



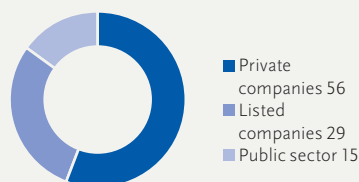
PROPERTY VALUE, SEKm



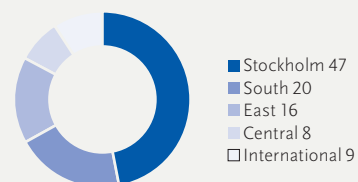
PROPERTY VALUE BY TYPE OF PROPERTY %



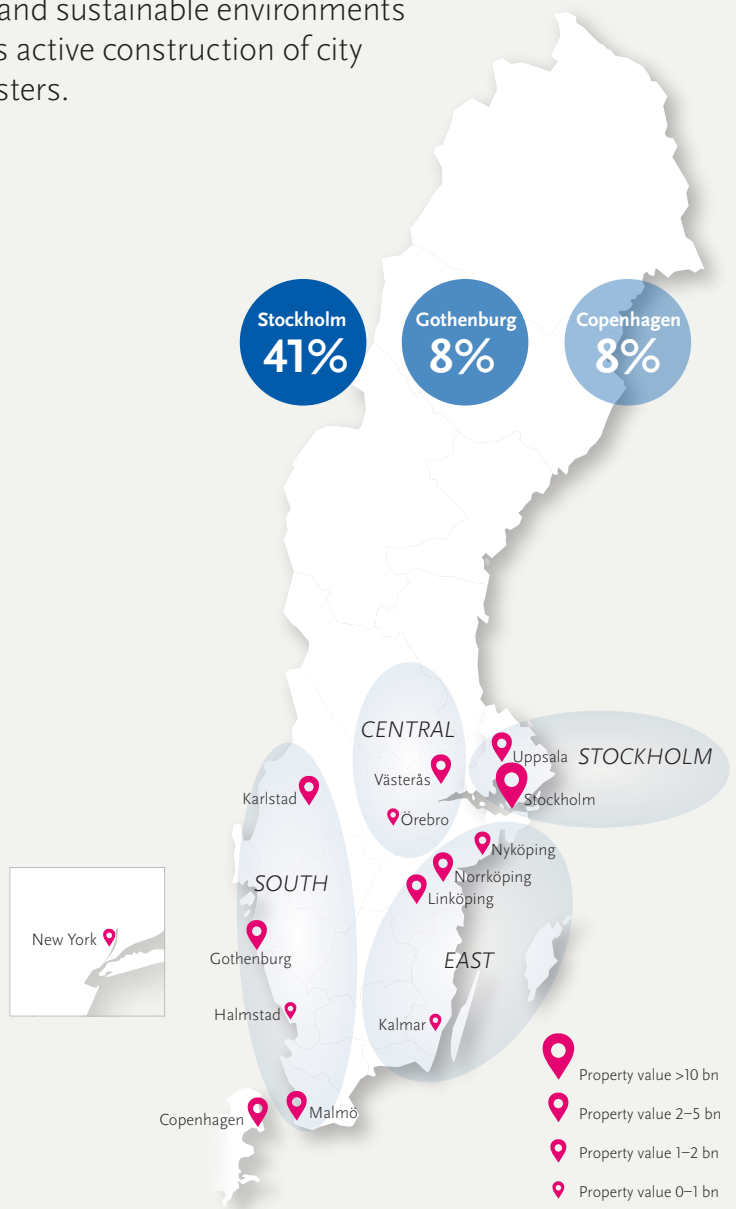
CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE BY REGION, %



*Including education, health care, other.



STATEMENT BY THE CEO

Strong earnings combined with international expansion

Once again Klöver is reporting strong earnings. All geographic markets are strong. The extensive streamlining of the Swedish portfolio has now been completed, opening up potential for new transactions. At the same time, an international expansion has been initiated through acquisitions in Copenhagen and New York.

Overall, both the first nine months of the year and the third quarter have been good. The pace of business has been high. We have completed our streamlining in Sweden and become established on two interesting new markets abroad. Furthermore, at the beginning of October we made a well-founded bid for the real-estate company Agora, which will reinforce Klöver's position at a number of locations with properties with exciting development potential for our locally based administration and project organizations.

STRONG GROWTH IN EARNINGS

Income increased by 9 per cent to SEK 813 million in the third quarter of the year. At the same time, profit from property management rose by 9 per cent to SEK 367 million. The operating margin was 71 per cent, compared with 66 per cent for the past 12 months. The economic occupancy rate rose to 90 per cent, an improvement from 89 per cent at the beginning of the year. Net moving-in amounted to SEK 18 million during the quarter and SEK 67 million during the nine-month period, which is really strong. The quality and stability of our earnings are continuing to improve as an increased proportion of our income derives from modern premises in strong, stable rental markets. This is evident from, amongst other things, rising average rental income.

The positive changes in value of properties amounted to SEK 271 million during the third quarter, mainly driven by investments made in connection with new letting, rising market rents, lower yield requirements and development of the building rights portfolio. Profit before tax was again strong and totalled SEK 644 million for the quarter.

GOOD RENTAL MARKET

All of our geographic markets have continued to develop well. We experience the rental market in Stockholm and Uppsala as being particularly strong. It is gratifying that Kista continues to have a positive development. Letting has continued at a high pace. The latest in a series of major lettings was a contract with Samsung for establishment of their new Swedish head office at the property Kista Gate in Kista Science City. In Kista Gate, during 2017 and 2018, rental contracts have also been signed with among others Baxter Medical, Climeon, Celgene and Novartis.

STREAMLINING AND INTERNATIONAL EXPANSION

During the year, we have continued to streamline and focus the property portfolio in Sweden. During 2016–2018, Klöver has divested over 80 properties and left some ten smaller cities completely. The most recent of a series of divestments was the property portfolios in Härnösand, Sollefteå and Falun which were handed over on 31 August. Klöver now operates at 14 locations. As much as 95 per cent of the total portfolio is located in larger cities, i.e. with over 100,000 inhabitants. Metropolitan regions, i.e. with over a million inhabitants – in Klöver's case Stockholm/Uppsala,

Gothenburg, Copenhagen/Malmö and New York – make up almost 70 per cent of the property portfolio.

In 2018, we have decisively become established in Copenhagen. During the third quarter, Klöver took possession of an additional four properties in the Danish capital for a total of just over SEK 1 billion. At the end of the quarter, the value of our property portfolio in Copenhagen totalled SEK 3.7 billion making it Klöver's third largest city in terms of value. During the year, Klöver has also taken a couple of steps into the US market by acquisition of two project properties in Manhattan in New York. We aim to develop a total of around 20,000 sq.m. of high-quality offices.

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. The rolling annual project volume is expected to be in the range of SEK 1.5–1.8 billion. In terms of results, in the form of increased property values, the 375 projects in the project organization (including development of building rights) contributed SEK 78 million in the third quarter and SEK 374 million in the past 12 months.

On the housing side, Klöver Living has continued to proceed carefully by focusing on driving forward local plans and developing the future project portfolio while planned production starts have been postponed. Despite this, Klöver also has an indirect ongoing project development in the housing segment through its ownership in Tobin Properties.

FINANCIAL STRENGTH

Klöver's financial strength continues to be good. During the year, we have worked actively on extending both the period of tied-up capital and the period of fixed interest which amounted on 30 September to 4.2 years and 2.8 years respectively. As much as 86 per cent of the credit volume is at fixed interest and the average financing rate is 2.5 per cent. The interest coverage ratio is at a satisfactory level amounting during the third quarter to 2.8. On 30 September, the adjusted equity ratio amounted to 37.0 per cent, entailing some strengthening during the third quarter.

GOOD GROWTH IN VALUE

The net asset value per share (EPRA NAV) continues to develop well and amounted on 30 September to SEK 15.31, corresponding to an increase of 9 per cent since the turn of the year and 17 per cent during the past 12 months.

CONTINUED STABLE DEVELOPMENT

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

Rutger Arnhult, CEO Klöver

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

INCOME AND EXPENSES

Income increased to SEK 813 million (743) during the third quarter of the year. The increase in income is mainly attributable to acquisitions and net moving in, but also to rising rental levels. For a comparable portfolio, income amounted to SEK 664 million (637).

Property costs totalled SEK 233 million (222). Property costs for a comparable portfolio amounted to SEK 202 million (200). Central administration costs amounted to SEK 28 million (28).

PROFIT

The operating surplus increased to SEK 580 million (521). The operating surplus for a comparable portfolio amounted to SEK 462 million (437). The operating margin amounted to 71 per cent (70). The profit from property management, i.e. profit excluding changes in value, profit from residential development and tax, amounted to SEK 367 million (336). The operating surplus and profit from property management were both positively affected by acquisitions, net moving-in and rising rental levels. Profit before tax amounted to SEK 644 million (692) and was affected by SEK 271 million (346) relating to changes in value of properties and SEK 44 million (16) for derivatives.

NET MOVING-IN AND THE OCCUPANCY RATE

Net moving-in amounted to SEK 18 million (15) during the third quarter and SEK 67 million (42) during the period.

One of the largest tenants moving in during the quarter was Västerås Stad on 2,143 sq.m. in the property Stensborg 4 and on 1,955 sq.m. in the property Icander 1 in Västerås.

Among the larger contracts that were signed during the third quarter, where the tenant has not yet moved in, is a 7-year contract with Samsung Electronics Nordic for 4,775 sq.m in the property Helgafjäll 7 in Kista and a 10-year contract with IB Transport Mälardalen which increases its area by 5,151 sq.m. to 6,751 sq.m. in the property Ringborren 15 in Västerås.

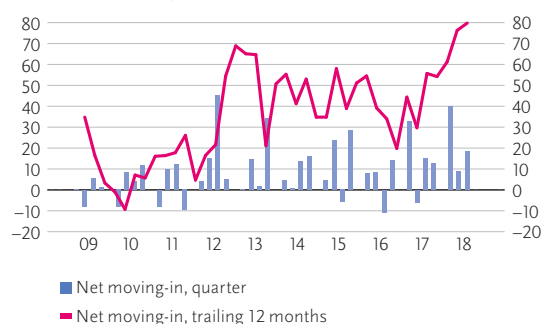
The largest vacating tenant during the quarter was WSP Sverige in the property Bromsaren 4 in Linköping on 1,516 sq.m.

The average remaining lease contract period as at 30 September was 3.6 years (3.6). The economic occupancy rate for all properties amounted to 90 per cent (89) and the area-based occupancy rate was 82 per cent (81). The economic occupancy rate for investment properties was 92 per cent (91) and for development properties 58 per cent (54).

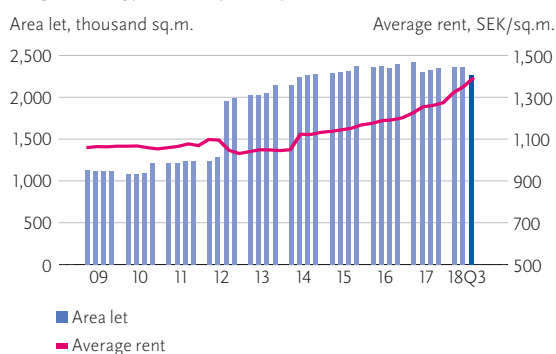
SHAREHOLDINGS

On 30 September 2018, Klöver's holding in the real estate company A Group Of Retail Assets Sweden (Agora) amounted to 2,909,342 ordinary shares of class B corresponding to 9.3 per cent of the total number of outstanding shares. Klöver's entire holding in the real estate company

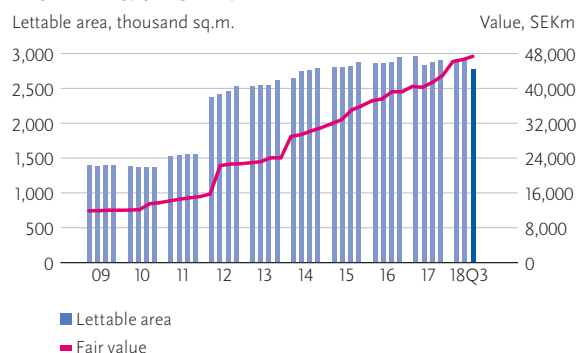
NET MOVING-IN, SEKm



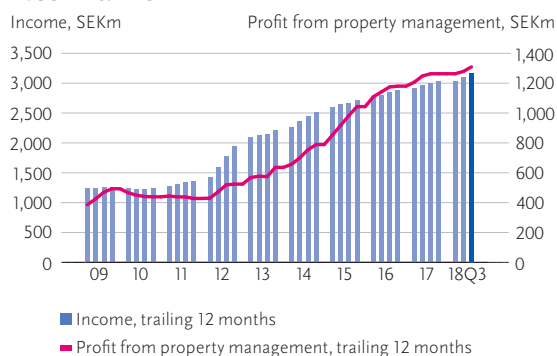
PROPERTIES: AREA AND RENT



PROPERTIES: VALUE AND AREA



INCOME & PROFIT





The property 1kh Rudegård Ny Holte, one of the four properties in Copenhagen that were taken possession of on 4 July.

Västsvensk Logistik – 300,000 shares – was divested during the third quarter for a total of SEK 31 million. The holding in Agora is reported as financial assets valued at fair value via the income statement.

Klövern's holding in the property development company Tobin Properties amounts to 34,018,591 ordinary shares, and 18,378 class A preference shares, corresponding to 81.2 per cent of the share capital and 82.9 per cent of the voting rights.

ACQUISITION OF TOBIN PROPERTIES

On 17 January 2018, Klöver acquired 7,500,000 ordinary shares in Tobin Properties in a directed share issue. Klöver's holding in Tobin Properties amounted as of 31 March 2018 to 34.9 per cent of the share capital and 36.5 per cent of the voting rights. During the first quarter of 2018, Klöver reported its holding in Tobin Properties as participation rights in associated companies 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 public cash offer. Klöver's holding in Tobin Properties thereafter amounted to 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 voting rights. Tobin Properties has been 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 ordinary shares through a guarantee commitment, in Tobin Properties. The holding thereafter amounted to 26,024,158 ordinary shares and 18,378 Class A preference shares, corresponding to 62.1 per cent of the share capital and 63.4 per cent of the voting rights.

ACQUIRED NET ASSETS, TOBIN PROPERTIES

SEK million	
Participation rights in associated companies	213
Properties (current assets)	712
Other assets	1,069
Holdings without controlling influence	-280
Interest bearing liabilities	-1,017
Reported deferred tax liabilities	-2
Other liabilities	-113
Additional deferred tax liabilities according to preliminary acquisition analysis	-80
Acquired net assets	502
Cash-based consideration	-268
Liquid assets in acquired subsidiaries	216
Change in the group's liquid assets due to acquisition	-52
Calculation of surplus value, SEK million	
Consideration	
- paid in cash, issue January	150
- revaluation result, issue January	22
- paid in cash, mandatory offer, April	118
- not accepted shares in connection with the mandatory offer	282
Bid value Tobin, 100% of the shares	572
Acquired net assets	-502
Surplus value goodwill (current asset)	70

An adjustment of the deferred tax liability in the balance sheet has been made in conjunction with the preparation of the acquisition calculation and with the classification of the acquisition as a business combination. Properties have been valued at fair value. Other balance sheet items have not been revalued.

FIXED INTEREST AND TIED-UP CAPITAL

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unutilized, SEKm
Floating *	21,212	—	—	—	—
2018	—	2,262	2,262	—	—
2019	1,415	4,635	4,077	1,498	558
2020	1,891	3,424	3,403	2,250	21
2021	2,400	11,898	9,823	2,646	2,075
2022	1,280	4,065	3,565	900	500
2023	1,100	1,683	1,683	—	—
Later	—	5,485	5,485	—	—
Total	30,298	33,452	30,298	7,294	3,154

* SEK 17,824 million of Floating volume is covered by interest-rate caps.

During the first half of September 2018, Klöver acquired an additional 7,994,433 ordinary shares in Tobin Properties. The ownership thereafter amounts to 34,018,591 ordinary shares and 18,378 preference shares of Class A, corresponding to 81.2 per cent of the shares and 82.9 per cent of the voting rights.

CASH FLOW

The cash flow from current operations amounted during the quarter to SEK –103 million (336). Investment operations have affected the cash flow by SEK –609 million net (–747), mainly by a combination of property transactions and investments in existing properties. Financing operations have affected the cash flow by SEK 66 million (505). In total, the cash flow amounted to SEK –646 million (94). Liquid assets at the end of the quarter amounted to SEK 350 million, compared with SEK 391 million as at 30 September 2017.

FINANCING

On 30 September 2018, the interest-bearing liabilities amounted to SEK 30,298 (25,529). The average financing rate for the whole financial portfolio was 2.5 per cent (2.5). Net financial income, including residential development, amounted during the quarter to SEK –191 million (–157), of which financial income accounted for SEK 7 million (6). The interest coverage ratio during the quarter amounted to 2.8 (3.1) and to 2.8 during the twelve-month period up to 30 September 2018.

The average period of fixed interest at the end of the quarter was 2.8 years (2.8). Credit volumes with swap agreements and interest caps are treated as having fixed interest. At the end of the period, Klöver had interest rate swaps totalling SEK 8,010 million (8,325) and interest caps totalling SEK 17,824 million (10,000). The average remaining term of derivatives amounted to 3.0 years. The fixed-interest share of credit volume amounted to 86 per cent.

The average period of tied-up capital was 4.2 years (3.0) as at 30 September. Unutilized credit volumes, including

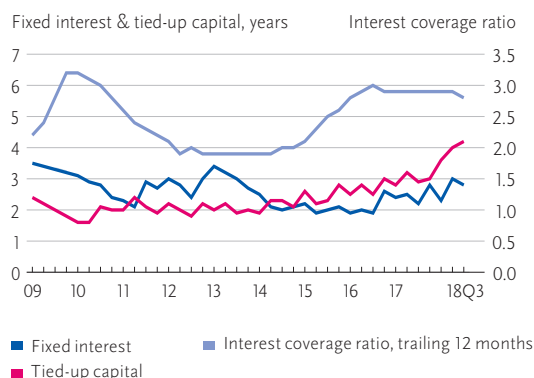
unutilized overdraft facilities of SEK 558 million (529), amounted to SEK 3,154 million (3,048).

Klöver's interest-bearing liabilities are mainly secured by mortgages in properties. Unsecured interest-bearing liabilities consist of outstanding commercial paper and unsecured bonds, SEK 2,580 million (2,970) and SEK 6,148 million (4,350) respectively at the end of the period. The commercial paper programme has a framework amount of SEK 4,000 million.

During the autumn of 2017, Klöver established a Medium Term Note programme (MTN) with a framework amount of SEK 10 billion, secured by a pool of properties as underlying assets and fully covered by property mortgage certificates. As of 30 September 2018, SEK 850 million had been issued within the framework amount.

Interest rate swaps effectively limit the interest rate risk. An increase in short market rates of one percentage point normally affects Klöver's average borrowing rate by 0.7 percentage points. The effect of larger interest rate increases is significantly limited by interest rate caps. Changes in value of derivatives totalled SEK 44 million (16) during the quarter. As of 30 September, the value was SEK –300 million (–367).

FIXED INTEREST, TIED-UP CAPITAL & INTEREST COVERAGE RATIO





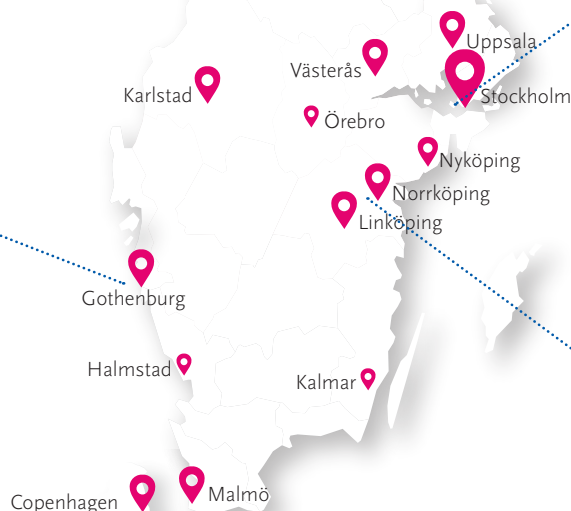
TRAVBANAN 2, 3,
GOTHENBURG
FAIR/HOTEL



KNARRARNÄS 4, STOCKHOLM
HOTEL



KOPPARHAMMAREN 2,
NORRKÖPING
OFFICE



KLÖVERN'S LARGEST PROJECTS IN PROGRESS, 30 SEPTEMBER 2018

City	Property	Project type	Contractor	Largest tenant, moving-in year/quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value, SEKm	Estimated completion year/quarter
Gothenburg	Travbanan 2, 3	Fair/hotel	BRA Bygg	Easyfairs, 19Q1	29,723	510	525	64	54	19Q2
Stockholm	Knarrarnäs 4	Hotel	Wästbygg	Choice Hotels, 18Q4	7,012	250	198	29	12	18Q4
Norrköping	Kopparhammaren 2	Office	SEFAB	Gaia, 19Q3	4,775	78	142	73	10	19Q4
Total					41,510	838	865	166	76	

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

At the end of the period, the adjusted equity ratio was 37.0 per cent (38.5).

PROJECT DEVELOPMENT AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernizing the premises and thus increasing the rental value. SEK 1,248 million (976) was invested during the period January to September. In all, 375 projects (358) are in process and SEK 782 million (1,246) remains to be invested. Total estimated expenditure for the same projects amounts to SEK 2,853 million (2,681).

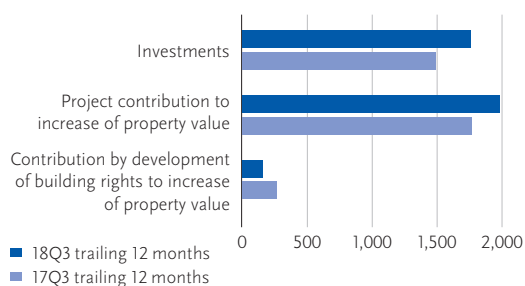
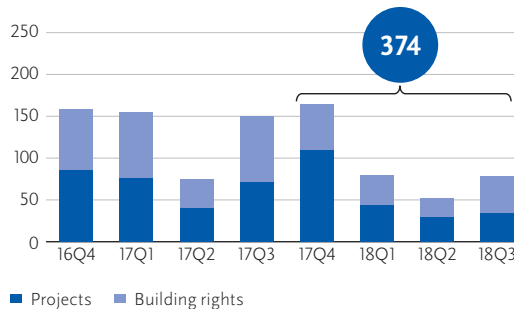
All large ongoing projects, for example, Åby Arena in Gothenburg and Kopparhusen in Norrköping are proceeding according to plan.

At the end of the quarter, assessed building rights and building rights with local plans (zoning) totalled 1,877,000 sq.m. (1,927,000) and are valued at SEK 1,385 million (1,288). 612,000 sq.m. (662,000) of the building rights are included in local plans and the remainder are classified as assessed. Residential building rights accounted for 7 per cent of the building rights with local plans. Within the building rights portfolio, Klövern Living is working with a number of housing development projects. Klövern makes the assessment that there is potential, within the existing portfolio, mostly by amended local plans, to create as many as 8,000 to 12,000 apartments, in Stockholm, Uppsala, Västerås, Karlstad and Linköping, among other places.

In total, Klövern's project development – including development of building rights – contributed to increases in value of properties by SEK 78 million (150) during the third quarter of 2018, or by SEK 374 million (539) during the past four quarters.

VALUE CREATION THROUGH PROJECTS/BUILDING RIGHTS,

Rolling 12 months to 18Q3 and 17Q3, SEKm.

**NET VALUE CREATION THROUGH PROJECTS/
BUILDING RIGHTS, SEKm**

Change in fair value of properties due to projects and development of building rights, minus investments

PROPERTY TRANSACTIONS 2018: ACQUISITIONS

City	Property	Category	Lettable area, sq.m.	Quarter
Stockholm	Knarrarnäs 6 ¹	Office	4,733	Q1
Copenhagen	26er, 26fg, 26fi Frederiksberg ²	Office	19,300	Q1
Copenhagen	24a (1, 2) Frederiksberg	Office	31,109	Q1
New York	Address: 1241–1251 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	Address: 322–326 7th Ave ⁴	Office	2,300	Q3
Total			97,295	

¹ Site leasehold² 26er (1, 2, 4) Frederiksberg, 26fg (76) Frederiksberg and 26fi (87, 88) Frederiksberg³ Site leasehold, development property⁴ Development property**PROPERTY TRANSACTIONS 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
Total			225,618	

PROPERTY TRANSACTIONS

During the period January–September, 10 properties (20) were taken possession of for a total purchase price of SEK 4,264 million (1,338) and 12 properties (48) have been sold and handed over for a total of SEK 1,976 million (1,531). The largest transactions during the third quarter were the acquisition of four office properties in Copenhagen for DKK 735 million which were taken possession of on 4 July and the divestment and transfer of possession of seven properties in Falun, Härnösand, Sollefteå and Örebro for a total of SEK 1,145 million on 31 August.

PROPERTIES AND CHANGES IN VALUE

As at 30 September, Klöver's portfolio consisted of 403 properties (405). The rental value amounted to SEK 3,672 million (3,507) and the fair value of the properties was SEK 47,378 million (42,961). The total lettable area amounted to 2,779,000 sq.m. (2,900,000).

The changes in value of the properties totalled SEK 817 million (1,371) during the period January to September, corresponding to 1.9 per cent of Klöver's property value at the beginning of the year. The changes in value included realized changes in value of SEK –20 million (5) and unrealized changes in value of SEK 837 million (1,366). The unrealized changes in value do not affect the cash flow. On average, Klöver's property portfolio, as at 30 September,

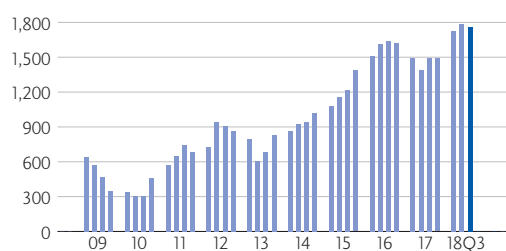
has been valued with a yield requirement of 5.7 per cent (5.9). The value of the properties has increased, mainly due to investments made in connection with new letting, rising market rents, lower yield requirements and the development of the building rights portfolio.

Klöver values 100 per cent of the property portfolio every quarter, of which 20 to 30 per cent are normally valued externally. The external valuations have been performed by Cushman & Wakefield, Savills and Newsec. Every property in the portfolio has thus been valued externally at least once during a rolling 12-month period. All properties are classified at Level 3 in accordance with IFRS 13. No properties have changed classification during the period. See Klöver's annual report for 2017 for a detailed description of valuation principles.

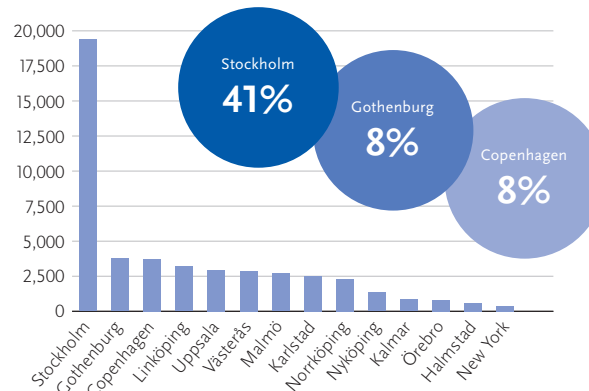
SHARES

As at 30 September, the total number of registered shares in Klöver was 932,437,980, of which 73,660,263 were ordinary shares of class A, 842,333,717 ordinary shares of class B and 16,444,000 preference shares. An ordinary share of class A confers one vote while an ordinary share of class B, like a preference share, confers a tenth of a vote. Klöver's shares are listed on Nasdaq Stockholm. On 30 September, the closing price was SEK 11.65 per ordinary share of class A, SEK 11.68 per ordinary share of class B and SEK 329.50

INVESTMENTS, trailing 12 months, SEKm



PROPERTY VALUE, SEKm



PROPERTIES: FAIR VALUE

SEKm	2018 Jan–Sep	2017 Jan–Sep	2017 Jan–Dec
Fair value, as of 1 January	42,961	39,234	39,234
Acquisitions	4,264	1,331	2,109
Investments	1,248	976	1,489
Divestments	–1,974	–1,515	–1,785
Unrealized changes in value	837	1,366	1,914
Currency conversion	42	—	—
Fair value at the end of the period	47,378	41,392	42,961

CHANGES IN FAIR VALUE OF PROPERTIES, EXCL. TRANSACTIONS

SEKm	18Q1	18Q2	18Q3	Trailing 2018 12 months Jan–Sep	Trailing 12 months 18Q3
Operating surplus and required yield	342	98	187	627	1,010
Development of building rights	35	22	44	101	156
Projects >25 million	282	179	120	581	884
Projects <25 million	226	236	314	776	1,096
Total changes in value (excluding transactions)	885	535	665	2,085	3,146

per preference share, corresponding to a total market capitalization of SEK 16,115 million (14,922). The number of shareholders at the end of the period amounted to around 46,900 (46,000). 79 per cent (79) of the total number of shares are Swedish-owned. As at 30 September, the company's holding of its own shares amounted to 79,420,000 ordinary shares of class B, corresponding to 8.5 per cent of the total number of registered shares. Repurchased shares cannot be represented at general meetings.

TAXES

During the quarter, deferred tax amounted to SEK –66 million (–118) whereas current tax amounted to SEK 0 million (–7).

During the second quarter, the Supreme Administrative Court notified that leave to appeal would not be granted for a judgment appealed against by Klöver. This did not have any effect on earnings in the quarter since the tax effect was charged to earnings in 2016.

In June, the Swedish parliament, the Riksdag, decided to approve the proposal for changed corporate taxation. This decision means, in brief, the introduction of a maximum deduction of net interest income of 30 per cent of taxable EBITDA and that corporate tax is to be reduced in two steps from the current 22.0 per cent to 21.4 per cent from 2019 and 20.6 per cent from 2021. The new legislation applies from 1 January 2019.

As a consequence of the decision on reduced corporate tax, deferred tax liabilities have been recalculated at a tax rate of 20.6 per cent. Thereby, a reported one-off effect of around SEK 200 million has positively affected profit in the second quarter of 2018.

ORGANIZATION

Klövern's business model entails closeness to the customer by having own local staff at all 14 business units, as at 30 September 2018 allocated to four geographic regions in Sweden and international operations in Denmark and the United States. The four regions are Stockholm (Stockholm North, Stockholm South and Uppsala), South (Gothenburg, Malmö, Karlstad and Halmstad), East (Linköping, Norrköping, Nyköping and Kalmar) and Central (Västerås and Örebro). As from 1 January 2018, the Karlstad business unit is part of the South Region after having been part of the Central Region during 2017. As all commercial properties in Falun and Härnösand/Sollefteå were divested during the third quarter of 2018, these cities ceased to be business units in Klöver.

As at 30 September 2018, there were 246 employees (244). The average age was 43 (43) and the proportion of women was 42 per cent (41).

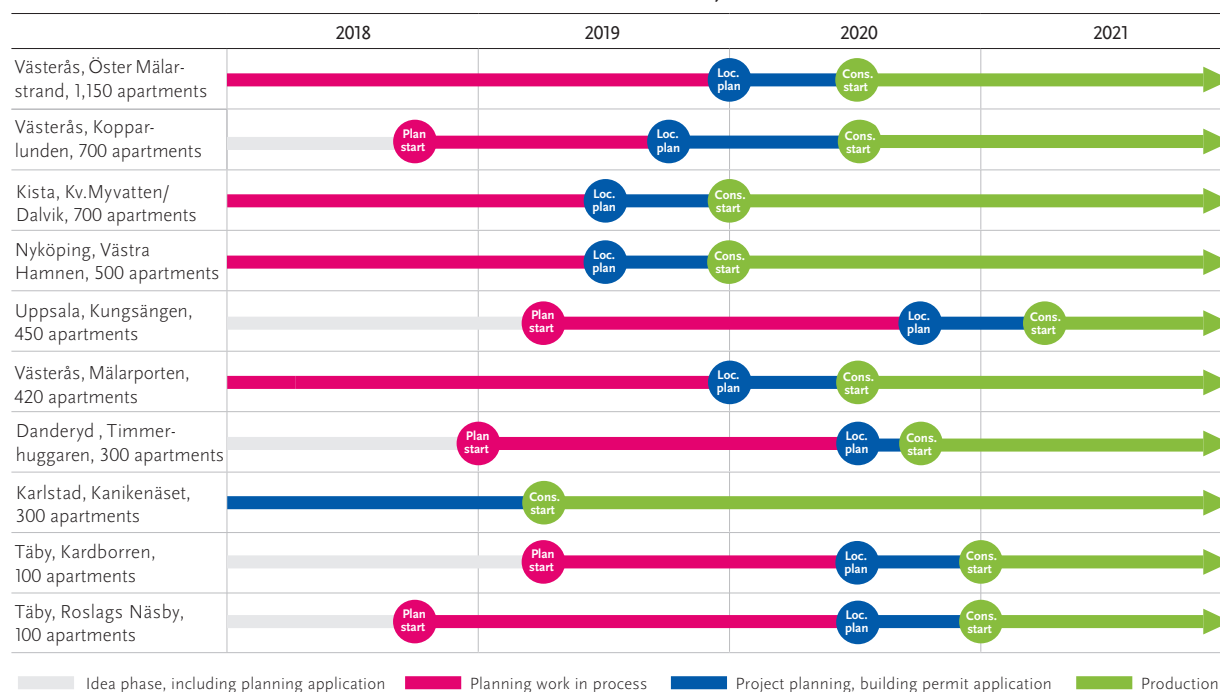
SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

A real estate company is exposed to various risks and opportunities in its business activities. Internal regulations and policies limit exposure to different risks. Klöver's significant risks and exposure and their management are described on pages 54–57 of the 2017 annual report.

DISPUTES

Klövern has no ongoing disputes that can have a significant profit impact.

KLÖVERN LIVING – THE TEN LARGEST RESIDENTIAL DEVELOPMENT PROJECTS



LARGEST SHAREHOLDERS 30.09.2018, SORTED BY SHARE OF VOTES

	No. ordinary shares A thousands	No. ordinary shares B thousands	No. preference shares, thousands	Share of capital, %	Share of votes, ⁹⁶¹
Rutger Arnhult via companies	12,528	127,419	655	15.1	16.7
Corem Property Group	9,500	129,400	—	14.9	14.8
Arvid Svensson Invest	13,300	52,997	685	7.2	12.3
Gårdarike	16,474	2,190	50	2.0	11.0
Handelsbanken fonder	—	40,650	—	4.4	2.7
Länsförsäkringar funds	—	36,909	—	4.0	2.4
Swedbank Robur fonder	1,301	21,605	—	2.5	2.3
CBNY-Norges Bank	527	21,445	91	2.4	1.8
Swedbank AS (Estonia)	1	18,560	58	2.0	1.2
State Street Bank and Trust Co, W9	66	16,870	94	1.8	1.2
SEB Investment Management	147	15,724	—	1.7	1.1
Nordea Investment Funds	123	15,439	60	1.7	1.1
BNY Mellon NA, W9	915	7,050	69	0.9	1.1
Pareto Bank ASA	600	6,000	—	0.7	0.8
Svolder	—	10,000	—	1.1	0.7
Total largest shareholders	55,482	522,258	1,762	62.1	71.2
Other shareholders	18,178	240,656	14,682	29.4	28.8
Total outstanding shares	73,660	762,914	16,444	91.5	100.0
Repurchased own shares ¹	—	79,420	—	8.5	—
Total registered shares	73,660	842,334	16,444	100.0	100.0

Due to new routines at Ålandsbanken the bank has been registered in Euroclear's share register as owners to some of its clients' Klöver-shares. Klöver assesses that the table above gives a correct picture of the company's 15 largest owners.

¹) Repurchased own shares have no voting rights at general meetings.

INCOME STATEMENT ITEMS AND INVESTMENTS PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Operating surplus, SEKm		Investments, SEKm		Operating margin, %		Investments, SEKm	
	2018 Jan–Sep	2017 Jan–Sep	2018 Jan–Sep	2017 Jan–Sep	2018 Jan–Sep	2017 Jan–Sep	2018 Jan–Sep	2017 Jan–Sep	2018 Jan–Sep	2017 Jan–Sep
Stockholm	1,004	951	–317	–292	687	659	68	69	401	314
South ²	525	519	–173	–164	352	355	67	68	452	389
East	505	497	–157	–150	348	347	69	70	181	111
Central ²	285	293	–100	–101	185	192	65	66	161	162
Utland	78	—	–4	—	74	—	95	—	53	—
Investment	2,314	2,144	–699	–648	1,615	1,496	70	70	706	634
Development	83	117	–52	–60	31	57	37	49	542	342
Total	2,397	2,261	–751	–708	1,646	1,553	69	69	1,248	976

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirements ¹ , %		Area, 000 sq.m.		Rental value, SEKm		Ec. occupancy rate, %	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Stockholm	22,318	20,779	5,3	5,4	839	847	1,583	1,505	89	87
South ²	9,558	8,943	6,3	6,2	773	820	814	803	88	89
East	7,697	7,125	6,6	6,7	734	712	737	706	92	92
Central ²	3,687	4,545	6,5	6,9	343	494	328	437	86	87
Utland	4,118	—	4,2	—	89	—	210	—	99	—
Investment	43,544	37,720	5,7	6,0	2,496	2,537	3,460	3,168	92	91
Development	3,834	3,672	5,9	5,9	282	336	212	283	58	62
Total	47,378	41,392	5,7	6,0	2,779	2,873	3,672	3,451	90	89

¹) Yield requirement is estimated excluding building rights.

²) On 1 January 2018 the business unit Karlstad was moved from the Central Region to the South Region. Historical figures have been adjusted for this.

Stockholm: Stockholm Norra, Stockholm Södra and Uppsala. **East:** Linköping, Norrköping, Nyköping and Kalmar.

Central: Västerås and Örebro. **South:** Gothenburg, Malmö, Karlstad and Halmstad.

International: Copenhagen and New York.

ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Statements and, in the case of the parent company, in accordance with the Annual Accounts Act. The accounting policies applied in this interim report are in essential parts those described in Note 1 of Klöverns annual report for 2017.

IFRS 15 Revenue from contracts with customers entered into force on 1 January 2018. Klöverns revenues consist predominantly of rental revenues from letting of commercial properties. Rental revenue is reported in the period that the tenant uses the property in accordance with IAS 17 Leases. According to IFRS 15, revenue is to be divided up between rental revenues and service revenues. Klöverns has made the assessment that the service provided by Klöverns to tenants is subordinate to the lease and compensation is therefore reported as rental revenues.

IFRS 9 Financial Instruments, which replaces IAS 39, also came into effect at the year-end. The standard introduces new principles for classification of financial assets, hedge accounting and for credit provisions. The single largest item that affects Klöverns is derivatives which continue to be reported at fair value through the income statement and interest bearing liabilities which are reported at accrued acquisition value. The new impairment model for receivables in IFRS 9 only has a marginal effect on Klöverns. Thus, IFRS 9 only has a marginal effect on Klöverns income statement and balance sheet.

Otherwise, the accounting policies of the Group and the Parent Company are unchanged compared with the 2017 annual report.

IFRS 16, Leases, enters into force on 1 January 2019 and will affect Klöverns reporting primarily concerning contracts for site leaseholds. Otherwise, Klöverns is a lessee to a limited extent. This means that the change is estimated to have a marginal effect on the financial reporting. The effect will be quantified during the current year.

DIVIDEND

During the nine-month period, dividend totalling SEK 267 million has been paid to the holders of ordinary shares. During the same period, the owners of preference shares have received a total of SEK 247 million.

EVENTS AFTER THE END OF THE PERIOD

On 4 October, Klöverns announced a public cash offer to the shareholders of Agora. As shown under the heading Shareholdings on page 4, Klöverns holding in Agora amounted on 30 September to 2,909,342 ordinary shares of Class B, corresponding to 9.3 per cent of the total number of outstanding shares. The offered value for all other shares in Agora amounts to SEK 936 million. The offer values all shares in Agora, including the shares owned by Klöverns, at SEK 1,023 million.

On 16 October, Klöverns issued SEK 500 million of additional hybrid bonds which will be reported as equity.

Stockholm, 19 October 2018

Board of Directors of Klöverns AB (publ)

REVIEW REPORT

To the Board of Directors of Klöverns AB (publ)
Reg. no. 556482-5833

Introduction

We have reviewed the summary financial information in the interim report for Klöverns AB (publ) as at 30 September 2018 for the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

The direction and scope of the review

We have performed this Review in accordance with the International Standard on Review Engagements ISRE 2410 Review of financial interim report information performed by the auditor appointed by the company. A review consists of making enquiries in the first place to persons who are responsible for financial issues and accounting matters, performing an analytical review and undertaking other general review measures. A review has a different focus and a considerably reduced scope compared with the focus and scope of an audit in accordance with the International Standards on Auditing, ISA, and generally accepted auditing standards in Sweden otherwise. The review measures undertaken have not made it possible for us to acquire such certainty as to be aware of all important circumstances that could have been identified in the performance of an audit. The conclusion stated is based on a general review and does not therefore have the same degree of certainty as a statement based on an audit.

Conclusion

On the basis of our general review, no circumstances have emerged which would lead us to consider that the interim report is not, in all substantials, prepared in accordance with IAS 34 and the Annual Accounts Act and, in the case of the parent company, with the Annual Accounts Act.

Stockholm, 19 October 2018

Ernst & Young AB
Fredric Hävrén
Authorized public accountant

Consolidated Statement of Income

Summary

SEKm	2018 3 months Jul–Sep	2017 3 months Jul–Sep	2018 9 months Jan–Sep	2017 9 months Jan–Sep	Trailing 12 months Oct–Sep	2017 12 months Jan–Dec
Income	813	743	2,397	2,261	3,165	3,029
Property costs	–233	–222	–751	–708	–1,066	–1,023
Operating surplus	580	521	1,646	1,553	2,099	2,006
Central administration	–28	–28	–83	–77	–114	–108
Net financial items	–185	–157	–516	–475	–676	–635
Profit from property management (properties)	367	336	1,047	1,001	1,309	1,263
Income, residential development	42	—	52	—	52	—
Costs, residential development	–54	—	–72	—	–72	—
Net financial items, residential development	–6	—	–10	—	–10	—
Profit from residential development	–18	—	–30	—	–30	—
Share in earnings of associated companies	7	—	13	—	13	—
Revaluation, transition from share in earnings of associated co:s to subsidiary	—	—	22	—	22	—
Changes in value, properties	271	346	817	1,371	1,359	1,913
Changes in value, derivatives	44	16	54	82	72	100
Changes in value, financial assets	–2	–6	–8	–7	–16	–15
Write-down of goodwill	–25	—	–27	–37	–40	–50
Profit before tax	644	692	1,888	2,410	2,689	3,211
Taxes	–66	–125	–114	–404	–310	–600
Net profit for the period	578	567	1,774	2,006	2,379	2,611
Net profit for the period attributable to:						
The parent company's shareholders	581	567	1,779	2,006	2,384	2,611
Holdings without controlling influence	–3	0	–5	0	–5	0
	578	567	1,774	2,006	2,379	2,611
Other comprehensive income, items which may later be reversed in the income statement						
Translation difference regarding foreign operations	–18	—	60	—	60	—
Comprehensive income for the period	560	567	1,834	2,006	2,439	2,611
Comprehensive income for the period attributable to:						
The parent company's shareholders	563	567	1,839	2,006	2,444	2,611
Holdings without controlling influence	–3	0	–5	0	–5	0
	560	567	1,834	2,006	2,439	2,611
Earnings per ordinary share, SEK	0.59	0.54	1.78	1.93	2.38	2.53
No. of ordinary shares outstanding at the end of the period, million	836.6	880.2	836.6	880.2	836.6	876.6
No. of preference shares outstanding at the end of the period, million	16.4	16.4	16.4	16.4	16.4	16.4
Average no. of outstanding ordinary shares, million	847.1	900.5	858.4	910.8	863.7	902.8
Average no. of outstanding preference shares, million	16.4	16.4	16.4	16.4	16.4	16.4

There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

Summary

SEKm	30.09.2018	30.09.2017	31.12.2017
Assets			
Goodwill	155	196	183
Investment properties	47,378	41,392	42,961
Machinery and equipment	21	17	16
Participation rights in associated companies	221	—	—
Financial assets at fair value through statement of income	73	91	113
Properties (current assets)	1,095	—	—
Other receivables	2,084	879	945
Liquid funds	350	391	39
TOTAL ASSETS	51,377	42,966	44,257
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the parent company's shareholders	16,033	13,927	14,505
Equity attributable to holdings without controlling influence	453	0	0
Deferred tax liability	2,697	2,351	2,550
Interest-bearing liabilities	30,298	24,874	25,529
Derivatives	300	394	367
Accounts payable	86	99	368
Other liabilities	699	560	403
Accrued expenses and prepaid income	811	761	535
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51,377	42,966	44,257

Change in Consolidated Shareholders' Equity

Summary

SEKm	Shareholders' equity attributable to		
	The parent company's shareholders	Holdings without controlling influence	Total shareholders' equity
Shareholders' equity 31.12.2016	12,999	0	12,999
Repurchase of own shares	-419	—	-419
Dividend	-686	—	-686
Other comprehensive income	—	—	—
Net profit for the period	2,611	—	2,611
Shareholders' equity 31.12.2017	14,505	0	14,505
Repurchase of own shares	-446	—	-446
Dividend	-697	-11	-708
Capital contribution	781	—	781
Change in holding without controlling influence	51	469	520
Other comprehensive income	60	—	60
Net profit for the period	1,779	-5	1,774
Shareholders' equity 30.09.2018	16,033	453	16,486

Consolidated Cash Flow Statement

Summary

SEKm	2018 3 months Jul–Sep	2017 3 months Jul–Sep	2018 9 months Jan–Sep	2017 9 months Jan–Sep	2017 12 months Jan–Dec
Current operations					
Profit from property management and profit from residential development	348	336	1,016	1,001	1,263
Adjustment for items not included in the cash flow	1	1	4	4	5
Income tax paid	0	–7	0	–8	–1
Cash flow from current operations before change in working capital	349	330	1,020	997	1,267
Changes in working capital					
Change properties (current assets)	–298	—	–313	—	—
Change in operating receivables	–35	20	–516	27	–136
Change in operating liabilities	–119	–14	–8	–167	–101
Total change in working capital	–452	6	–837	–140	–237
Cash flow from current operations	–103	336	183	857	1,030
Investment operations					
Divestment of properties	1,224	–4	1,904	1,232	1,495
Acquisition of and investment in properties	–1,809	–792	–5,513	–2,307	–3,598
Acquisition of subsidiaries	–122	—	–174	—	—
Acquisition of machinery and equipment	–1	0	–9	–3	–3
Change in financial assets	99	49	270	198	253
Cash flow from investment operations	–609	–747	–3,522	–880	–1,853
Financing operations					
Change in interest-bearing liabilities	491	1,060	3,771	1,004	1,660
Acquisition of financial instruments	—	—	–9	—	—
Repurchase of own shares	–231	–381	–445	–381	–419
Dividend	–170	–174	–514	–338	–508
Hybrid bond	–12	—	781	—	—
Change in holding without controlling influence	–12	—	66	—	—
Cash flow from financing operations	66	505	3,650	285	733
Total cash flow	–646	94	311	262	–90
Liquid funds at the beginning of the period	996	297	39	129	129
Liquid funds at the end of the period	350	391	350	391	39

Parent Company Income Statement

Summary

SEKm	2018 3 months Jul–Sep	2017 3 months Jul–Sep	2018 9 months Jan–Sep	2017 9 months Jan–Sep	2017 12 months Jan–Dec
Net sales	62	57	166	165	226
Cost of services sold	–42	–43	–139	–134	–186
Gross profit	20	14	27	31	40
Central administration	–28	–28	–83	–77	–108
Operating profit	–8	–14	–56	–46	–68
Net financial items	–132	–106	–361	–137	808
Profit before tax	–140	–120	–417	–183	740
Taxes	–21	—	–21	—	–25
Net profit for the period	–161	–120	–438	–183	715
Other comprehensive income	—	—	—	—	—
Comprehensive income for the period	–161	–120	–438	–183	715

Parent Company Balance Sheet

Summary

SEKm	30.09.2018	30.09.2017	31.12.2017
ASSETS			
Machinery and equipment	6	5	3
Participation rights in group companies	1,875	1,875	1,875
Receivables from group companies	24,884	21,199	19,930
Derivatives	14	11	14
Deferred tax assets	309	355	330
Accounts receivables	351	62	2,369
Liquid funds	246	442	909
TOTAL ASSETS	27,685	23,949	25,430
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	6,201	6,124	6,995
Interest-bearing liabilities	18,891	15,525	16,510
Liabilities to group companies	1,944	1,680	1,472
Accounts payable	4	4	14
Other liabilities	554	538	363
Accrued expenses and prepaid income	91	78	76
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	27,685	23,949	25,430

Key ratios

	30.09.2018 3 months Jul–Sep	30.09.2017 3 months Jul–Sep	30.09.2018 9 months Jan–Sep	30.09.2017 9 months Jan–Sep	30.09.2018 Rolling 12 months Oct–Sep	2017	2016	2015	2014
Property									
Number of properties	403	402	403	402	403	405	431	415	408
Lettable area, 000 sq.m.	2,779	2,873	2,779	2,873	2,779	2,900	2,943	2,872	2,792
Rental value, SEKm	3,672	3,451	3,672	3,451	3,672	3,507	3,386	3,182	2,983
Rental value per lettable area, SEK/sq.m.	1,321	1,201	1,321	1,201	1,321	1,209	1,151	1,108	1,068
Fair value properties, SEKm	47,378	41,392	47,378	41,392	47,378	42,961	39,234	35,032	30,208
Yield requirement valuation, %	5.7	6.0	5.7	6.0	5.7	5.9	6.2	6.5	6.9
Operating margin, %	71	70	69	69	66	66	66	65	65
Occupancy rate, economic, %	90	89	90	89	90	89	89	91	90
Occupancy rate, area, %	82	81	82	81	82	81	82	83	81
Average lease term, years	3.6	3.7	3.6	3.7	3.6	3.6	3.7	3.5	3.3
Financial									
Return on equity, %	3.7	4.1	11.6	14.7	15.9	18.9	18.6	18.9	14.5
Equity ratio, %	31.2	32.4	31.2	32.4	31.2	32.8	32.1	31.7	31.5
Equity ratio, adjusted, %	37.0	37.9	37.0	37.9	37.0	38.5	36.7	35.8	35.9
Leverage, %	60	58	60	58	60	58	60	61	60
Leverage properties, %	46	42	46	42	46	42	44	47	51
Interest coverage ratio	2.8	3.1	2.9	3.1	2.8	2.9	2.9	2.6	2.0
Average interest, %	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.7	3.5
Average fixed-interest period, years	2.8	2.2	2.8	2.2	2.8	2.8	2.6	2.1	2.1
Average period of tied-up capital, years	4.2	2.9	4.2	2.9	4.2	3.0	3.0	2.8	2.1
Interest-bearing liabilities, SEKm	30,298	24,874	30,298	24,874	30,298	25,529	23,869	21,486	18,870
Share¹⁾									
Equity per ordinary share, SEK	11.73	9.96	11.73	9.96	11.73	10.74	9.01	7.38	5.20
EPRA NAV, SEK	15.31	13.08	15.31	13.08	15.31	14.07	11.70	9.53	7.05
Equity per preference share, SEK	329.50	314.00	329.50	314.00	329.50	309.60	288.50	281.50	317.50
Profit from property management per ordinary share, SEK	0.34	0.28	0.93	0.83	1.13	1.03	0.93	0.78	0.61
Earnings per ordinary share, SEK	0.59	0.54	1.78	1.93	2.38	2.53	2.11	1.83	1.02
Share price ordinary share A at end of period, SEK	11.65	10.89	11.65	10.89	11.65	10.87	9.38	9.45	8.20
Share price ordinary share B at end of period, SEK	11.68	10.85	11.68	10.85	11.68	10.72	9.55	9.50	7.60
Share price preference share at end of period, SEK	329.50	314.00	329.50	314.00	329.50	309.60	288.50	281.50	317.50
Market capitalization, SEKm	16,115	15,105	16,115	15,105	16,115	14,922	13,479	13,327	12,232
Total no. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0
Total no. of outstanding ordinary shares at end of period, million	836.6	880.2	836.6	880.2	836.6	876.6	916.0	916.0	916.0
Total no. of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Total no. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Dividend per ordinary share, SEK	—	—	—	—	—	0.44	0.40	0.35	0.30
Dividend per preference share, SEK	—	—	—	—	—	20.00	20.00	20.00	20.00
Dividend in relation to profit from property management, %	—	—	—	—	—	57	59	62	77
Dividend preference shares in relation to profit from property management, %	—	—	—	—	—	26	28	32	42

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

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

PROPERTY VALUE,
SEK BILLION

47.4

RENTAL VALUE,
SEK BILLION

3.7

LETTABLE AREA,
THOUSAND SQ.M.

2,779

Definitions

PROPERTY

AREA-BASED OCCUPANCY RATE

Let area in relation to total lettable area.

DEVELOPMENT PROPERTIES

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

ECONOMIC OCCUPANCY RATE

Lease value in relation to rental value.

INVESTMENT PROPERTIES

Properties currently being actively managed.

LEASE VALUE

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

NET MOVING-IN

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

OPERATING MARGIN

Operating surplus as a percentage of income.

OPERATING SURPLUS

Income less property costs.

PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax.

REALIZED CHANGE IN VALUE

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

RENTAL VALUE

Lease value plus assessed market value for space not rented.

UNREALIZED CHANGE IN VALUE

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

YIELD REQUIREMENT, VALUATION

The required yield of property valuations on the residual value.

FINANCE

EQUITY RATIO

Reported equity in relation to reported total assets.

EQUITY RATIO, ADJUSTED¹⁾

Reported equity 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 taxable value and fair value of the properties in relation to reported total assets adjusted for goodwill.

INTEREST COVERAGE RATIO

Profit from property management (properties) plus profit from residential development 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 equity.

SHARE

EARNINGS PER ORDINARY SHARE

Net profit for the period, after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

EARNINGS PER PREFERENCE SHARE

Accumulated share of the annual dividend of SEK 20 per preference share based on the number of outstanding preference shares at the end of each quarter.

EPRA NAV

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

EQUITY PER ORDINARY SHARE

Equity after deduction for equity attributable to preference shares 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 (properties) after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

¹⁾ The definition of the key ratio was reworded in conjunction with the interim report for January–September 2017 to take into account repurchased shares. The annual general meeting on 26 April 2018 decided to authorize the board of directors, in the period until the next annual general meeting, to make decisions on acquisition and transfer of Klövern's own shares.

INTEREST COVERAGE
RATIO, JAN–SEP

2.9

EQUITY RATIO,
ADJUSTED, %

37.0

NUMBER OF
SHAREHOLDERS

46,900

The property Hårddisken 3
in Mölndal which was taken
possession of on 30 August.



Calendar

Final day for trading conferring the right to dividend for ordinary and preference shareholders	21 Dec 2018
Record date for dividend to ordinary and preference shareholders	28 Dec 2018
Expected date for dividend to ordinary and preference shareholders	4 Jan 2019
Year-end report 2018	13 Feb 2019
2019 Annual General Meeting	26 April 2019

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This is a translation of the original Swedish language interim report. In the event of discrepancies, the original Swedish wording shall prevail.

KLÖVERN

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