

KLÖVERN

ANNUAL REPORT

17



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2017 IN BRIEF



Q1 Four properties are acquired in Gothenburg for SEK 230 million.

Q1 A contract is signed for divestment of all of Klöver's 14 properties in Borås for SEK 478 million.

Q2 Klöver begins to cooperate with Åby Travsällskap in a development project combining a fair, a hotel and offices next to Åbytravet in Gothenburg.



Q3 A letter of intent is signed with Citycon for joint development of the shopping centre Globen Shopping in Stockholm.



Q4 A contract is signed for DKK 620 million for acquisition of a property in Copenhagen.



Q1 A contract is signed for acquisition of 9 properties in Gothenburg for SEK 498 million.



Q2 A contract is signed for SEK 360 million for acquisition of two properties in Malmö.



Q3 A contract is signed for SEK 285 million for the acquisition of a property in Uppsala.

Q4 Klöver issues a SEK 850 million bond loan under a new MTN programme.

Q4 A contract is signed for SEK 643 million for divestment of a logistics property in Gothenburg.

NUMBER OF PROPERTIES

405

PROPERTY VALUE, SEK BN

43.0

RENTAL VALUE, SEK BN

3.5

EQUITY RATIO, ADJUSTED, %

38.5

PROFIT FROM PROPERTY MANAGEMENT, %

+7

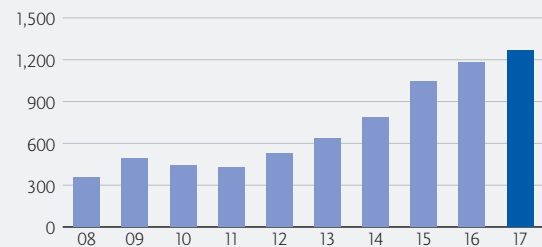
EARNINGS PER ORDINARY SHARE, SEK

2.53

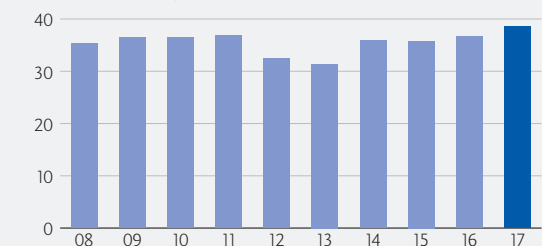
THIS IS KLÖVERN

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

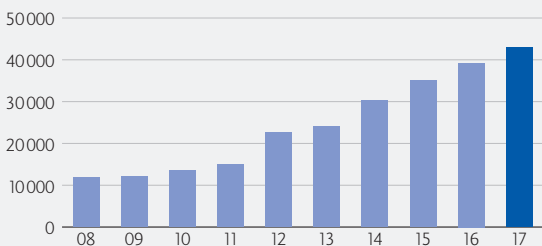
PROFIT FROM PROPERTY MANAGEMENT, SEKm



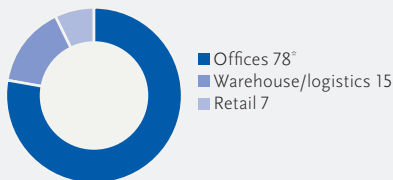
EQUITY RATIO, adjusted, %



PROPERTY VALUE, SEKm

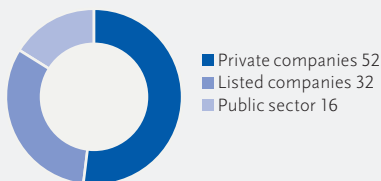


PROPERTY VALUE BY TYPE OF PROPERTY, %

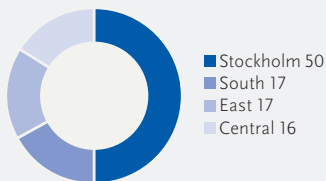


*Includes education/health care/other.

CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE BY REGION, %



KEY RATIOS	2017	2016	2015	2014	2013	2017Q4	2017Q3	2017Q2	2017Q1
Number of properties	405	431	415	408	402	405	402	399	432
Lettable area, 000 sq.m.	2,900	2,943	2,872	2,792	2,624	2,900	2,873	2,840	2,964
Rental value, SEKm	3,507	3,386	3,182	2,983	2,570	3,507	3,451	3,390	3,475
Fair value, properties, SEKm	42,961	39,234	35,032	30,208	24,059	42,961	41,392	40,248	40,442
Operating margin, %	66	66	65	65	63	59	70	70	66
Occupancy rate economic, %	89	89	91	90	90	89	89	89	89
Return on equity, %	18.9	18.6	18.9	14.5	11.6	4.3	4.1	4.7	5.9
Adjusted equity ratio, %	38.5	36.7	35.8	35.9	31.4	38.5	37.9	37.8	37.5
Leverage, %	58	60	61	60	65	58	58	58	59
Leverage, properties, %	42	44	47	51	57	42	42	42	43
Interest coverage ratio	2.9	2.9	2.6	2.0	1.9	2.6	3.1	3.2	3.0
Fixed-interest period, years	2.8	2.6	2.1	2.1	2.7	2.8	2.2	2.5	2.4
Period of tied-up capital, years	3.0	3.0	2.8	2.1	2.0	3.0	2.9	3.2	2.8

VISION

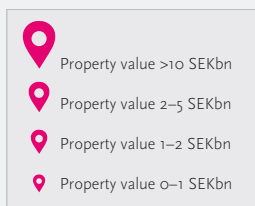
Klövern creates attractive and sustainable environments for future enterprise and living.

BUSINESS CONCEPT

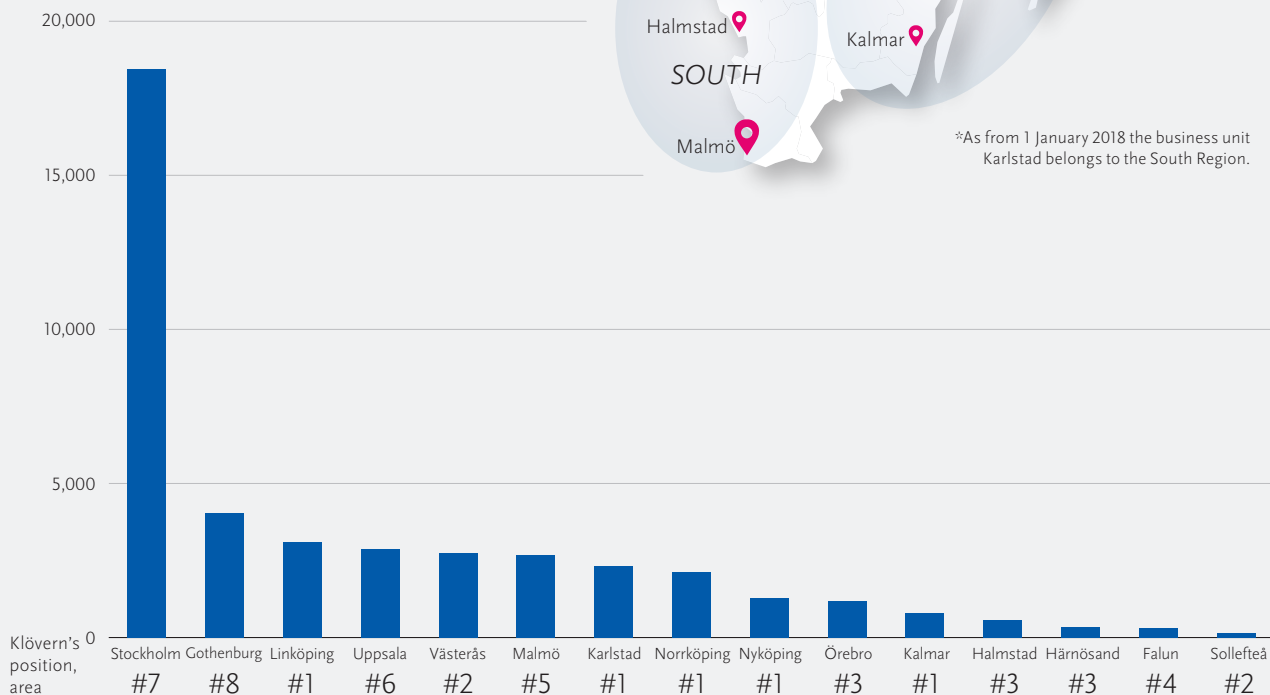
Klövern shall, with closeness and commitment, offer attractive premises and develop housing in growth regions.

MOTTO

Making the customer's day easier every day.



PROPERTY VALUE, SEKbn





“
We look
forward with
confidence to a
continued stable
development
during 2018”

ANOTHER VERY STRONG YEAR FOR KLÖVERN

2017 was a very good year for Klöver. Profit before tax amounted to SEK 3.2 billion, an increase of 17 per cent. We have continued efforts to focus the property portfolio on the strongest growth regions, while we have simultaneously had a continued high pace in project development.

FOCUSING THE PROPERTY PORTFOLIO

During 2017, we have acquired properties primarily in Gothenburg, Malmö, Uppsala, Norrköping and Stockholm. Out of Klöver's total property value at the end of the year of around SEK 43 billion, 98 per cent was located in the company's twelve selected growth locations. In these cities, the average population growth over the past 10 years has together exceeded 15 per cent. The high growth in these cities contributes strongly to the development of rent levels and also provides conditions for new development of both commercial premises and housing. The Stockholm region, including Uppsala, represented 50 per cent of the total portfolio at the end of the year, followed by Gothenburg at 9 per cent and Linköping at 7 per cent. In total, we have throughout the year acquired 27 properties and divested 54 properties. As a result of our divestments, we have completely left seven locations.

ACQUISITIONS IN COPENHAGEN

During the fourth quarter, Klöver signed a contract to acquire an office building in Copenhagen for an underlying

property value of DKK 620 million, of which possession was taken during the first quarter of 2018. Also during the first quarter of 2018, a large office property in central Copenhagen was acquired for a property value of DKK 1,440 million.

GOOD MARKET CONDITIONS

The Swedish economy shows continued strength. There is sound demand for modern offices while lower quality offices, which have been vacated, are now frequently converted to housing. The rent levels are increasing, which in turn drives up property values. Rent levels and property values are above all strongly developing in the Stockholm region, in particular in Stockholm's inner city. We are now seeing an ever-clearer trend of demand for properties outside Stockholm's central areas, which is an effect of the ever-higher rent levels. This will benefit companies with properties in the city's fringe commercial areas, such as Klöver with its office properties in Söderstaden (Globen), Solna and Kista.

GOOD NET MOVING-IN

For 2017, we are reporting a positive net moving-in of SEK 54 million, which is significantly stronger than 2016. In addition, we have entered into a large number of rental contracts during 2017 with tenants moving in during 2018/19, among others in Kista with Novartis and Nordic Choice. At the same time, we are seeing new rent records in many markets.



PROJECT DEVELOPMENT GENERATES VALUE

It has been another good year for our project development. We have invested a total of SEK 1.5 billion in our own property project development during 2017. Our ambition is to continue to create attractive and sustainable environments and thereby contribute to innovative urban development. The profit from property management exceeded SEK 1.2 billion, representing an increase of 7 per cent while project development profits, including development of building rights, once again exceeded SEK 0.5 billion, which we consider should be regarded as part of our operating income. With this perspective, we generated a total operating income of SEK 1.8 billion in 2017. An essentially strong operating surplus was supported by positive net moving-in, strong rental development, acquisitions, profitable project development and continued low interest rates.

FINANCIAL STRENGTH

Klövern has very good financing opportunities. Our interest coverage ratio continues to be high: the average interest rate is at a low 2.5 per cent while the period of fixed interest and tied-up capital is stable at around 3 years. Our financial strength was further improved during the year. The adjusted equity ratio was strengthened to 38.5 per cent, compared to 36.7 per cent a year earlier. At the same time, we reduced our leverage with a further 2 percentage points to 58 per cent. The net asset value per share (EPRA NAV) increased during the year by as much as 20 per cent to SEK 14.07.

KLÖVERN IS HIGHLY RANKED

We can conclude that our long-term sustainability efforts are paying off. In one of the largest brand surveys in the Nordic countries with a focus on sustainability, the Sustainable Brand Index B2B, Klöver was ranked the second-most sustainable property company in Sweden, and #1 among listed property companies. We are also intent on communicating about Klöver's operations in a balanced, transparent and clear way. In this area, as well, high ambitions have paid results, as was validated when Klöver was ranked #1 in the 2017 edition of Hugin & Munin, the prize for best information and communication efforts in the property business, given out by the magazine Fastighetsvärlden.

CONTINUED STABLE GROWTH THROUGH 2018

All in all, we are satisfied with both the results and the structural streamlining that we have managed to undertake during the last few years. We are looking forward to a continued stable development in 2018, as further acquisitions, strong project development and new rental contracts may very well propel Klöver's profits to new record levels.

Stockholm, 18 March 2018

Rutger Arnhult
Chief Executive Officer



“

The sustainability effort is a component of competitiveness as well as a driving force for innovation.”

CONTINUED CONCENTRATION AND ESTABLISHMENT IN COPENHAGEN

Klövern's overall goal is to create increase in value for its shareholders with a long-term and sustainable perspective. This benefits shareholders, employees as well as society as a whole. In 2017, the property portfolio has grown by nearly 10 per cent to SEK 43 billion, while profit before tax increased by 17 per cent to SEK 3.2 billion.

The board of directors is responsible for ensuring that the company has a strategy that increases value in an effective way and at a sensible risk level. In practice, this is about inspiring, challenging and broadening the perspectives in the recurring strategic discussions together with the CEO and the executive management. This also includes ensuring that the internal control mechanisms, processes and risk handling are in place, so that the company can continue to develop at a high pace.

The past year has been positive, both for Klövern and for the economy as a whole. The Swedish economy has had continued positive development, the US economy has exceeded expectations, and financial uncertainty has decreased. Interest rates continue to be beneficial.

Klövern's increase in value is a result of the strategy of transactions, efficiency and innovation in property management and project development, and not least of its financial operations.

At our annual strategy meeting in the spring of 2017, the goal for the coming year was defined as continued concentration on twelve specific growth areas in Sweden and that the company should also initiate investments in selected markets outside Sweden.

The strategy has been carried out. Throughout the year, the property portfolio has been concentrated, some 80 transactions carried out and the company has started to build a property portfolio in Copenhagen. By the end of the first quarter of 2018, over DKK 2 billion has been invested in absolute top locations in Copenhagen.

As a board, an important task is to monitor and ensure that the company is equipped to maintain a high growth rate, in part with regards to organization, resources, and competencies,

as well as to its way of working. In summary, there should be an effective and sound corporate culture. During the year, Klövern has carried out leadership development programmes and reviewed its vision, business concept and values.

We can conclude that talent acquisition and measurements regarding attractiveness as an employer are showing good results. This is important for the future and a good indicator of a functional corporate culture.

The sustainability effort is another area that has been in focus for the board over the last few years. This effort is a component of competitiveness as well as a driving force for innovation, and is a constant area of improvement that the board is monitoring.

We live in a rapidly changing world. Sometimes it is described as disruptive, sometimes as a world of VUCA (volatility, uncertainty, complexity, and ambiguity). These descriptions allude to changes that are driven by digitalization and affect the needs of companies and business models as well as individuals' lifestyles, professional lives and transportation.

How exposed is our industry to these changes? Historically, the real estate industry has been seen as very stable, and not at the front line of changes. Today we know that innovation, sustainability and a deep understanding of our tenants' and investors' interests are central to the development of Klövern.

Klövern has a relatively small board of directors, but together we represent different perspectives and different expertise that are essential to sound board work. We prioritize quick decision-making processes and an ongoing dialogue.

I look forward to a year with continued development and value creation for Klövern.

Stockholm, 18 March 2018

Pia Gideon
Chairman

BUSINESS CONCEPT, GOALS AND STRATEGY



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW



BUSINESS CONCEPT, GOALS AND STRATEGY

Klövern's overall objective is to generate a good return for the shareholders in a long-term sustainable way. To achieve this, a number of goals have been specified in the areas of Finance, Property Management, Transactions & projects and Social. 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, business concept and motto – 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 AND LIVING

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 DEVELOP HOUSING 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. These may vary over time depending on supply and demand in both the rental and property markets. An expanding business sector and an increasing population are common features for all growth regions.

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.

Motto

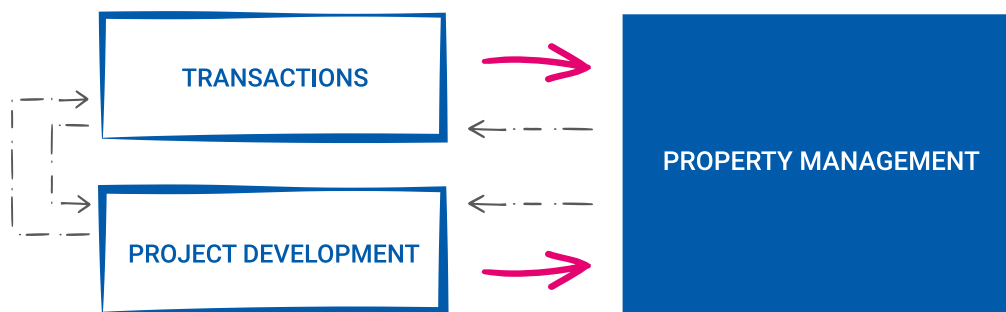
MAKING THE CUSTOMER'S DAY EASIER EVERY DAY.

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



The interior of the property Dragör 1 in Malmö, which has views of the Öresund Bridge.

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.

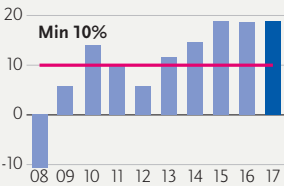
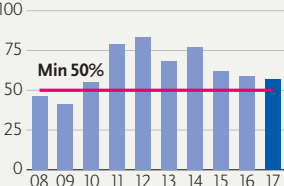
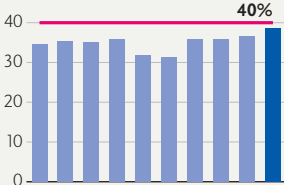
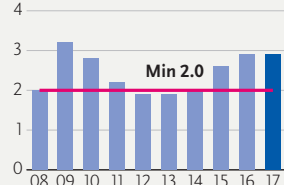
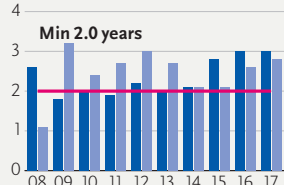
By divestment of properties with a lower geographic priority and those which are fully developed from Klöver's point of view, it is endeavoured to continuously concentrate and optimize the portfolio.

Project development of commercial premises has, in line with the company's strategy, expanded in recent years. In this way, additional properties are added to the portfolio under management. Project development includes everything from creation of completely new buildings, such as the sleek office building Skeppet in Karlstad which was completed in 2017, to improvement of existing premises in connection with a change of tenant.

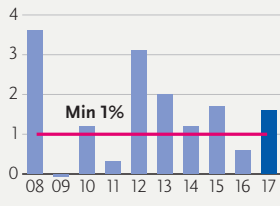
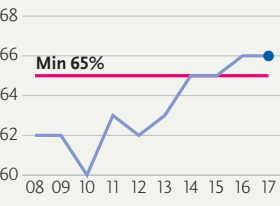
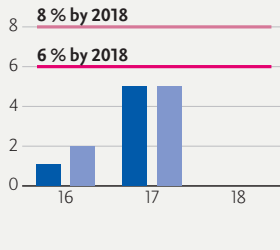
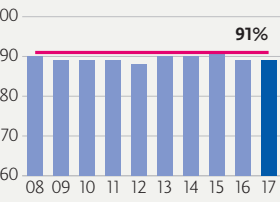
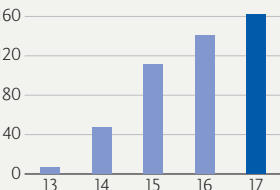
A natural part of Klöver's business is also acquisitions and divestments of building rights and properties in different project phases. Among others, this includes Klöver Living's residential project development.

Goals and outcomes 2017: Finance and Property Management

FINANCIAL GOALS

Goal	Outcome 2017		Objective
RETURN ON EQUITY			
Return on equity shall in the long term amount to at least 10 per cent.	Return on equity amounted to 18.9 per cent. During the past ten years, the average return has been 10.8 per cent.	 Min 10% ■ Return on equity, % ■ Goal	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 Klöver has no control.
DIVIDEND			
The dividend shall in the long term be at least 50 per cent of the profit from property management. Dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management.	A dividend of SEK 0.44 per ordinary share and SEK 20.00 per preference share is being proposed to the 2018 Annual General Meeting. The proposed dividend for ordinary and preference shares corresponds to 57 per cent of the profit from property management. The proposed dividend for preference shares alone corresponds to 26 per cent of the profit from property management.	 Min 50% ■ Dividend for ordinary and preference shares in relation to profit from property management, % ■ Goal	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.
ADJUSTED EQUITY RATIO			
The adjusted equity ratio shall in the long term be 40 per cent.	The adjusted equity ratio was 38.5 per cent at year-end 2017, whereas the equity ratio was 32.8 per cent.	 40% ■ Adjusted equity ratio, % ■ Goal	At the same time as making optimal use of equity, it is important to secure long-term stability and make sure that attractive investments can be made in the future.
INTEREST COVERAGE RATIO			
The interest coverage ratio shall be at least 2.0.	The interest coverage ratio amounted to 2.9.	 Min 2.0 ■ Interest coverage ratio ■ Goal	Interest is one of the single largest cost items for Klöver, and it is therefore important that the earnings capacity covers the current interest expense level by a broad margin. An interest coverage ratio of 2.0 means that profit after financial income exceeds interest expenses by 100 per cent.
PERIOD OF TIED-UP CAPITAL AND FIXED INTEREST			
The period of tied-up capital shall be at least 2.0 years.	The period of tied-up capital amounted to 3.0 years at the end of 2017.	 Min 2.0 years ■ Average period of tied-up capital, years ■ Average period of fixed interest, years ■ Goal	The period of tied-up capital shows the weighted average remaining time to maturity of Klöver's borrowing. The goal for the period of tied-up capital has been set in order to secure financing of the company in the long term. The period of fixed interest is the weighted average remaining period of fixed interest for Klöver's borrowing, with derivatives taken into account. The objective for the goal for the period of fixed interest is to limit interest rate risk.
The period of fixed interest shall be at least 2.0 years.	The period of fixed interest amounted to 2.8 years at the end of 2017.		

PROPERTY MANAGEMENT GOALS

Goal	Outcome 2017		Objective																						
NET MOVING-IN Net moving-in shall amount to at least 1 per cent of the rental value per year	Net moving-in totalled SEK 54 million or 1.6 per cent of the rental value.	 <table><caption>Net moving-in, %</caption><thead><tr><th>Year</th><th>Net moving-in, %</th></tr></thead><tbody><tr><td>08</td><td>3.5</td></tr><tr><td>09</td><td>1.2</td></tr><tr><td>10</td><td>1.1</td></tr><tr><td>11</td><td>0.3</td></tr><tr><td>12</td><td>3.1</td></tr><tr><td>13</td><td>2.0</td></tr><tr><td>14</td><td>1.2</td></tr><tr><td>15</td><td>1.7</td></tr><tr><td>16</td><td>0.6</td></tr><tr><td>17</td><td>1.6</td></tr></tbody></table> ■ Net moving-in, % ■ Goal	Year	Net moving-in, %	08	3.5	09	1.2	10	1.1	11	0.3	12	3.1	13	2.0	14	1.2	15	1.7	16	0.6	17	1.6	Net moving-in shows the net of rental value on an annual basis for the tenants who move in during a year and those who move out. Positive net moving-in leads to a gradual increase in Klöver's occupancy rate.
Year	Net moving-in, %																								
08	3.5																								
09	1.2																								
10	1.1																								
11	0.3																								
12	3.1																								
13	2.0																								
14	1.2																								
15	1.7																								
16	0.6																								
17	1.6																								
OPERATING MARGIN The operating margin shall amount to at least 65 per cent	The operating margin amounted to 66 per cent.	 <table><caption>Operating margin, %</caption><thead><tr><th>Year</th><th>Operating margin, %</th></tr></thead><tbody><tr><td>08</td><td>62</td></tr><tr><td>09</td><td>62</td></tr><tr><td>10</td><td>60</td></tr><tr><td>11</td><td>63</td></tr><tr><td>12</td><td>62</td></tr><tr><td>13</td><td>63</td></tr><tr><td>14</td><td>65</td></tr><tr><td>15</td><td>65</td></tr><tr><td>16</td><td>66</td></tr><tr><td>17</td><td>66</td></tr></tbody></table> ■ Operating margin, % ■ Goal	Year	Operating margin, %	08	62	09	62	10	60	11	63	12	62	13	63	14	65	15	65	16	66	17	66	The operating margin, the operating surplus as a percentage of income, is an important key ratio in Klöver's internal evaluation of the real estate operations and is continuously measured for every property.
Year	Operating margin, %																								
08	62																								
09	62																								
10	60																								
11	63																								
12	62																								
13	63																								
14	65																								
15	65																								
16	66																								
17	66																								
HEAT/ELECTRICITY CONSUMPTION Heat consumption shall decrease by at least 6 per cent during 2016–2018. Electricity consumption shall decrease by at least 8 per cent during 2016–2018.	Heat consumption decreased by a total of 5 per cent during 2016 and 2017. Electricity consumption decreased by a total of 5 per cent during 2016 and 2017.	 <table><caption>Accumulated reduction of heat and electricity consumption per sq.m., %</caption><thead><tr><th>Year</th><th>Heat consumption</th><th>Electricity consumption</th></tr></thead><tbody><tr><td>16</td><td>1.0</td><td>2.0</td></tr><tr><td>17</td><td>5.0</td><td>5.0</td></tr><tr><td>18</td><td>6.0</td><td>8.0</td></tr></tbody></table> ■ Accumulated reduction of heat consumption per sq.m., % ■ Accumulated reduction of electricity consumption per sq.m., % ■ Goal, heat consumption ■ Goal, electricity consumption	Year	Heat consumption	Electricity consumption	16	1.0	2.0	17	5.0	5.0	18	6.0	8.0	Klöver works actively to reduce energy consumption at the properties, which reduces the costs and the negative impact on the environment.										
Year	Heat consumption	Electricity consumption																							
16	1.0	2.0																							
17	5.0	5.0																							
18	6.0	8.0																							
ECONOMIC OCCUPANCY RATE The economic occupancy rate shall be 91 per cent.	The economic occupancy rate amounted to 89 per cent at the end of 2017.	 <table><caption>Economic occupancy rate, %</caption><thead><tr><th>Year</th><th>Economic occupancy rate, %</th></tr></thead><tbody><tr><td>08</td><td>90</td></tr><tr><td>09</td><td>90</td></tr><tr><td>10</td><td>90</td></tr><tr><td>11</td><td>90</td></tr><tr><td>12</td><td>89</td></tr><tr><td>13</td><td>90</td></tr><tr><td>14</td><td>90</td></tr><tr><td>15</td><td>90</td></tr><tr><td>16</td><td>90</td></tr><tr><td>17</td><td>89</td></tr></tbody></table> ■ Economic occupancy rate, % ■ Goal	Year	Economic occupancy rate, %	08	90	09	90	10	90	11	90	12	89	13	90	14	90	15	90	16	90	17	89	The economic occupancy rate is measured as contract value in relation to rental value. An improved economic occupancy rate creates prerequisites for an increased operating margin.
Year	Economic occupancy rate, %																								
08	90																								
09	90																								
10	90																								
11	90																								
12	89																								
13	90																								
14	90																								
15	90																								
16	90																								
17	89																								
GREEN LEASE CONTRACTS The proportion of green lease contracts shall increase.	During the year, the number of green lease contracts increased to 162 (141). The green lease contracts constituted 8 per cent of Klöver's total contract value, compared with 7 per cent a year earlier.	 <table><caption>Number of green lease contracts</caption><thead><tr><th>Year</th><th>Number of green lease contracts</th></tr></thead><tbody><tr><td>13</td><td>10</td></tr><tr><td>14</td><td>45</td></tr><tr><td>15</td><td>110</td></tr><tr><td>16</td><td>141</td></tr><tr><td>17</td><td>162</td></tr></tbody></table> ■ Number of green lease contracts	Year	Number of green lease contracts	13	10	14	45	15	110	16	141	17	162	An increase in the proportion of green lease contracts reduces the negative impact on the environment. At the same time, the work with green lease contracts is a way of strengthening the relationship with the tenants and meeting their wishes.										
Year	Number of green lease contracts																								
13	10																								
14	45																								
15	110																								
16	141																								
17	162																								

Strategy and goals 2018

Components of the strategy	Goal	
FINANCE		
> Equity shall consist of both ordinary and preference shares. > There shall be two classes of ordinary shares, A and B. > The interest rate risk shall be limited by hedging a certain share of the credit portfolio. > The refinancing risk should be limited by a spread of credit maturities and creditors. > Bank borrowing should be complemented by alternative forms of finance.	> Return on equity shall in the long term amount to at least 10 per cent. > The dividend to the shareholders shall in the long term amount to at least 50 per cent of the profit from property management. > The dividend to preference shareholders shall in the long term not exceed 30 per cent of the profit from property management > The adjusted equity ratio shall in the long term be 40 per cent. > The interest coverage ratio shall be at least 2.0. > The period of tied-up capital shall be at least 2.0 years. > The period of fixed interest shall be at least 2.0 years.	
PROPERTY MANAGEMENT		
> 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. > Energy consumption per sq.m. shall decrease in the long term. > Administrative efficiency shall be enhanced by focusing on improving the operating margin. > The focus on environmental aspects shall be a natural part of the dialogue with tenants.	> Net moving-in shall amount to at least 1 per cent of the rental value per year. > The operating margin shall amount to at least 65 per cent. > Heat consumption shall decrease by at least 6 per cent during 2016–2018. > Electricity consumption shall decrease by at least 8 per cent during 2016–2018. > The economic occupancy rate shall amount to at least 90 per cent. > The proportion of green lease contracts shall increase. > The Satisfied Customer Index (NKI) shall amount to at least 75. > All new suppliers with framework agreements shall sign Klöver's code of conduct. > The total number of suppliers shall decrease by 10 per cent.	
TRANSACTIONS AND PROJECTS		
> Acquisitions and divestments shall be focused on geographic concentration with a view to creating effective management at prioritized locations. > Projects with the highest return shall be prioritized. > Value is to be created by making use of building rights or through new production projects for own management or for divestment.	> Acquired investment properties shall on average have 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.	
SOCIAL		
> Klöver shall contribute to innovative urban development by developing sustainable environments for enterprise and living. > Annual development interviews shall be held with individual goals linked to the level of remuneration. > Systematic annual follow-up of staff surveys shall be held at management level with an action plan towards set goals. > 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. > Staff shall have internal career path opportunities, be able to develop and move forward into new roles within the company.	> 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 2018		
Area	Important aspects	Goals
ECONOMIC	> Profitability and financial stability > Customer satisfaction	> The adjusted equity ratio shall in the long term amount to 40 per cent. > The operating margin shall amount to at least 65 per cent. > The Satisfied Customer Index (NKI) shall amount to at least 75.
ENVIRON- MENTAL	> Environmentally smart and energy efficient > Sensible purchasing	> Heat consumption shall decrease by at least 6 per cent during 2016–2018. > Electricity consumption shall decrease by at least 8 per cent during 2016–2018. > All new suppliers with framework agreements shall sign the code of conduct.
SOCIAL	> Security and ethics > Attractive employer	> 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. > All staff shall be trained in business ethics.

See page 140 for definitions of key ratios.



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

Staff at Klöver's office in Västerås.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

THE SWEDISH ECONOMY AND REAL ESTATE MARKET

The Swedish economy continued to grow at a good pace during 2017 at the same time as interest rates remain at historically low levels. The sharp increase in population contributes to GDP while at the same time entailing great challenges for the future. Low interest rates and sound economic growth lead to favourable conditions in the Swedish real estate market.

THE ECONOMY

The global economy continued to recover in 2017 with sound, relatively synchronized growth in most parts of the world. At the same time there are some concerns, not least of a geopolitical nature. Although the US Federal Reserve made three further interest rate increases in 2017, monetary policy can still be described as expansive, with a current goal for the fed funds rate at 1.25-1.50 per cent. The size and frequency of further interest rate increases depends largely on the rate at which the economy continues to improve and to what extent inflation picks up.

Although the rate of inflation has accelerated in Sweden over the past two years, it is still at a relatively moderate level in absolute figures. In December 2017, inflation was 1.7 per cent measured with the consumer price index (KPI) and 1.9 per cent measured with the fixed-interest consumer price index (KPIF). Inflation is thus as good as in line with the Riksbank's target (KPIF) of 2 per cent. The Riksbank, which has applied a negative repo rate since February 2015 estimated, in connection with its monetary policy meeting in February 2018 that the repo rate would begin to be slowly

increased during the second half of 2018. In other words, it looks as if the low interest rate environment for short maturities is going to prevail for some time yet. Interest rates for longer maturities also continued to be low during 2017. The Swedish ten-year government bond rate was at 0.74 per cent at the year-end 2017 after having been around 20 basis points lower at the beginning of the year.

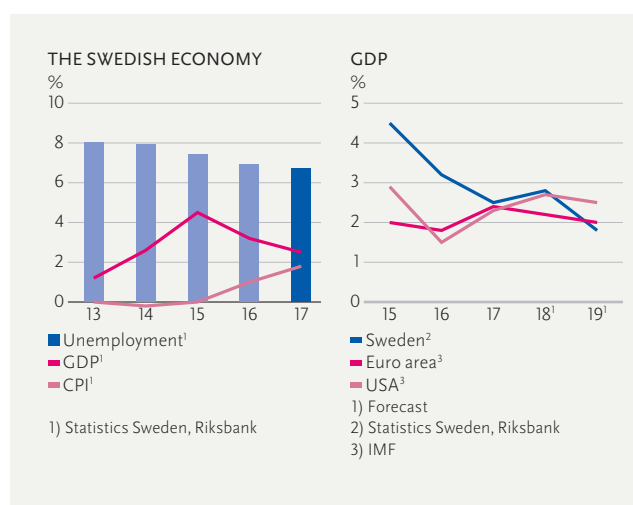
The Swedish economy is growing at a good pace. The sharp increase in population is contributing to GDP while at the same time entailing major future challenges, not only in the form of integration and employment but also as regards local and central government finances.

THE REAL ESTATE MARKET

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

Overall, the rental market continued to be buoyant in the metropolitan city areas and in a number of expanding regional cities. The low inflation dampened the general development of rents during 2016 although an increasing KPI has made a contribution to rents during 2017 and will continue to do so during 2018. Urbanization has been strong for a number of years and it looks as if this will continue to be the case, not least for Stockholm. Population growth is an important variable for the whole of the real estate market, but for the rental market for premises 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.



KLÖVERN'S MAIN LOCATIONS – 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 ² , %	Change in unemployment, 1 year, %	Share of Klöver's property value, 31.12.2017 ⁴ , %
Gothenburg	564,039	1.3	14.3	344,374	24	3.3	7.3	-0.4	9
Halmstad	99,752	1.2	11.2	48,404	35	2.5	8.4	-0.4	1
Kalmar	67,451	1.3	9.6	35,673	35	3.8	7.1	0.1	2
Karlstad	91,120	1.0	8.9	51,773	34	1.4	7.3	-0.4	5
Linköping	158,520	1.7	12.9	83,013	31	2.6	6.1	0.0	7
Lund	121,274	2.3	15.2	69,810	41	1.3	6.2	0.4	1
Malmö	333,633	1.6	18.8	176,030	27	3.4	14.7	-0.2	5
Norrköping	140,927	1.1	11.2	65,034	33	3.3	12.1	0.0	5
Nyköping	55,467	1.0	9.3	24,227	33	0.9	8.1	-0.1	3
Solna	79,707	2.0	25.9	87,838	28	9.0	4.2	-0.1	6
Stockholm	949,761	1.5	19.4	675,539	15	2.2	6.0	0.0	37
Uppsala	219,914	2.5	17.3	104,643	38	2.9	5.9	0.3	7
Västerås	150,134	1.8	12.3	71,801	26	0.8	9.1	0.4	6
Örebro	150,291	2.5	15.2	75,816	36	2.2	7.6	0.0	3
TOTAL	3,181,990	1.6	16.0	1,913,975	25	2.8	-	-	98
SWEDEN	10,120,242	1.3	10.2	4,828,325	29	2.2	7.5	-0.1	

Source: Statistics Sweden, the Swedish Employment Service, Klöver

1) SCB: Refers to December 2017

2) Statistics Sweden/RAMS 2016

3) Refers to the average for 2017. According to the Swedish Employment Service (registered unemployed and jobseekers in programmes with activity support, as a % of the register-based labour force, 16–64).

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

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 for a while. Apace with rising consumption, which is expected to continue to develop positively, not least due to the increase in population, there may be rental potential in the future in attractive store locations. Growing e-commerce is however a continuing uncertainty factor with regards to consumption in physical retail outlets.

The transaction market continued to show strength during 2017. The aggregate volume of transactions totalled close to SEK 160 billion, according to Cushman & Wakefield. The share of foreign investors of the volume of transactions increased during 2017 and amounted to 27 per cent, which is the highest level since 2013. Otherwise it may be noted that transactions in housing accounted for the largest share of the volume in 2017, with 34 per cent of total transaction volume. The second-largest segment was offices, accounting for 20 per cent.

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.



STOCKHOLM

The Stockholm Region consists of the business units Stockholm North, Stockholm South and Uppsala. The region is Klöver's largest region in terms of property value.

The Stockholm Region is the most expansive part of Sweden. The population of the County of Stockholm has increased by around 35,000 a year since 2009 and it is expected to continue increasing at the same rate for the coming ten-year period. The county's municipalities are planning for 250,000 new housing units by 2025. Uppsala is also one of the country's fastest growing municipalities and is now the fourth largest in Sweden in terms of population. The project volume is generally very large in the region. Building and planning takes place not only for housing but also for infrastructure, continued new production of offices as well as logistics and retail premises.

STOCKHOLM NORTH

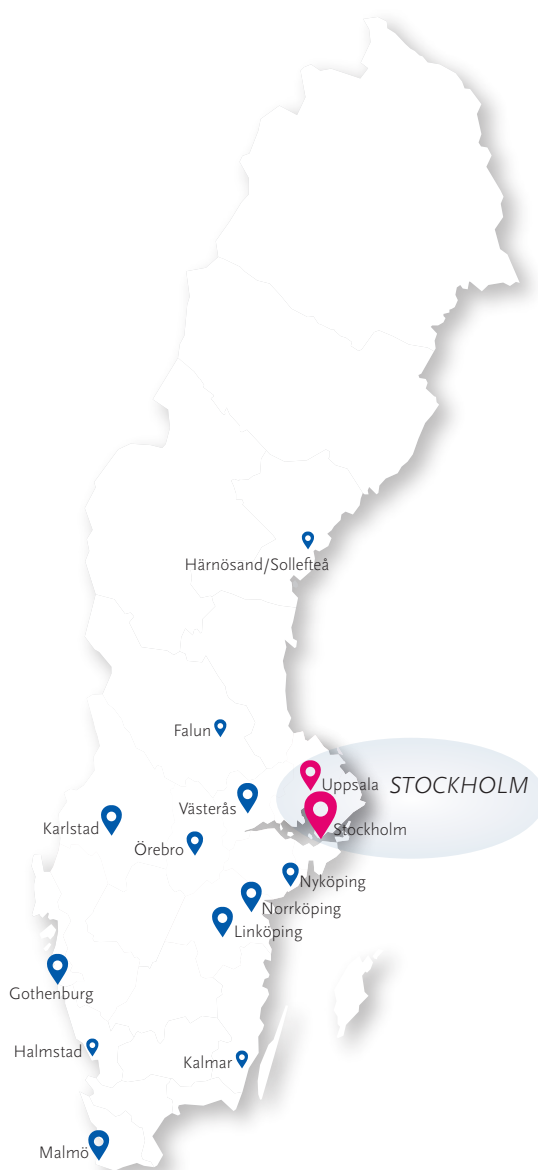
The majority of the portfolio is located in Kista. Several large development projects have been carried out in the area, and further projects are in the planning phase. The completely refurbished Time Building is now to a great extent let, and the first tenants of Kista Gate moved in during 2017. Kista Gate was previously let in its entirety to Ericsson but is now being upgraded and converted into a full-service property for multiple tenants. A new hotel for Choice Hotels is being constructed on the property Knarrarnäs 4 with moving-in expected during the second half of 2018.

STOCKHOLM SOUTH

The occupancy rate of the property portfolio is high, and great focus is on upcoming developments in Söderstaden, one of Stockholm's larger development areas. In 2017, Klöver and the Nordic shopping centre company Citycon signed a letter of intent for joint development of Globen Shopping. The ambition is to double the commercial space and transform Globen Shopping and Arenavägen from the presently closed-off back street to a lively and interesting pedestrian zone.

UPPSALA

Elite Hotel Academia opened in March in Uppsala Gate, one of Uppsala's best-located properties, next to the travel interchange. This concluded the large project of redevelopment, extensions, and new construction at the former post office building. Today, the buildings include around 9,000 sq.m. top-modern offices and a bit more than 9,600 sq.m. hotel facilities. Klöver's position in Uppsala was strengthened when the property Kungsängen 37:13 was taken possession of during the autumn. The property includes around 15,000 sq.m. lettable area, primarily offices.

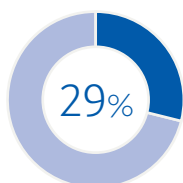




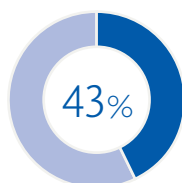
The property Helgafjäll 5, next to the Victoria Tower and Kistamässan, in central Kista.

PROPORTION OF KLÖVERN

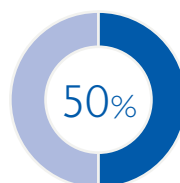
LETTABLE AREA



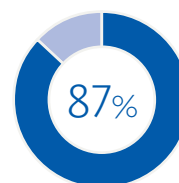
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY
RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2017

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Economic occupancy rate, %
Stockholm North	550	914	12,743	83
Stockholm South	158	367	5,717	96
Uppsala	134	234	2,884	90
STOCKHOLM REGION	842	1,515	21,344	87
KLÖVERN	2,900	3,507	42,961	89

SOUTH

The South Region consisted in 2017 of the business units Gothenburg, Malmö, and Halmstad. The region is Klöver's second-largest in terms of property value.

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

GOTHENBURG

The portfolio increased during the spring through a swap transaction with Castellum, resulting in acquisitions of nine properties in Mölndal and Partille. The properties are close to Klöver's existing properties in each submarket. The first phase of the refurbishment of the so-called Slakthuset in Gamlestaden has been completed. There are now top-modern office premises in a historical environment close to the new travel interchange, and planning is under way for further development in the area. The South Region's largest project, Åby Arena, was begun in 2017, including new development of offices, a hotel, and a fair. The completion of the new arena is expected in the spring 2019.

MALMÖ

In 2017, considerable efforts were focused on integrating the 28 properties in Malmö and Lund which were acquired from Castellum in the autumn of 2016. The acquisition meant an increase in the area under management of more than 60 per cent in Malmö and Lund. During 2017, the portfolio was further complemented through the acquisition of the central properties Stapelbädden 2 and 4 in Malmö. The properties have a total lettable area of around 13,000 sq.m., most of which is office space.



HALMSTAD

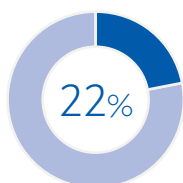
The new development at the property Järnvägen 3 was taken possession of in 2017. The property is on Gamletull, near both the Stora Torg square and the travel interchange. The building includes around 5,000 square metres over five storeys and was in the summer of 2017 ready for tenants to move in. A gym now occupies the bottom floor while the remaining areas are offices. Marketing efforts are currently being made to let out the few remaining areas that are as of yet unoccupied.



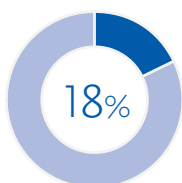
The property Betongen 11 in Malmö.

PROPORTION OF KLÖVERN

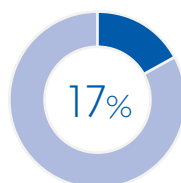
LETTABLE AREA



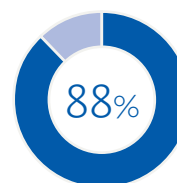
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY
RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2017

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Economic occupancy rate, %
Gothenburg	270	297	4,046	94
Malmö	295	267	2,680	83
Halmstad	67	54	572	77
SOUTH REGION	632	618	7,298	88
KLÖVERN	2,900	3,507	42,961	89

EAST

The East Region consists of the business units Linköping, Norrköping, Nyköping and Kalmar. The region is Klöver's third-largest region in terms of property value.

The East Region consists of two geographic parts, one in the north and Kalmar in the south. Almost 500,000 people live in the northern part of the region, which makes it one of Sweden's most densely populated areas. The neighbouring cities of Linköping and Norrköping alone have together a population of almost 300,000 which, together with a common labour market, makes it Sweden's fourth metropolitan region. The southern part of the East Region has a more scattered population of almost 400,000. Kalmar's population has grown since the 1980s, and today amounts to nearly 67,000 people.

LINKÖPING

The portfolio in Linköping has remained unchanged during the year and work has continued to focus on sustainability, with projects such as solar panel installations and installation of charging posts for cars. Two rooftop solar cell systems were installed after 25 properties had been carefully analysed with regard to factors including sun exposure, roof angles, energy consumption etc. The results showed that these two properties met the criteria for an economical and sustainable installation. Both systems are now operational and have thus far exceeded expectations. In addition to these two solar cell systems, one additional system has been installed for a tenant.

NORRKÖPING

The region's largest project is Kopparhusen, which is in the middle of Norrköping's old industrial area. The construction of a new development with 110 student and researcher housing units, 40 rental apartments, offices, restaurants and cafés, with a total area of around 15,000 sq.m. plus parking garages. Kopparhusen will be ready in 2019 for tenants to move in, and the Sweden Green Building Council will certify the project within their Green Building Silver classification. Klöver's position in Norrköping was further strengthened in 2017 through the acquisition of four properties.

NYKÖPING

Klöver increased its presence in the town centre through the acquisition of the property Klädeshandlaren 15. The property along Västra Storgatan includes around 12,000 sq.m. office and commercial spaces, and chiefly Nyköping's largest shop-

ping mall Nyckeln with Clas Ohlson, Intersport, Kappahl and others. In 2017, Klöver's first First Office Co-work "Elverket" opened. At Co-Work, customers rent a working space rather than an office room, and thus take part in a shared and creative environment with considerable opportunities for networking.

KALMAR

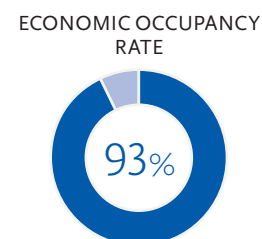
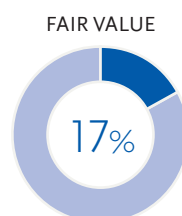
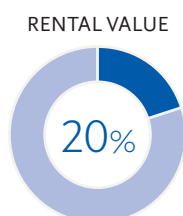
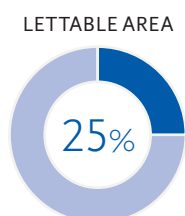
Kalmar has for many years enjoyed a high occupancy rate but had not yet found a holistic solution for the property Guldfisken 2 until 2017. The building, which is heritage listed, comprises around 3,000 sq.m. and was previously used as the postal services head office in Kalmar, and later on as a restaurant and market space. In 2017, a contract was signed with the municipality of Kalmar to establish a city library and cultural education in the building. Tenants are expected to move in during 2019.





The property Kopparhammaren 2, located right next to Strömmen in the industrial landscape in Norrköping.

PROPORTION OF KLÖVERN



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2017

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Economic occupancy rate, %
Linköping	300	296	3,091	94
Norrköping	212	211	2,123	91
Nyköping	125	128	1,267	89
Kalmar	96	85	810	98
EAST REGION	733	720	7,291	93
KLÖVERN	2,900	3,507	42,961	89

CENTRAL

The Central Region consisted in 2017 of the business units Västerås, Örebro, Karlstad, Falun and Härnösand/Sollefteå. The region is Klöver's fourth-largest region in terms of property value.

There are strong regional cities within the region, which have had a positive population growth for a number of years, primarily Örebro, Västerås, Karlstad and Falun. These cities represent relatively large geographic areas in terms of the labour market and are important for adjoining municipalities. Commuting, in combination with the neighbouring municipalities being fairly small, has led to there being a well developed community service in the form of hospitals, schools and important authorities in these regional cities. These cities are at the same time important hubs for their respective region's business sector, while moving in and inbound commuting contribute to strengthening the cities' retail trade and housing market.

VÄSTERÅS

The largest on-going project for the Central Region in 2017, Sigurd 7 in Västerås – also known as S7 – was inaugurated in connection with an opening event in March 2018 for Comfort Hotel Västerås. The building contains a hotel, offices and a restaurant, and is located right next to the travel interchange. The project has been a success with regards to its quick occupancy and rent levels, and there are now longer-term plans to also develop the neighbouring property Sigurd 3. Local planning is also undergoing for circa 1,500 housing units in Klöver's property portfolio in Västerås.

ÖREBRO

Klöver is developing a project, Örebro Entré, located close to the travel center. The property, Olaus Petri 3:234, is located at the entrance to central Örebro, where both travellers by train and by car arrive into the city. The first phase of the project involves new development of a hotel and office building with 14 floors. In the planned second phase of the project, an existing building will be modernized and transformed from industrial and office usage into office space for future enterprise.

KARLSTAD

The newly developed office building Skeppet (the property Pinassen 2) was inaugurated during the autumn. The building, which is right at the waterfront of Inre hamn, has three



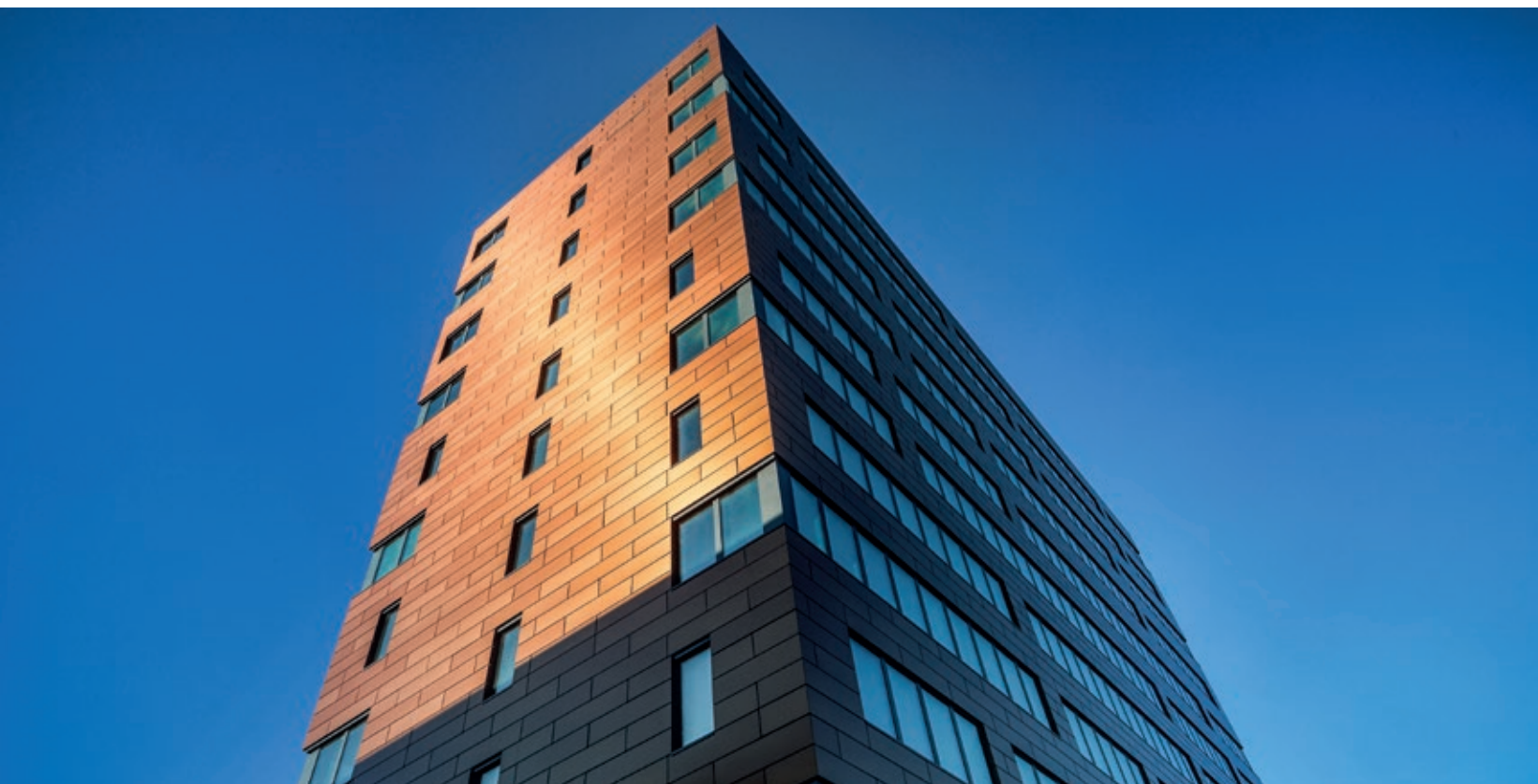
parallel office ships, which are united by two glassed-in atriums and gables facing the harbour. Skeppet has followed the guidelines for Green Building. Multiple tenant adaptation projects are underway among Klöver's properties around Skeppet, as well as planning efforts to create additional building rights, primarily for housing. As of 1 January 2018, business unit Karlstad belongs to the South Region.

FALUN

In 2017, the work to develop and let Kvarnberget continued. The building is nearly 13,000 sq.m. and is expected to be fully occupied within the next few years. In the autumn an undeveloped area was sold to Kopparstaden, Falun's municipal housing company. The land is in the Surbrunnshagen area where Kopparstaden also owns other land. The divestment enables a total construction of up to 600 housing units in the area.

HÄRNÖSAND/SOLLEFTEÅ

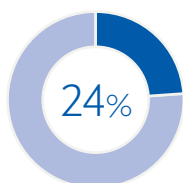
In Härnösand, efforts have been focused on letting the areas that Mittuniversitetet has gradually vacated. Today, around 60 per cent of these spaces are occupied and further tenants are expected to move in during 2018. In Sollefteå, the occupancy rate is high and demand is sound. In order to satisfy current and new tenants' needs, the opportunities to expand the current portfolio through construction are being evaluated.



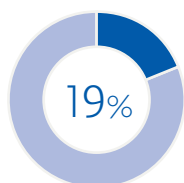
The property Sigurd 7, more known as S7. New construction of hotel, restaurant and offices. The first tenant moved in during the first quarter of 2018.

PROPORTION OF KLÖVERN

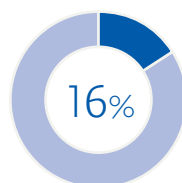
LETTABLE AREA



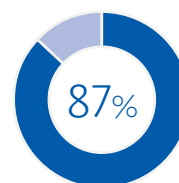
RENTAL VALUE



FAIR VALUE



ECONOMIC OCCUPANCY RATE



KEY RATIOS PER BUSINESS UNIT AS AT 31 DECEMBER 2017

Unit	Lettable area, 000 sq.m.	Rental value, SEKm	Fair value, SEKm	Economic occupancy rate, %
Västerås	251	221	2,728	85
Karlstad	202	217	2,331	88
Örebro	98	101	1,169	91
Härnösand/Sollefteå	89	71	484	86
Falun	53	44	315	89
THE CENTRAL REGION	693	654	7,027	87
KLÖVERN	2,900	3,507	42,961	89



REAL ESTATE OPERATIONS



BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

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PROJECT – UPPSALA GATE & SKEPPET	36
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The property Stapelbädden 4 in central Malmö. Acquired in 2017.

PROPERTY MANAGEMENT

The value of the properties increased by 9 per cent during the year. Net moving-in amounted to SEK 54 million and the rental value increased by SEK 121 million. The economic occupancy rate at year-end amounted to 89 per cent and the area-based occupancy rate amounted to 81 per cent.

Properties

PROPERTY PORTFOLIO AND RENTAL VALUE

At year-end 2017, Klöver'n had a total of 405 properties (431) located in 28 municipalities (36). The total property value was SEK 42,961 million (39,234), the lettable area was 2,900,000 sq.m. (2,943,000) and the rental value amounted to SEK 3,507 million (3,386).

The increase in the value of properties resulted from acquisitions of SEK 2,109 million (1,484), divestments of SEK 1,785 million (617), investments of SEK 1,489 million (1,626) and unrealized changes in value of SEK 1,914 million (1,709). The main reasons for the rise in the value of the properties are the 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 3,029 million (2,876) in 2017. The increase in income is primarily attributable to acquisitions and positive net moving-in. Income increased by 1 per cent for a comparable portfolio.

The average rent of investment properties is calculated on the basis of the contract value and area let and amounted

to SEK 1,307 per sq.m (1,218) as at 31 December 2017. 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 2017 was 1.7 per cent and has a positive impact on the contract value.

PROPERTY COSTS

Property costs increased, partly due to increased costs for planned maintenance, and totalled SEK 1,023 million (985). Property costs for a comparable portfolio increased by 3 per cent and amounted to SEK 893 million (871).

Klöver'n's rent losses continued to be low in 2017 and amounted to SEK 4 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 main explanations for the rent losses being so limited.

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

	2017	2016
Operating costs	189	191
Site leasehold fee	14	14
Maintenance	30	25
Property tax	50	50
Property administration	66	60
TOTAL	349	340

1) Relates to properties owned for the whole of 2016 and 2017.

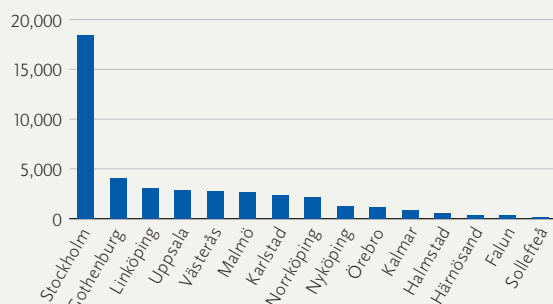
OPERATING SURPLUS

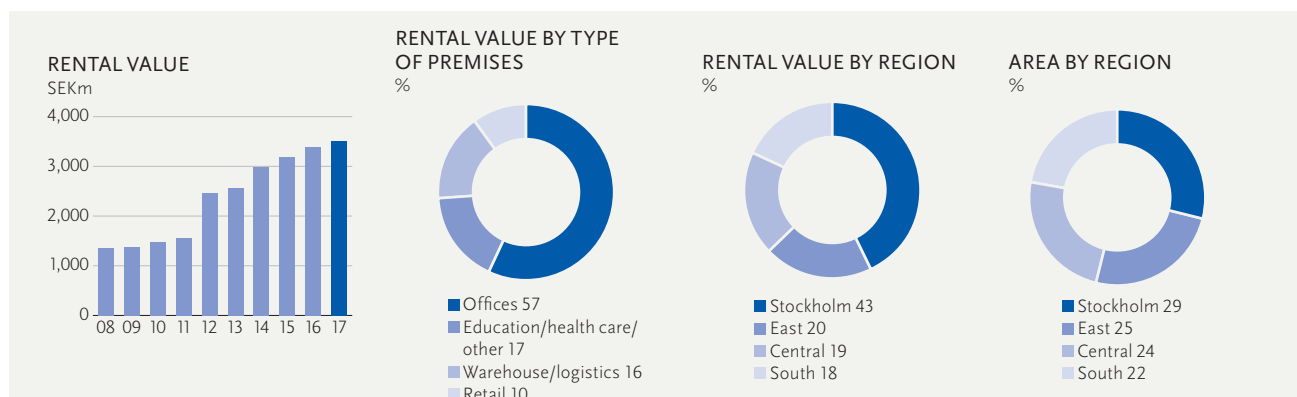
The operating surplus amounted to SEK 2,006 million (1,891). This increase is largely due to the positive net moving-in and increased rent levels. For a comparable portfolio the operating surplus was unchanged at SEK 1,751 million (1,751).

OPERATING MARGIN

Klöver'n's operating margin was 66 per cent (66). In the investment portfolio, the operating margin was 68 per cent.

PROPERTY VALUE
SEKm





INCOME STATEMENT ITEMS AND INVESTMENT PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2017, Jan-Dec	2016, Jan-Dec	2017, Jan-Dec	2016, Jan-Dec	2017, Jan-Dec	2016, Jan-Dec	2017, Jan-Dec	2016, Jan-Dec	2017, Jan-Dec	2016, Jan-Dec
Stockholm	1,278	1,208	-424	-393	854	815	67	67	518	959
South	518	416	-179	-148	339	268	65	64	428	138
East	662	646	-212	-224	450	422	68	65	173	154
Central	571	606	-208	-220	363	386	64	64	370	375
Investment	2,897	2,725	-937	-895	1,960	1,830	68	67	918	825
Development	132	151	-86	-90	46	61	35	40	571	801
TOTAL	3,029	2,876	-1,023	-985	2,006	1,891	66	66	1,489	1,626

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirement, %		Space, 000 sq.m.		Rental value, SEKm		Economic occupancy ratio, %	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31	2017-12-31	2016-12-31	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Stockholm	21,344	19,652	5.4	5.7	842	832	1,515	1,450	87	87
South	7,298	6,056	6.1	6.4	632	668	618	575	88	89
East	7,291	7,021	6.5	6.8	733	749	720	721	93	91
Central	7,027	6,505	6.7	6.9	693	694	654	640	87	89
Investment	39,521	36,376	5.9	6.2	2,592	2,636	3,271	3,152	91	90
Development	3,440	2,858	5.8	6.3	308	307	236	234	54	75
TOTAL	42,961	39,234	5.9	6.2	2,900	2,943	3,507	3,386	89	89

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

INVESTMENT PROPERTIES: AREA AND AVERAGE RENT PER TYPE OF PREMISES

	Offices		Warehouse/logistics		Retail		Other ¹		Total	
	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²	Total area, 000 sq.m.	Average rent, SEK/sq.m. ²
Stockholm	477	2,064	128	989	56	1,818	121	1,825	782	1,837
South	230	1,406	222	766	45	1,137	29	1,300	526	1,091
East	302	1,278	189	623	81	1,109	85	1,158	657	1,073
Central	270	1,230	181	620	70	1,344	106	1,145	627	1,071
TOTAL	1,279	1,579	720	738	252	1,332	341	1,417	2,592	1,307

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.

COMPARABLE PORTFOLIO¹

	31.12.2017	31.12.2016	Change, %
Area, 000 sq.m.	2,555	2,560	0
Fair value, SEKm	35,024	32,725	7
Yield requirement, %	6,0%	6,2%	-4
Economic occupancy rate, %	89%	89%	0
Area-based occupancy rate, %	80%	82%	-2
SEKm	2017	2016	
Income	2,644	2,622	1
Property costs	-893	-871	3
OPERATING SURPLUS	1,751	1,751	0

1) Refers to properties owned during the whole of 2016 and 2017.

OCCUPANCY RATE

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

2017. The occupancy rate for investment properties totalled 91 per cent while it was 54 per cent for development properties. The area-based occupancy rate totalled 81 per cent (82). The area-based occupancy rate for investment properties was 85 per cent and the corresponding figure for development properties 49 per cent.

EARNINGS AND KEY RATIOS

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

The lower table shows the situation at the respective year-end, so that the figures in the two tables are not wholly comparable. Comparability between years is limited due to acquisitions and divestments during 2016 and 2017.

In the foreground, the property Stapelbädden 4 in Malmö.

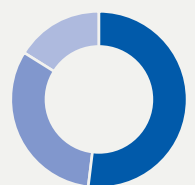
TENANTS

NET MOVING-IN

Net moving-in was positive during the year. The single largest tenant moving in was Elite Hotels at a new development adjoining to the central station in Uppsala encompassing around 10,000 sq. m. Klöver's net moving-in amounted to SEK 54 million (20) on an annual basis, based on tenants moving in at SEK 193 million (264) and vacating tenants at SEK 139 million (244). Lettings affect the rental value and rental income from the date that tenants move in.

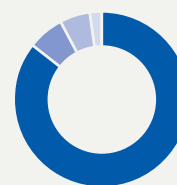
Among the larger rental contracts that have been signed during the year, but where the tenants have not yet moved in, are a 15-year contract with Artexis Easyfairs concerning new

CONTRACT VALUE BY
CUSTOMER CATEGORY
%



■ Private companies 52
■ Limited companies 32
■ Public sector 16

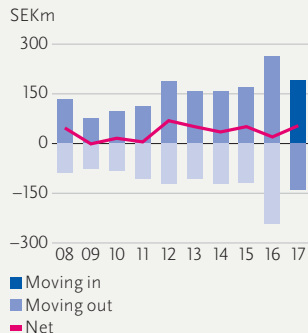
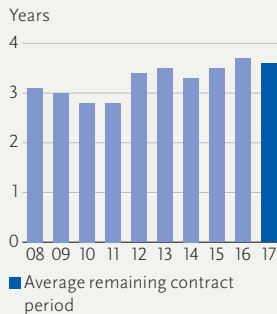
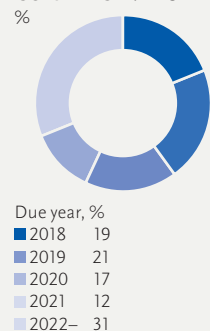
LEASE CONTRACTS
BY VALUE
Number of contracts



■ 7,390 < 0.5 SEKm
■ 584 0.5–1 SEKm
■ 479 1–3 SEKm
■ 171 > 3 SEKm

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	185	6.0	5.6	26	113
WSP Sverige	73	2.4	6.3	27	33
Tele2 Sverige	69	2.2	9.2	42	29
KappAhl Sverige	41	1.3	9.2	3	49
CGI Sverige	34	1.1	5.1	20	17
Swedish Employment Board	32	1.0	2.7	26	17
Dagab Inköp & Logistik	32	1.0	5.4	11	34
Östergötland Region	31	1.0	8.0	22	21
Swedish Transport Agency	27	0.9	4.4	7	18
PostNord Sverige	25	0.8	1.4	41	22
TOTAL	549	17.7	6.1	225	353

NET MOVING IN**CONTRACT PERIOD****TERMS TENANCY AGREEMENTS, PREMISES CONTRACT VALUE**

fair facilities as well as a 20-year contract with HKC Hotellutveckling concerning a new hotel. These are part of a project in Gothenburg that Klöver has started in cooperation with Åby Travsällskap.

TURNOVER RATE

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

During 2017, tenant turnover amounted to 4.5 per cent (8.3) and the average during the past ten years is 5.9 per cent.

CUSTOMER STRUCTURE AND CONTRACT VALUE

Klöver's business focus is reflected in 99 per cent of the contract value consisting of commercial lease contracts. At year-end, private companies accounted for 52 per cent (51), listed companies for 32 per cent (31) and public sector entities for 16 per cent (18) of the contract value. In all, Klöver had 8,600 lease contracts (9,100) with 5,000 tenants (5,200) at

the year-end. Out of all premise lease contracts, measured as a proportion of the contract value, 19 per cent (19) expire within a year. The average lease term amounted to 3.6 years (3.7). Of the total contract value, excluding supplements, 89 per cent (86) was indexed in relation to the consumer price index (KPI). In all, Klöver's contract value amounted to SEK 3,107 million (2,998) at the year-end.

The share of the ten largest customers of Klöver's contract value amounted at the year-end to 18 per cent (18) and the average contract term for these was 6.1 years (6.4).

NKI – SATISFIED CUSTOMER INDEX

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

PROPERTY VALUE

The fair value of Klöver's 405 properties was SEK 42,961 million on 31 December 2017. At the same time, the average yield requirement for the property portfolio, excluding land and building rights, was 5.9 per cent. The changes in value amounted during the year to SEK 1,913 million.

The Swedish real estate market continued to have a strong development during 2017. The volume of transactions did not reach 2016's record levels, but was still well above the historical average of around SEK 110 billion. The total volume for 2017 amounted to just under SEK 160 billion, according to Cushman & Wakefield. The factors driving this have been good access to capital at low interest rates, low vacancy levels and stable cash flows. Offices and housing continue to be the most popular segments in the market and account together for around 54 per cent of the volume of transactions. Geographically, the Stockholm region has been the single largest market with 35 per cent of the transaction volume. During 2017, international investors accounted for 27 per cent of the volume of transactions, which is higher than in 2016 when it accounted for just around 13 per cent. Swedish entities continue to dominate the supply side with just over 80 per cent of the volume.

CHANGES IN PROPERTY VALUES

Changes in property values amounted to SEK 1,913 million (1,709) in 2017, corresponding to 4.9 per cent (4.9) of Klöver's property values at the beginning of the year. The changes in value include realized changes of SEK -1 million (0) and unrealized changes of SEK 1,914 million (1,709). At year-end 2017, the average yield requirement for Klöver's properties was 5.9 per cent (6.2), excluding land and building rights. The main reasons for the rise in the value of properties were new letting, rising market rents, reduced yield requirements and development of the building rights portfolio. Klöver's average yield requirement has dropped by 0.3 percentage points compared to the previous year, mainly linked to the strong interest among investors and continued positive net moving in.

VALUATION MODEL

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

The 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 and Savills.

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

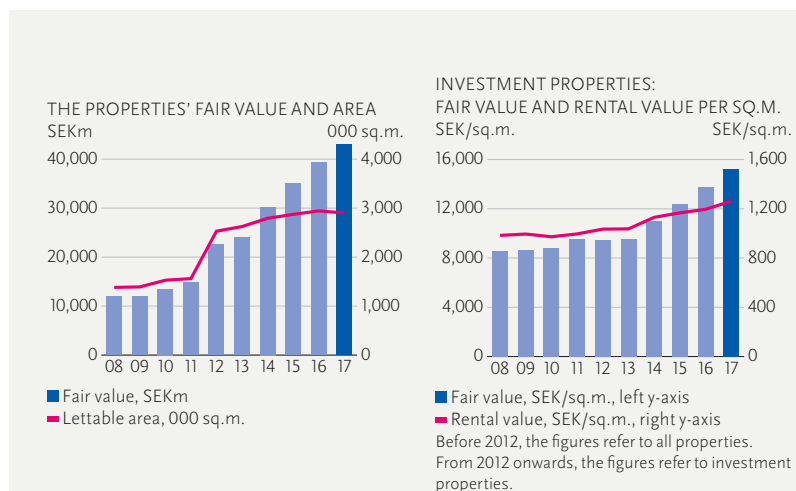
Over a three-year period all properties are inspected by external valuers. Where major refurbishment has taken place, new tenants have moved in, or in other circumstances that may have a significant impact on the value, new inspections are made.

SUMMARY

Value date	31 December 2017
Fair value	SEK 42,961 million
Calculation period	Normally 5 or 10 years
Yield requirement for assessment of residual value	Between 3.60 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.40 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent (the Riksbank's inflation target)

SENSITIVITY ANALYSIS, PROPERTY VALUE

	Change +/-	Effect on property value, SEKm
Yield requirement	0.5 percentage point	-3,253/3,855
Rental income	SEK 50/sq.m.	+/- 2,455
Operating costs	SEK 25/sq.m.	-/+ 1,228
Vacancy rate	1.0 percentage point	-/+ 594



PROPERTIES, FAIR VALUE, SEKm

	2017	2016
Fair value as at 1 January	39,234	35,032
Acquisitions	2,109	1,484
Investments	1,489	1,626
Divestments	-1,785	-617
Unrealized changes in value	1,914	1,709
FAIR VALUE AT YEAR END	42,961	39,234

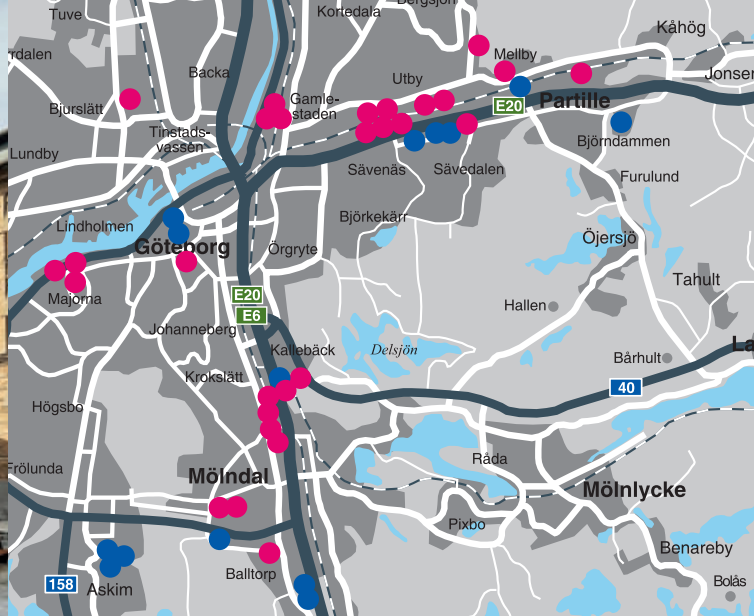
PROPERTY PORTFOLIO AND VALUATION AT FAIR VALUE AS AT 31 DECEMBER 2017

	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	21,344	90	1,515	87	842	5.50–10.65	3.60–8.75	5.4
South	7,298	107	618	88	632	6.15–10.65	4.25–8.75	6.1
East	7,291	115	720	93	733	7.30–11.15	5.40–9.25	6.5
Central	7,027	93	654	87	693	6.65–11.40	4.75–9.50	6.7
Investment	39,521	363	3,271	91	2,592	5.50–11.40	3.60–9.50	5.9
Development	3,440	42	236	54	308	7.30–11.00	5.40–9.00	5.8
TOTAL	42,961	405	3,507	89	2,900			5.9

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



Porcelænshaven, Copenhagen. Klöver's first acquisition in Denmark.



Gothenburg. Acquisition during the year are marked in blue.

TRANSACTIONS

During 2017, Klöver has continued to be very active on the transaction market. The property portfolio has been complemented by acquisitions in several prioritized areas, in particular in Stockholm, Gothenburg, Malmö and Uppsala. At the same time, the existing portfolio was further concentrated.

ACQUISITIONS

Klöver has throughout the year carried out several large acquisitions in Gothenburg, Malmö and Uppsala as well as complemented the property portfolio through add-on acquisitions in Stockholm, Norrköping and Nyköping. Klöver acquired 27 properties in total with a total lettable area of around 149,900 sq.m. during the year. The total purchase price was SEK 2,116 million.

The largest transaction during the year was a swap transaction resulting in the acquisition of a number of properties in Partille and Mölndal for SEK 498 million. The total lettable area amounts to around 38,000 sq.m. and consists largely of office and warehouse space. Klöver also acquired another 6 properties in Gothenburg for a total of around 21,700 sq.m. The acquisitions completed during the year have resulted in an increase of Klöver's portfolio in Gothenburg by nearly 30 per cent.

During the third quarter of 2017, Klöver took possession of two modern office properties in central Malmö, Stapelbädden 2 & 4, totaling about 12,900 sq.m. The purchase price amounted to SEK 360 million. Klöver also took possession during the quarter of a property in Uppsala of around 15,200 sq.m. for an underlying property value of SEK 285 million.

The property portfolio in Stockholm was further complemented by the acquisition of two office properties in the Kista

and Vinsta areas. In Nyköping, a centrally located office and retail property has been acquired and in Norrköping four properties were acquired, all of which are located within or near to the Ingelsta retail area.

During the last quarter of the year, Klöver entered into an agreement to acquire an office property in Copenhagen. The property is centrally located, with a lettable area of around 19,300 sq.m., and is fully let to Copenhagen Business School. The acquisition is Klöver's first in Denmark. The transfer of possession was on 1 February 2018.

DIVESTMENTS

Klöver has during the year divested 54 properties with a total lettable area of just under 216,000 sq.m. for SEK 1,796 million. Through these divestments, Klöver has concentrated its portfolio even further to the most highly prioritized cities. Through the transactions, Klöver has left the cities of Karlskrona, Borås, Eskilstuna, Hässleholm, Ängelholm, Ystad and Kristinehamn.

A few geographically isolated properties in the Stockholm region have also been divested as well as some properties in Örebro, Norrköping, Malmö and Lund.

In December, a contract was signed for the divestment of the property Hästägaren 3 in Mölndal. Transfer of possession was in January 2018.

PROPERTY TRANSACTIONS IN 2017: ACQUISITIONS

City	Property	Property classification	Lettable area, sq. m.	Quarter
Nyköping	Klädeshandlaren 15	Retail	12,225	Q1
Gothenburg	Kobbegården 6:141	Office	5,267	Q1
Gothenburg	Kobbegården 6:168	Office	8,355	Q1
Gothenburg	Nordstaden 18:3	Office	2,266	Q1
Gothenburg	Nordstaden 18:4	Office	0	Q1
Gothenburg	Kåbäcken 11:7	Warehouse/logistics	2,200	Q2
Gothenburg	Mejramen 1	Office	11,156	Q2
Gothenburg	Partille 4:2	Land	0	Q2
Gothenburg	Partille 4:25	Retail	2,500	Q2
Gothenburg	Potttegården 2	Warehouse/logistics	1,800	Q2
Gothenburg	Potttegården 4	Office	4,930	Q2
Gothenburg	Ugglum 8:37	Office	3,668	Q2
Gothenburg	Ugglum 8:92	Office	5,899	Q2
Gothenburg	Ugglum 126:4	Edu./Health care/Other	468	Q2
Gothenburg	Ängsviolén 1	Warehouse/logistics	5,552	Q2
Gothenburg	Sävenäs 67:4	Office	2,536	Q2
Stockholm	Borg 4 ¹⁾	Office	1,931	Q2
Gothenburg	Ugglum 7:117	Warehouse/logistics	3,320	Q3
Norrköping	Järnet 5, 6	Retail	14,975	Q3
Halmstad	Järnvägen 3	Office	5,484	Q3
Malmö	Stapelbädden 2	Office	4,824	Q4
Malmö	Stapelbädden 4	Office	8,035	Q4
Uppsala	Kungsängen 37:13	Office	15,242	Q4
Stockholm	Singeln 13 ¹⁾	Warehouse/logistics	4,100	Q4
Norrköping	Stålet 3	Warehouse/logistics	10,400	Q4
Norrköping	Bronsen 2	Warehouse/logistics	10,001	Q4
Norrköping	Slakthuset 14	Warehouse/logistics	2,800	Q4
TOTAL			149,934	

1) Site leasehold

PROPERTY TRANSACTIONS IN 2017: DIVESTMENTS

City	Property	Property classification	Lettable area, sq. m.	Quarter
Örebro	Bageriet 2	Hotell	3,109	Q1
Malmö	Bjälken 3	Warehouse/logistics	2,631	Q1
Kristinehamn	Uroxen 14	Office	3,006	Q1
Norrköping	Malmen 6	Warehouse/logistics	6,900	Q1
Borås	Ekholma 7	Warehouse/logistics	5,150	Q2
Borås	Gjutaren 10	Warehouse/logistics	8,940	Q2
Borås	Grävlingen 5	Office	7,380	Q2
Borås	Katrinedal 2	Edu./Health care/Other	8,638	Q2
Borås	Katrinehill 8	Office	6,414	Q2
Borås	Laxöringen 1	Office	2,777	Q2
Borås	Milen 7	Warehouse/logistics	9,948	Q2
Borås	Muttern 2	Warehouse/logistics	2,251	Q2

PROPERTY TRANSACTIONS IN 2017: DIVESTMENTS, CONT.

City	Property	Property classification	Lettable area, sq. m.	Quarter
Borås	Muttern 3	Warehouse/logistics	2,322	Q2
Borås	Niten 6	Retail	4,058	Q2
Borås	Näckrosen 3	Office	5,268	Q2
Borås	Raklinjen 2	Warehouse/logistics	7,876	Q2
Borås	Rotorn 3	Warehouse/logistics	3,037	Q2
Borås	Uranus 16	Warehouse/logistics	7,190	Q2
Ystad	Urmakaren 2	Edu./Health care/Other	140	Q2
Ystad	Urmakaren 6	Warehouse/logistics	200	Q2
Ystad	Urmakaren 7	Warehouse/logistics	686	Q2
Ystad	Urmakaren 10	Edu./Health care/Other	0	Q2
Ystad	Urmakaren 13	Edu./Health care/Other	90	Q2
Ystad	Urmakaren 16	Edu./Health care/Other	0	Q2
Ystad	Urmakaren 17	Warehouse/logistics	841	Q2
Ystad	Urmakaren 18	Retail	1,672	Q2
Ystad	Urmakaren 21	Warehouse/logistics	936	Q2
Ystad	Urmakaren 22	Warehouse/logistics	420	Q2
Ystad	Urmakaren 23	Warehouse/logistics	4,007	Q2
Karlskrona	Fregatten 16	Edu./Health care/Other	5,484	Q2
Karlskrona	Gullbernahult 1	Land	0	Q2
Karlskrona	Gullbernahult 12, 13	Edu./Health care/Other	640	Q2
Karlskrona	Gullbernahult 21	Edu./Health care/Other	6,146	Q2
Karlskrona	Gullbernahult 26	Edu./Health care/Other	12,774	Q2
Karlskrona	Gullbernahult 31	Edu./Health care/Other	4,306	Q2
Karlskrona	Gullbernahult 82	Office	7,295	Q2
Karlskrona	Psilander 60	Office	14,470	Q2
Karlskrona	Pimpinellan 1	Edu./Health care/Other	960	Q2
Karlskrona	Skeppsbron 1	Office	2,394	Q2
Karlskrona	Skeppsbron 2	Office	400	Q2
Karlskrona	Skeppsbron 3	Office	1,935	Q2
Lund	Gustavshem 2	Warehouse/logistics	2,164	Q2
Lund	Nordanvinden 3	Retail	2,591	Q2
Lund	Gustavshem 6	Edu./Health care/Other	4,603	Q2
Lund	Rivan 1	Office	1,484	Q2
Eskilstuna	Valpen 3	Edu./Health care/Other	4,308	Q2
Hässleholm	Ekstaven 2	Retail	7,704	Q2
Ängelholm	Programmeraren 9	Land	0	Q2
Malmö	Skjutstallslyckan 3	Warehouse/logistics	3,096	Q4
Stockholm	Konsumenten 3 ¹⁾	Warehouse/logistics	10,219	Q4
Järfälla	Kallhäll 9:36	Warehouse/logistics	5,150	Q4
Sollentuna	Revisorn 3	Office	1,138	Q4
Sollentuna	Ringpärmen 6	Warehouse/logistics	7,702	Q4
Falun	Falun 8:31	Warehouse/logistics	3,114	Q4
TOTAL			215,964	

1) Site leasehold

PROJECT DEVELOPMENT

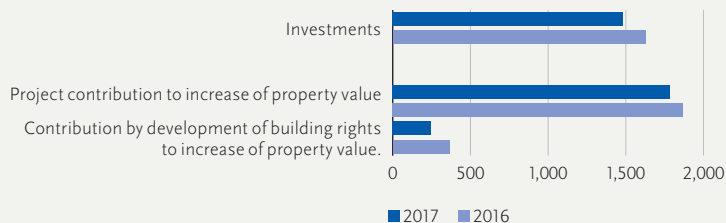
In the framework of Klöver's project activities, existing properties are developed and improved in connection with the letting of vacant premises, energy-saving measures and new production. The investments are made in order to increase the value of the properties through improved cash flows.

During 2017, Klöver has continued to place a major focus on project development. In all, SEK 1,489 million was invested (1,626). The total estimated expenditure for the 358 projects in process at year-end amounted to SEK 2,681 million (2,973) with a remaining investment of SEK 1,246 million (1,096). 41 of these projects have an estimated investment over SEK 10 million.

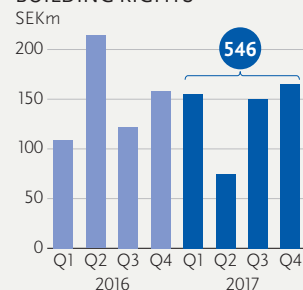
Although a number of projects are of limited size, an intensive effort is required. Klöver has worked actively to reinforce the project organization.

The market conditions for new construction continue to be good. Through Klöver Living's project planning for residential development, it is possible to complement high quality flexible offices with housing of varying volume. The first project starts for Klöver's residential projects are planned to take place in the second half of 2018. The development of Klöver's business centres under the First Office brand name is continuing strongly.

CREATION OF VALUE THROUGH PROJECTS/BUILDING RIGHTS
SEKm



NET CREATION OF VALUE THROUGH PROJECTS AND DEVELOPMENT OF BUILDING RIGHTS
SEKm



Change in fair value of properties through projects and development of building rights, minus investments.

KLÖVERN'S LARGEST ONGOING PROJECTS 31 DEC. 2017

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
Gothenburg	Travbanan 2, 3	Fair/Hotel	BRA Bygg	Easyfairs, 19Q1	31,987	226	554	356	53	19Q2
Västerås	Sigurd 7	Offices/Hotel	Aros Bygg	Choice Hotels, 18Q1	8,059	223	221	28	16	18Q2
Stockholm	Knarrarnäs 4	Hotel	Wästbygg	Choice Hotels, 18Q3	7,012	140	198	123	12	18Q3
Stockholm	Hilton 3	Offices	In3prenör	ECDC, 18Q1	9,407	370	162	44	15	18Q1
Norrköping	Kopparhammaren 2	Offices	SEFAB	Gaia, 19Q3	4,775	33	143	118	10	19Q4
Västerås	Stensborg 4/Icander 1	School	Bygghissen	Västerås stad, 18Q3	4,098	81	85	45	8	18Q4
TOTAL					65,338	1,073	1,363	714	114	
OTHER PROJECTS							1,318	532		2018–
TOTAL PROJECTS IN PROCESS							2,681	1,246		

NORRKÖPING, KOPPARHAMMAREN 2

Klövern is building a new block of offices, restaurants and cafes in the middle of Norrköping's old industrial landscape. Building rights for housing have been divested to Hyresbostäder, which will build student and researcher housing. The Kopparhusen project is 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 from the autumn of 2019.



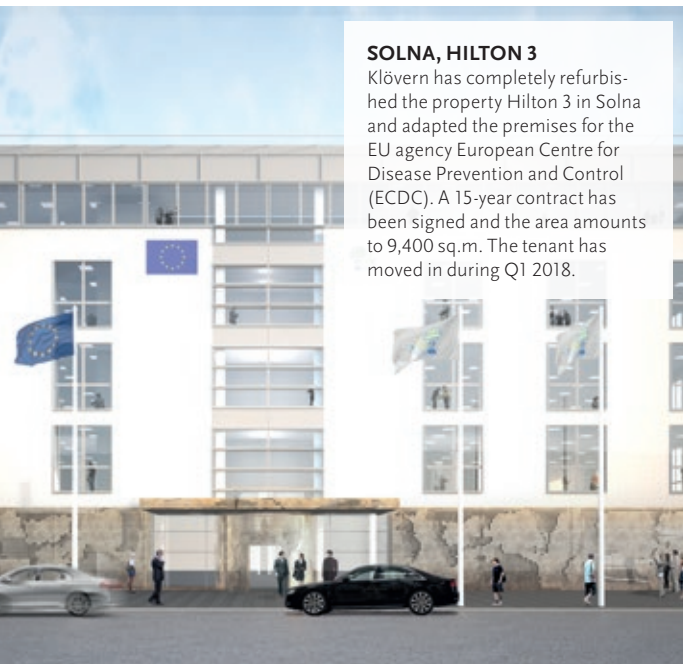
GOTHENBURG, TRAVBANAN 2, 3

Klövern has entered into a cooperation with Åby Travsällskap for a development project adjoining to Åbytravet in Mölndal. The project, which is carried out through a jointly owned company of which Klövern owns 70 per cent, involves the construction of 13,000 sq.m. fair, a hotel of 8,000 sq.m. as well as office space and other commercial venues of 11,000 sq.m. A 15-year lease contract has been entered into with Artexis Easyfairs for new fair facilities, a 20-year contract has been signed with HKC Hotellutveckling for a new hotel and a 10-year rental contract has been signed with Friskis & Svettis. Moving in is planned for the first and second quarter of 2019.



SOLNA, HILTON 3

Klövern has completely refurbished the property Hilton 3 in Solna and adapted the premises for the EU agency European Centre for Disease Prevention and Control (ECDC). A 15-year contract has been signed and the area amounts to 9,400 sq.m. The tenant has moved in during Q1 2018.



KISTA, KNARRARNÄS 4

A very centrally located property in Kista is being completely refurbished and will house a hotel. A contract was entered into in March 2016 with Choice Hotels regarding a hotel area of 7,000 sq.m. The hotel will have around 190 rooms and expected move-in is in Q3 2018.



UPPSALA,
KUNGSÄNGEN 10:1, 10:2
UPPSALA GATE



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

The hotel's entrance and reception is directly integrated with the office building, which also offers conference venues. The upper floor is a restaurant and a sky bar offering fantastic views of the city.

The new hotel, Elite Hotel Academia, opened in the beginning of 2017.



KARLSTAD, PINASSEN 2 SKEPPET



In Inre Hamn in Karlstad, just next to the water and with a five-minute walk to the central station and central areas, Klöver has built a unique office building – Skeppet. The building is to be categorized and certified according to Green Building, a quality certification of energy-efficient buildings.

The first tenants moved in during 2017 and the building is now nearly fully let. Skeppet is flexible and affords plenty of

room to design and plan the layout of offices. All of the interior installations are designed to allow changes in the future – whether to create an open office landscape out of individual offices, or vice versa. Skeppet has five floors with parking garages in the bottom, a ground floor with a restaurant and a café, three office floors in addition to a canteen, conference rooms and terraces at the top.



BUILDING RIGHTS

As an active and credible community developer, the company endeavours to facilitate future urban development at all of the company's prioritized locations.

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 through active local planning efforts. As a result of this, Klöver currently has building rights with local plans (zoning) and 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 1,927,000 sq.m. (2,164,000) and were valued at SEK 1,288 million (1,126). Out of these 662,000 sq.m. (729,000) 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 at 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, Karlstad and Linköping. The pace and scope of future expansion partly depends on the additional volume of building rights with local plans created in the future. The current assessment is that Klöver Living will contribute to the start of production of 300–400 apartments in 2018/19 and 800–1,000 apartments in 2020/2021. Alternative ways of realizing 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 2017 amounted to 44,000 sq.m. (96,000), and there are additionally assessed residential building rights amounting to 860,000 sq.m. (850,000).

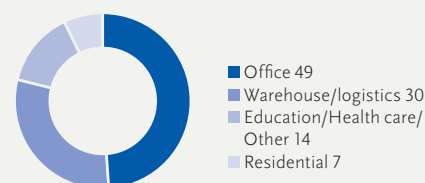
BUILDING RIGHTS 31 DEC. 2017

000 sq.m. GA ¹	Total building rights	Building rights specified in local plans	Assessed building rights	Of which housing
Stockholm North	386	146	240	281 ²
Stockholm South	76	15	61	24
Uppsala	190	33	157	40
STOCKHOLM REGION	652	194	458	345
Gothenburg	75	31	44	5
Malmö	40	35	5	0
Halmstad	12	12	0	0
SOUTH REGION	127	78	49	5
Linköping	329	85	244	124
Norrköping	41	31	10	0
Nyköping	109	26	84	99 ²
Kalmar	31	0	31	20
EAST REGION	509	141	369	243
Västerås	301	25	276	187
Karlstad	216	147	69	47
Örebro	53	28	25	5
Falun	30	10	20	20
Härnösand/Sollefteå	40	40	0	10
CENTRAL REGION	639	250	390	268
TOTAL KLÖVERN	1,927	662	1,266	860

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

2) Includes conversion of planned office building rights into residential building rights.

BUILDING RIGHTS SPECIFIED IN LOCAL PLANS %



VÄSTERÅS, MÅLARPORTEN

The property Sigurd 3 directly adjoining to the planned new travel interchange in Västerås is being developed to include both commercial space and housing. Local planning work is underway.

KISTA, KV MYVATTEN/DALVIK/SKAFTÅ

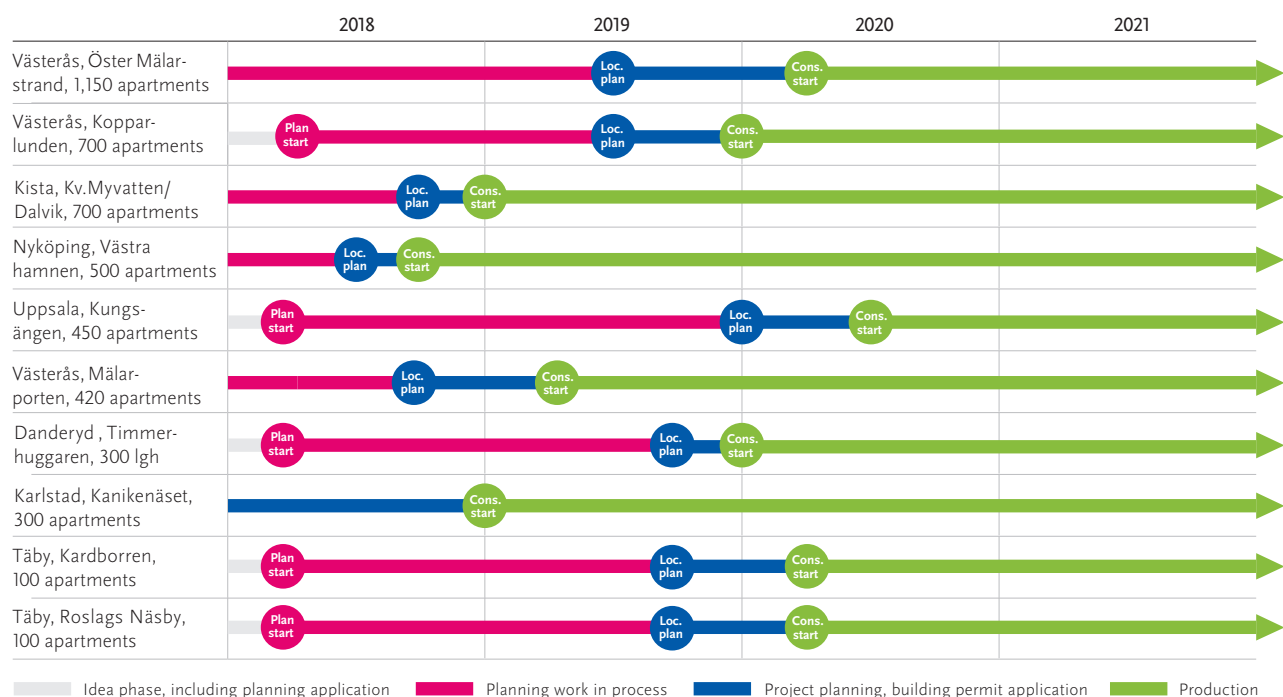
Local planning work is underway for the creation of residential building rights for up to 700 apartments at the Myvatten/Dalvik/Skaftå blocks. There are also plans for commercial space including, among others, cultural activities.



NYKÖPING, VÄSTRA HAMNEN

Around 500 waterfront apartments are planned in the Spelhamnen area next to the port of Nyköping. Local planning is expected to obtain legal force during 2018.

KLÖVERN LIVING – THE TEN LARGEST RESIDENTIAL DEVELOPMENT PROJECTS





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FINANCING

Klövern's average interest rate remained unchanged during the year at 2.5 per cent. Strong demand from banks and the capital market have contributed positively to keeping the company's financial costs at a low level, despite a continued focus on longer periods of fixed interest and tied-up capital.

THE CREDIT MARKET

The Riksbank has maintained its policy rate, the repo rate, unchanged at -0.50 percent throughout 2017 and repeatedly postponed the forecast for the next increase. A gradual return to positive interest rates, in a scenario with stable economic development, would be healthy and positive for Klöver's business model.

At the beginning of 2017, Klöver expanded the framework for the commercial paper programme established in 2015 from SEK 2,500 million to SEK 3,000 million. In January 2018, the commercial paper programme was further increased to SEK 4,000 million. There has been a high and stable level of demand for commercial paper at a low margin for the company. The company has also successfully launched a Medium Term Note (MTN) programme with underlying securities at attractive levels, which has further diversified the capital base.

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 a 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 Klöver's Board of directors.

RAISING CAPITAL

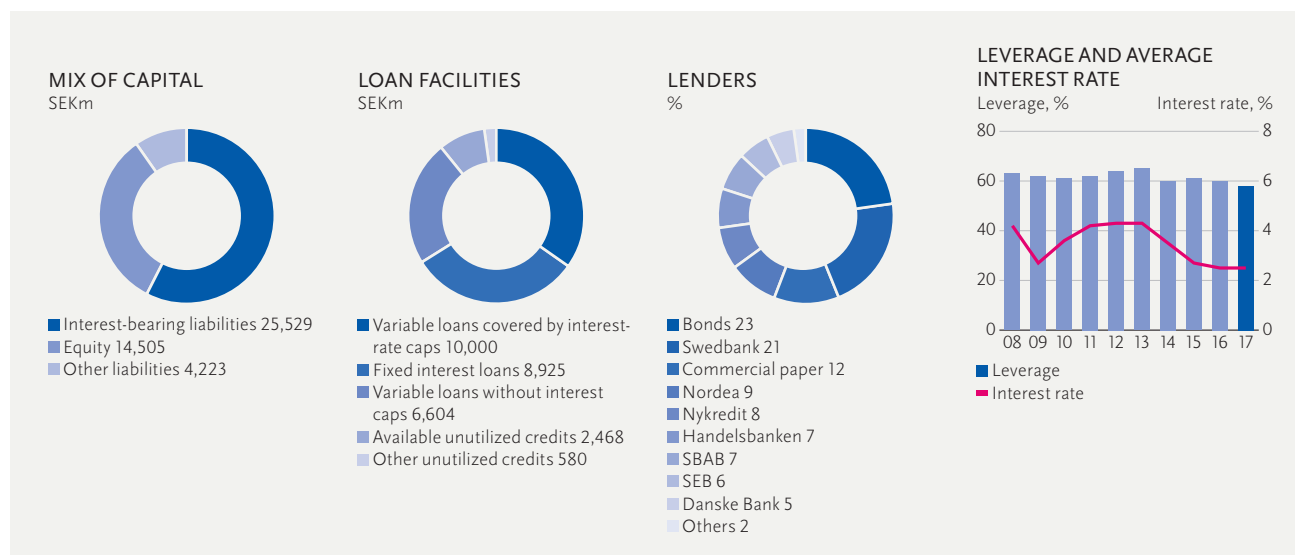
Running a real estate company is capital intensive. The total amount of assets, which is essentially the same as the value of the properties, is financed with equity and liabilities. The proportions of these two depend on various factors such as the cost of the different forms of finance, the focus of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

On 31 December 2017, Klöver's assets amounted to SEK 44,257 million (40,527), of which properties amounted to SEK 42,961 million (39,234) or 97 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	16,604	—	—	—	—
2018	915	9,924	8,493	1,800	1,431
2019	1,415	5,993	5,614	1,000	379
2020	1,815	3,606	3,531	2,250	75
2021	2,400	4,317	3,567	850	750
2022	1,280	72	72	—	—
2023	1,100	1,533	1,533	—	—
Later	—	3,132	2,719	—	413
TOTAL	25,529	28,577	25,529	5,900	3,048

1) SEK 10,000 million of the reported variable volume is covered by interest-rate caps.



Equity

At year-end 2017, Klövern's equity totalled SEK 14,505 million (12,999). The equity ratio was 32.8 per cent (32.1) and the adjusted equity ratio 38.5 per cent (36.7).

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 2017, when return on equity amounted to 18.9 per cent (18.6). As net profit is not only affected by the operating profit but also by changes in value of properties and derivatives, the level of return varies sharply from year to year.

Liabilities

At the year-end, the total liabilities amounted to SEK 29,752 million (27,528), of which interest-bearing liabilities accounted for SEK 25,529 million (23,869). 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 58 per cent (60) 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 58 per cent (60). 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 42 per cent (44). Interest-bearing liabilities which do not have collateral in properties consist mainly of unsecured bonds and commercial paper issued by Klövern. More information about bonds and commercial paper is available on page 46–47.

Practically all loans are based on the variable Stibor rate, which normally makes it possible to change the capital structure without having to pay early redemption charges. With a view to reducing the interest rate risk, Klövern has chosen to swap 33 per cent (38) of the interest-bearing liabilities, SEK 8,325 million (9,055) for fixed interest with a long maturity. Normal fixed-interest loans total 2 per cent, SEK 600 million. Variable loans account for 65 per cent (61), SEK 16,604 million (14,529), SEK 10,000 million (5,000) of which are covered by interest-rate caps.

During the year, SEK 4,231 million of existing credit facilities have been refinanced and SEK 2,461 million raised in new loans. During the autumn, a bond has been issued under the company's new MTN programme, for a total of SEK 850 million with a maturity of 4 years. In addition Klövern has issued commercial paper whose outstanding volume at year-end totalled SEK 2,970 million. In addition to existing loans Klövern had unutilized credits and overdraft facilities of SEK 3,048 million (3,201), of which SEK 2,468 million (2,638) was available for immediate use with existing collateral. The unutilized loan facilities are distributed among five different lenders and are subject to renegotiation



in 2018–2027. All financing was in Swedish kronor. At year-end 2017, liquid funds amounted to SEK 39 million (129).

Other liabilities consist mainly of deferred tax liability, accounts payable, prepaid income, derivatives and accrued expenses. At year-end other liabilities amounted to SEK 4,223 million (3,659) and constituted 9 per cent (9) of Klövern's total financing.

AVERAGE INTEREST RATE AND FIXED INTEREST

At year-end, Klövern's average interest rate was 2.5 per cent (2.5). Somewhat decreasing margins on bank loans are counteracted by interest rate swaps which are a hedge against rising interest rates in the future. Excluding costs for derivatives in the form of interest rate swaps and interest caps, as well as costs for credit facilities and overdraft facilities, Klövern's average borrowing rate remained unchanged at 1.8 per cent (1.8) at year-end. The average period of fixed interest, taking into consideration interest rate derivatives, was 2.8 years (2.6).

TIED-UP CAPITAL

At year-end, the average period of tied-up capital was 3.0 years (3.0). Loans maturing during 2018 total SEK 8,493 million (5,866), excluding overdraft facilities.

DERIVATIVES

Klövern uses derivatives in order to reduce the interest rate risk and achieve the desired fixed interest. Derivatives totalled SEK 18,325 million (14,055) at year-end, corresponding to 72 per cent (59) of the interest-bearing liabilities. Taken together with fixed-interest loans of SEK 600 million, this entails that the fixed-interest share of credit volume amounted to 74 per cent. Klövern 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. Klövern has chosen in all its swap agreements to exchange variable for fixed interest. The variable Stibor rate is obtained for swaps, primarily with three months' maturity, and fixed interest is paid varying between -0.13 and 3.30 per cent.

At year-end 2017, the volume of swaps was SEK 8,325 million (9,055). 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 10,000 million (5,000) 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



Nordstaden 18:3 and Nordstaden 18:4 in Gothenburg, acquired in 2017.

booked as a cost during the time to maturity of the cap and increases Klövern's average borrowing rate. The counterparties for the interest rate caps are Nordea and Swedbank.

Valuation of derivatives

The value of the interest rate caps and swaps changes when market rates change and when the period to maturity decreases. On maturity, the value is always zero. During 2017, the change in value of the derivatives amounted to SEK 100 million (-114), of which SEK 0 million (5) was realized. The value of derivatives at year-end was SEK -367 million (-482). All changes in value regarding derivatives have been reported in the income statement. Hedge accounting has not been applied.

CREDITORS AND COLLATERAL

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

Property mortgages of SEK 23,258 million (22,744) have been provided as collateral for the majority of the interest-bearing liabilities. In addition, Klövern has provided a pledge in the form of shares in property-owning subsidiaries and parent company guarantees from Klövern AB.

COVENANTS AND RISK-TAKING

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

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

Klövern meets all of the banks' requirements as at the balance sheet date and expects that it will continue to do so in 2018. The equity ratio was 32.8 per cent (32.1), the adjusted equity ratio 38.5 per cent (36.7), the interest coverage ratio 2.9 (2.9), leverage 58 per cent (60) and leverage on properties amounted to 42 per cent (44).

BONDS AND COMMERCIAL PAPER

During 2017 Klöver issued a bond under the company's new MTN-programme with properties as underlying collateral. Klöver has also continued to issue commercial paper. At year-end outstanding bonds totalled SEK 5,900 million and commercial paper totalled SEK 2,970 million. Bonds and commercial paper constitute a complement to bank financing.

ALTERNATIVE FORM 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 rapid acquisitions when the banks' lead time for funding is long.

THE BOND MARKET

During 2017 real estate bonds at a value of just over SEK 118 billion were issued in the Swedish market.

The absolute majority of the volume of bonds issued by real estate companies in 2017 were unsecured bonds. Secured bonds at a value of SEK 9 billion were issued during the year.

The bond market was relatively sound during the first two quarters but weakened somewhat during the second half of the year. Compared to 2016, when several credit funds had

negative flows, 2017 has largely entailed inflows of capital, though with an increased focus among investors on quality and low risk.

REAL ESTATE BONDS ISSUED IN SWEDEN

A selection of issuers	Volume issued in 2017 SEK million
Balder	20,853
Akelius	15,404
Vasakronan	11,483
Hemsö	7,961
Akademiska Hus	7,530
Rikshem	6,879
Castellum	6,500
Willhem	4,715
Atrium Ljungberg	4,400
Svensk FastighetsFinansiering (SFF)	3,400

Source: Swedbank

KLÖVERN'S BOND ISSUES DURING 2017

During the year, Klöver established a new framework for bonds on the Swedish market through a MTN-programme which is secured by underlying properties. The framework

BONDS PER 31 DECEMBER 2017

ISIN code	Type	Issued	Maturity	Fixed/Variable	Volume SEKm	Spread over 3 month Stibor on issue, %	Current spread over 3 month Stibor, %
SE0005127578	Secured	Apr 13	Apr 18	Variable	700	3.00	— ²
SE0005757358	Unsecured	Mar 14	Mar 18	Variable	1,100	2.25	2.72
SE0006799987	Unsecured	Mar 15	Mar 19	Variable	1,000	3.50	1.73
SE0008015119	Unsecured	Jun 16	Jun 20	Variable	750	4.15	2.95
SE0009241805	Unsecured	Nov 16	Nov 20	Variable	1,500	3.90	3.25
SE0010546747	Secured MTN 101	Nov 17	Nov 21	Variable	850	1.70	1.75

1) As of 23 February 2018

2) Bond redeemed

amount is SEK 10,000 million, of which SEK 850 million was issued in November. The issue was carried out in collaboration with Danske Bank, Nordea and Swedbank.

INVESTORS

A large number of institutional investors have invested 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 Klöver's bonds has been SEK 1,000,000.

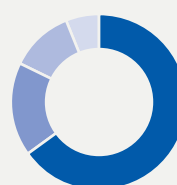
SECONDARY MARKET

All of the six bond loans issued by Klöver as of 31 December 2017 were 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. In 2014 there was significant downward pressure on this margin but the pricing situation today is at the same level as for the issues made during 2012–2013.

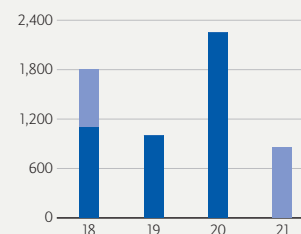
DISTRIBUTION OF INTEREST BEARING LIABILITIES
SEKm



■ Bank loans 16,659
■ Unsecured bonds 4,350
■ Commercial paper 2,970
■ Secured bonds 1,550

BOND MATURITY

SEKm



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

COMMERCIAL PAPER PROGRAMME

During 2015, Klöver established a commercial paper programme that is traded via Danske Bank and Swedbank. At year-end 2017 the programme had a framework amount of SEK 3,000 million, after a SEK 500 million expansion of the framework during the year. The outstanding volume at year-end 2017 totalled SEK 2,970 million. The framework was further expanded by SEK 1,000 million at the beginning of the first quarter of 2018. Commercial paper programmes work in the same way as bonds with the exception of the period to maturity, which is limited to a maximum of 364 days. The short time to maturity means that the proportion of early maturing credit in the loan portfolio rises but this is compensated for by unutilized credits and overdraft facilities.

SHARES

Klövern is listed on Nasdaq Stockholm and belongs to the Large Cap segment. The Class B ordinary shares are included in the OMX Stockholm Benchmark index. The total market value of Klövern's outstanding ordinary and preference shares at year-end was SEK 14,922 million.

MARKET INFORMATION

On 29 December 2017, the closing price for Class A ordinary shares in Klövern was SEK 10.87 (9.38), and for Class B ordinary shares SEK 10.72 (9.55), while the closing price for the preference shares was SEK 309.60 (288.50). The share price performance during 2017 amounted to 16 per cent for Class A ordinary shares and 12 per cent for Class B ordinary shares. In comparison the Stockholm stock exchange, measured by the OMX Stockholm All-Share index (OMXS), rose by 6 per cent while Nasdaq OMX Stockholm Real Estate index (SX8600) rose by 7 per cent. Including two paid quarterly dividends of SEK 0.10 each, the total return was 18 per cent for Klövern's Class A ordinary share and 14 per cent for the Class B ordinary share.

The share price performance of the preference shares during the year amounted to 7 per cent. Including the dividend paid of SEK 20.00 per preference share this resulted in a total return of 14 per cent.

Klövern belongs to the Large Cap segment on Nasdaq Stockholm. The Class B ordinary share is included in the OMX Stockholm Benchmark index (OMXSB) which comprises the largest and most heavily traded shares on the Stockholm exchange. Like the OMX Stockholm All-Share index, OMXSB is an indicator of the general development of the Stockholm stock exchange.

Klövern's market capitalization had increased to SEK 14,922 million (13,479) by year-end 2017, ordinary shares accounted for SEK 9,831 million and preference shares SEK 5,091 million. Turnover in the different classes of shares continued to show high liquidity, it was 20 per cent (28) for Class A ordinary shares, 48 per cent (47) for Class B ordinary shares and 38 per cent (36) for preference shares. The total turnover for Klövern's Class A ordinary shares was SEK 146 million (209), for Class B ordinary shares SEK 3,976 million (3,879) and for preference shares SEK 1,874 million (1,742).

Klövern's share capital remained unchanged during the year at SEK 1,864,875,960. The share's quota value, for both ordinary and preference shares, was SEK 2 per share. The total number of shares amounted to 932,437,980 on 31 December 2017, divided between 915,993,980 ordinary shares and 16,444,000 preference shares.

DIFFERENT CLASSES OF SHARES

Klövern has three classes of shares: Ordinary shares of Class

A and Class B 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 shares, 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 3,807,660 Class A ordinary shares had been converted to Class B ordinary shares during 2017, the total number of Class A ordinary shares amounted to 74,552,820 and Class B ordinary shares to 841,441,160.

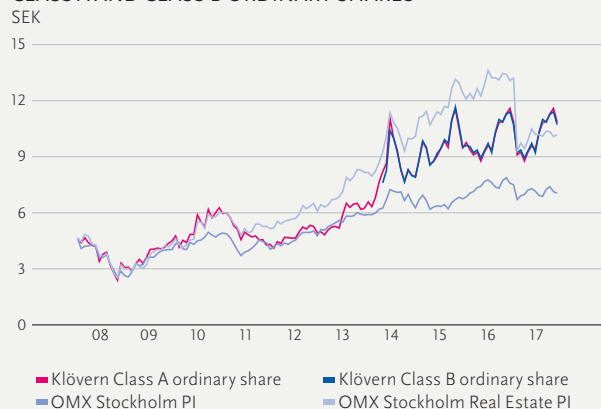
At the 2017 Annual General Meeting, it was decided that the dividends for ordinary shares for 2016 would be paid in four quarterly instalments. This entailed a change compared to dividends for 2015, which were paid out on a single occasion.

Preference shares

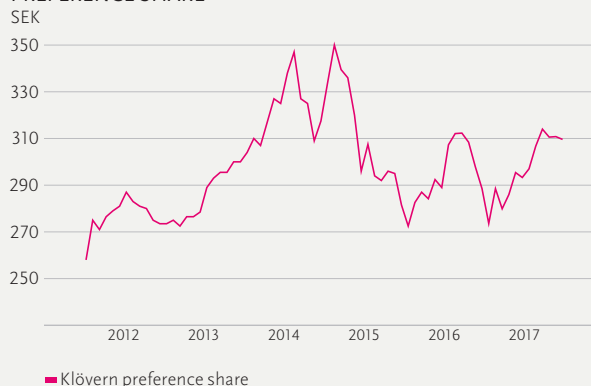
Klövern's preference shares have been traded on Nasdaq Stockholm since 30 January 2012. A preference share entitles the holder to one tenth of a vote. The total number of outstanding preference shares remained unchanged during 2017 at 16,444,000.

Klövern's preference shares confer a preferential right over ordinary shares to an annual dividend of SEK 20.00 per preference share. Payments of the decided dividend are made quarterly with SEK 5.00 per preference share. The preference share does not otherwise confer a right to dividend. If the general meeting decides not to pay a dividend or to pay a dividend below SEK 5.00 per preference share during a quarter, the difference between the dividend paid and SEK 5.00 has to be accumulated and adjusted upwards with an

CLASS A AND CLASS B ORDINARY SHARES



PREFERENCE SHARE

KEY FIGURES, SHARES¹

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Equity per ordinary share, SEK	10.74	9.01	7.38	5.20	4.83	4.69	5.36	5.11	4.65	4.56
EPRA NAV, SEK	14.07	11.70	9.53	7.05	5.93	5.94	5.95	5.24	4.63	4.52
Equity per preference share, SEK	309.60	288.50	281.50	317.50	300.00	273.50	–	–	–	–
Profit from property management per ordinary share, SEK	1.03	0.93	0.78	0.61	0.49	0.43	0.48	0.50	0.56	0.39
Earnings per ordinary share, SEK	2.53	2.11	1.83	1.02	0.68	0.23	0.53	0.68	0.27	–0.53
Share price at end of period, Class A ordinary shares, SEK	10.87	9.38	9.45	8.20	5.18	4.65	4.71	6.18	4.16	3.31
Share price at end of period, Class B ordinary shares, SEK	10.72	9.55	9.50	7.60	–	–	–	–	–	–
Share price at end of period, preference shares, SEK	309.60	288.50	281.50	317.50	300.00	273.50	–	–	–	–
Market capitalization, SEKm	14,922	13,479	13,327	12,232	7,527	6,670	4,165	5,467	3,682	2,929
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	876.6	916.0	916.0	916.0	916.0	888.5	884.4	884.4	884.4	884.4
Average no. of outstanding ordinary shares, million	902.8	916.0	916.0	916.0	914.9	874.0	884.4	884.4	884.4	897.6
No. of registered preference shares at end of period, million	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	9.3	9.3	–	–	–	–
Average no. of outstanding preference shares, million	16.4	16.4	16.4	10.5	9.3	5.9	–	–	–	–
Dividend per ordinary share, SEK	0.44 ²	0.40	0.35	0.30	0.27	0.27	0.23	0.27	0.23	0.18
Dividend per preference share, SEK	20.00 ²	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, %	57 ²	59	62	77	68	83	79	55	41	46
Dividend for preference shares in relation to profit from property management, %	26 ²	28	32	42	29	35	27	–	–	–
Dividend yield, Class A ordinary shares, %	4.1 ²	4.3	3.7	3.7	5.3	5.9	4.8	4.4	5.5	5.5
Dividend yield, Class B ordinary shares, %	4.1 ²	4.2	3.7	3.9	–	–	–	–	–	–
Dividend yield, preference shares, %	6.5 ²	6.9	7.1	6.3	6.7	7.3	–	–	–	–
Total return, Class A & B ordinary shares, % ³	14.4	4.2	28.9	53.0	17.2	3.7	–19.4	54	31.3	–22.7
Total return, preference shares, %	14.2	9.6	–5.0	12.5	17.0	–	–	–	–	–

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

2) Based on proposed dividend.

3) Based from 2015 on Class B.

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

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

The record days for 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 redemption can be found in this annual report and on Klövern's website.

ISSUES, REVERSE SPLIT AND CONVERSION PROVISIO

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

The bonus issue involved issuing all holders of ordinary shares ten new Class B ordinary shares for each existing Class A ordinary share, which meant that the number of outstanding 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 Klövern's website under the heading Investor Relations. Class B ordinary shares offer an opportunity for growth without dilution of the voting rights of holders of Class A ordinary shares.

REPURCHASE

Since 2007, the Board of Directors of Klövern has been authorized by the Annual General Meeting to repurchase shares up to a maximum of ten per cent of the total number of registered shares. This is intended, inter alia, to enable continuous adaptation to the company's capital requirements and thus contribute to increased shareholder value. In accordance with this authorization, Klövern repurchased a total of 39,367,478 Class B ordinary shares in 2017, for a total of SEK 419 million. At year-end, Klövern's holdings of its own shares amounted to 39,367,478 Class B ordinary shares, which corresponds to 4.2 per cent of the

total number of registered shares and of the share capital. The quota value for ordinary shares as well as for preference shares amounts to SEK 2 per share.

DIVIDEND

Klövern's 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 2017 is for a dividend of SEK 0.44 (0.40) per ordinary share to be paid in four instalments of SEK 0.11 and a dividend of SEK 20.00 (20.00) per preference share to be paid in four instalments of SEK 5.00. The proposal means that the dividend amounts to 57 per cent (59) of the profit from property management. Over the past ten years, this would mean an average dividend amounting to 63 per cent of the profit from property management.

Klövern also has a goal that in the long term dividend to preference shareholders shall not exceed 30 per cent of the profit from property management. The proposed dividend for 2017 corresponds to 26 per cent (28) of the profit from property management.

During 2017 a total of SEK 508 million (650) has been paid as dividend, of which SEK 329 million (329) was paid to holders of preference shares and SEK 179 million (321) 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 0.44 per ordinary share and SEK 20.00 per preference share corresponds to a dividend yield of 4.1 per cent for Class A ordinary shares and 4.1 per cent for Class B ordinary shares and 6.5 per cent for preference shares based on the share prices at year-end 2017.

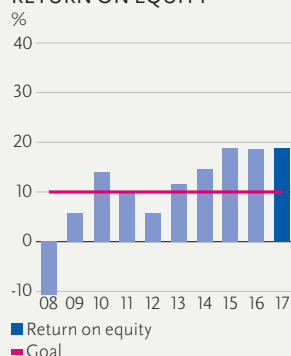
RETURN ON EQUITY

Klövern's goal for return on equity is that it shall in the long term amount to at least 10 per cent. The return on equity attained during 2017 was 18.9 per cent (18.6).

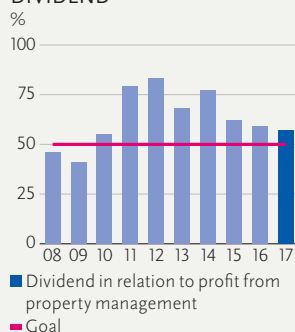
ADJUSTED EQUITY AND EPRA NAV

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 2017, total equity amounted to SEK 14,505 million (12,999). On the liabilities side of the balance sheet at the end of the year was a deferred tax liability of SEK 2,550 million (1,978), which includes the difference between the fair values and tax values of the properties and derivatives (temporary differences, although excluding acquired temporary differences). The tax liability is

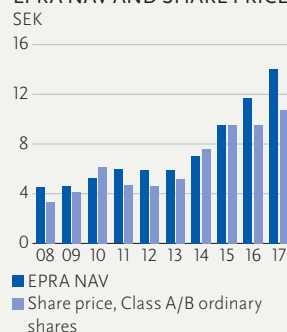
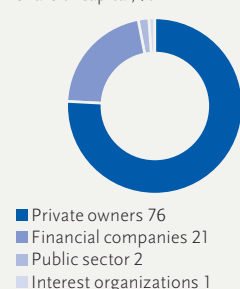
RETURN ON EQUITY



DIVIDEND



EPRA NAV AND SHARE PRICE

SHAREHOLDER CATEGORIES
share of capital, %

DEVELOPMENT OF THE SHARE CAPITAL 2010–2017

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

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 Klövern's case, practically all properties are 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 21,962 million (18,488) 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 set in relation to the assets adjusted for goodwill, the adjusted equity ratio amounted to 38.5 per cent.

Equity per ordinary share amounted at year-end 2017 to SEK 10.74 (9.01). 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 14.07 (11.70) after having increased by 20 per cent during the year.

OWNERSHIP STRUCTURE

At year-end there were 46,033 shareholders (46,550) in Klövern. The 15 largest shareholders represented 63 per cent of the total number of registered shares, corresponding to a market capitalization of SEK 6,840 million (6,671). 79 per cent (77) of the total number of registered 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 as at 31 December 2017.

SHAREHOLDINGS BY SIZE

Shareholding	Number of shareholders
1 – 500	27,274
501 – 1 000	5,642
1 001 – 5 000	8,072
5 001 – 10 000	2,360
10 001 – 15 000	909
15 001 – 20 000	444
20 001 –	1,332
BASED ON THE NUMBER OF REGISTERED SHARES	46,033

SHAREHOLDERS 31 DEC. 2017

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	15.0	16.2
Corem Property Group	9,500	129,400	—	14.9	14.3
Arvid Svensson Invest	13,300	52,997	685	7.2	11.9
Gårdarike	16,049	2,190	50	2.0	10.4
Handelsbanken fonder	1,300	48,682	—	5.4	3.9
Länsförsäkringar fund management	—	54,375	—	5.8	3.5
Swedbank Robur funds	1,301	21,336	—	2.4	2.2
CBNY Norges Bank	535	25,576	46	2.8	2.0
SEB Investment Management	422	15,878	—	1.7	1.3
Swedbank AS (Estonia)	1	18,532	58	2.0	1.2
Fjärde AP-fonden	257	14,731	—	1.6	1.1
Pareto Bank ASA	600	6,000	—	0.7	0.8
JPM Chase NA	193	8,745	161	1.0	0.7
Klövern's Profit-Sharing Foundation	481	5,724	15	0.7	0.7
SEB Life International	1,000	—	—	0.1	0.6
TOTAL MAJOR OWNERS	57,467	531,585	1,670	63.4	70.8
Other owners	17,086	270,489	14,774	32.4	29.2
TOTAL OUTSTANDING SHARES	74,553	802,074	16,444	95.8	100.0
Repurchased own shares	—	39,367	—	4.2	—
TOTAL REGISTERED SHARES	74,553	841,441	16,444	100.0	100.0

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

1) Repurchased shares can not be represented at General Meetings.

TAXES

The current rate of corporate tax on profit in Sweden is 22 per cent. Klöver 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 8.

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 8.

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 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 tax liability is realized if the properties are sold separately.

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 property price and the tax value.

TAX DISPUTES

During the second quarter of 2016, the Administrative Court decided to increase the company's taxable profit by SEK 77 million. This judgment was appealed against to the Administrative Court of Appeal. In connection with this, the company made a provision for current tax totalling SEK 21 million. Deferred tax correspondingly decreased by SEK 17 million as the tax value of the properties increased. The net amount was charged to income during 2016. During the third quarter of 2017, the Administrative Court of Appeal rejected the appeal and leave to appeal to the Supreme Administrative Court has subsequently been requested.

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 52 per cent accounted for by private companies, 32 per cent by listed companies and 16 per cent by the public sector.

CHANGES IN VALUE, PROPERTIES

	-10%	-5%	0%	5%	10%
Changes in profit before tax, SEKm	-4,296	-2,148	0	2,148	4,296
Equity ratio, %	28	30	33	35	37
Leverage, %	65	61	58	55	53

FINANCING

Risk

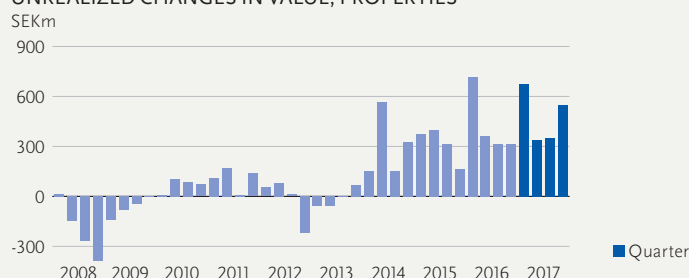
Klöver's interest-bearing liabilities comprise just over 65 per cent loans from banks and credit institutions and around 35 per cent of borrowing from capital markets through bonds and commercial paper. Consequently, Klöver is exposed to financing and interest rate risks. By using various derivatives to manage its interest rate risks, Klöver is also exposed to the risk of change in value of these derivatives.

Management

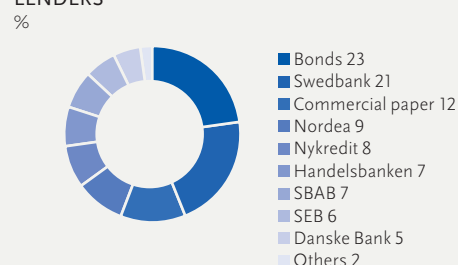
The financing risk is managed by goals in the financial policy for tied-up capital, loan maturity volumes in particular years and loan volumes in relation to counterparts. For 2017, the goal was for tied-up capital to be at least 2.0 years. Tied-up capital amounted to 3.0 years at year-end and is in line with comparable listed real estate companies. No more than 40 per cent of the total interest-bearing liabilities should mature in any single year according to Klöver's financial policy. Spreading borrowing between many lenders reduces the financing risk. Klöver has loans from nine different credit institutions and its liabilities to any one of them do not exceed the maximum of 40 per cent of Klöver's interest-bearing liabilities. During 2017 Klöver issued bonds for a total of SEK 850 million and commercial paper of which the outstanding volume at the end of the year totalled SEK 2,970 million.

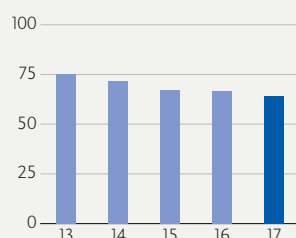
Klöver has limited the interest rate risks by entering into interest rate hedge contracts. At year-end 2017, the total volume of swaps amounted to SEK 8,325 million, interest-rate

UNREALIZED CHANGES IN VALUE, PROPERTIES



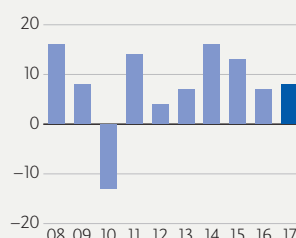
LENDERS



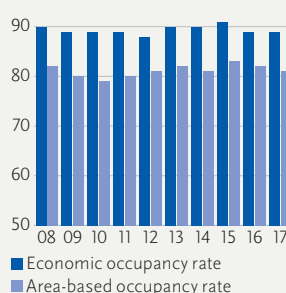
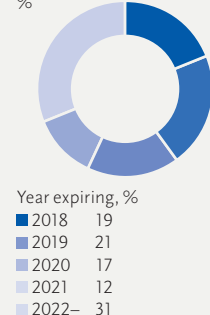
HEAT CONSUMPTION
kWh/sq. m.

Heat consumption has declined by a total of 5 per cent during 2016 and 2017 and amounted at year-end 2017 to 63.9 kWh/sq.m. (66.4).

1) All areas were inspected and concentrated as A-temp 1 January 2016. To obtain comparable historical data, the previous years' 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, Klövern's energy costs change by SEK 4.0 million at current consumption levels.

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

caps amounted to SEK 10,000 million which, together with the fixed-interest loans, means that 74 per cent of Klövern's credit was for fixed interest at the end of 2017. At the same time Klövern is prepared and has approved derivative lines in order to restructure its derivative portfolio if needed.

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

Klövern reduces currency risk by financing properties in the same currency as the rental income for those properties. According to the financial policy, net exposure may at most amount to 10 per cent of total assets.

FINANCIAL GOALS AND OUTCOME ACCORDING TO FINANCIAL POLICY

	Targets 2017	Outcome 2017	Goals 2018
Interest coverage ratio	Shall amount to at least 2.0.	✓ Achieved, 2.9.	Shall amount to at least 2.0.
Adjusted equity ratio	Shall in the long term amount to 40 per cent.	✗ Not achieved, 38.5%.	Shall in the long term amount to 40%.
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, 74%. ✓ Achieved, 2.8 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.

	Targets 2017	Outcome 2017	Goals 2018
Base risk	Tied-up capital shall be at least 2.0 years. At most 40 per cent of the liabilities should mature during the same year.	✓ Achieved, 3.0 years. ✓ Achieved, 33%.	Tied-up capital shall be at least 2.0 years. At most 40 per cent of the 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 21%.	No more than 40 per cent of the capital requirement should derive from the same lender.

ENVIRONMENT**Risk**

The Swedish Environmental Code stipulates that those who engage in activities that contribute to pollution are also responsible for subsequent treatment. If an operator cannot carry out or pay for this treatment of a property, a party that has acquired the property, and who, at the time of acquisition, knew of or should have detected the pollution is responsible. This means that, in certain conditions, Klövern 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 Klövern could be subject.

In accordance with Chapter 6, section 11, of the Annual Accounts Act, Klövern AB (publ) has chosen to separate the legally required sustainability report from the annual report. The sustainability report has been submitted to the auditors at the same time as the annual report. The sustainability report (in Swedish) is available at www.klovern.se/finansIELla-rapporter.

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 2017, Klövern had a total of 8,600 lease contracts (9,100) with 5,000 tenants (5,200) operating in many different sectors. The tenant turnover rate has been 4.5 per cent (8.3) during the year. The turnover rate is measured as vacating tenants in SEK during the year in relation to average lease contract value. The average lease contract period in Klövern's stock amounted to 3.6 years (3.7).

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 Klövern's earnings. Because of its close dialogue with tenants, Klövern has very low rent losses. These amounted to SEK 4 million (4) or 0.1 per cent (0.1), of Klövern's total income during 2017.

Exposure

The largest tenant is the 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 2017 to SEK 185 million, which corresponds to 6 per cent of Klövern's total contract value.

The second largest tenant is WSP, which is one of the world's leading analytical and technical consulting companies. The WSP contract value totalled SEK 73 million at the end of 2017. WSP's largest rental agreement is for its head

office in the Globen area but it also rents premises in Karlstad, Linköping, Norrköping, and Örebro.

KLÖVERN'S TEN LARGEST TENANTS

Tenant	Contract value, SEKm	Proportion of total contract value, %
Ericsson	185	6.0
WSP Sverige	73	2.4
Tele2 Sverige	69	2.2
KappAhl Sverige	41	1.3
CGI Sverige	34	1.1
Swedish Employment Service	32	1.0
Dagab Inköp & Logistik	32	1.0
Östergötland Regional Council	31	1.0
Swedish Transport Agency	27	0.9
PostNord Sverige	25	0.8
TOTAL	549	17.7

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 Klövern, like other companies, cannot always anticipate the tax outcome of its actions.

There are ongoing investigations into changes in tax regulations that may have negative effects on real estate companies. The investigations concern in part limitations on interest deductions and in part taxation of transactions in connection with packaging of properties into companies.

Management

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

Exposure

Klövern had one major tax dispute in 2017. The Swedish Tax Agency previously decided to increase Klövern's taxable profit by SEK 77 million for the 2008 fiscal year, which could entail a tax expense of around SEK 21 million. During 2015, the Supreme Administrative Court decided to refer this case back to the Administrative Court. During the second quarter of 2016, the Administrative Court decided to impose the tax surcharge on Klövern. The judgment was appealed against to the Administrative Court of Appeal. The company made a provision for current tax totalling SEK 21 million. Deferred tax correspondingly decreased by SEK 17 million as the tax

value of the properties increased by SEK 77 million. The net total tax effect was thus SEK 4 million. The net amount was charged to income during the second quarter of 2016. In the third quarter of 2017, the Administrative Court of Appeal rejected the appeal, and leave to appeal has subsequently been requested to the Supreme Administrative Court.

PROPERTY COSTS

Risk

In properties where maintenance has been neglected there is a risk of large and expensive repair costs. Energy accounts for 30 per cent of Klöver's property costs and consumption and energy costs can rise sharply if control is lacking. Deviations in the weather from what can be considered normal can also affect the total outcome. Seasonal variations in the weather mean that energy costs are not evenly distributed over the year. Normally, for example, around 40 per cent of the year's heating consumption takes place during the first quarter of the year.

Management

Through its local organization, Klöver has a very good control of its properties. An ambitious maintenance programme with preventive measures reduces the number, and costs of, unanticipated repairs. There has been a major focus on investments to optimize energy consumption. Klöver works actively to monitor energy consumption and takes steps to reduce it.

Exposure

The influence of the weather during a particular year can be measured as a deviation from a normal year. If the temperature in any one year deviates from the normal year by +/- 10 per cent, Klöver's energy costs change by SEK 4.0 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 irregulari-

ties. 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 six months period of notice if given by the employee. This provides sufficient time for recruitment when employees leave.

During 2017, Klöver had a staff turnover of 10 per cent (13).

Sensitivity analysis

The sensitivity analysis is based on the Group's earnings capacity and balance sheet on 31 December 2017. 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	+/- 35
Rental income	1 per cent	+/- 30
Property costs	1 per cent	-/+ 10
Klöver's average interest rate	1 percentage point	-/+ 255

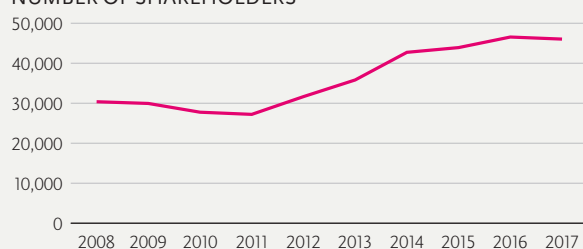
INVESTOR RELATIONS

Klövern's IR-operations 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 #1 in the 2017 Hugin & Munin award, awarded by Fastighetsvärlden for best information and communication efforts. The ranking, which was conducted for the 20th time, incorporates a number of aspects such as annual reports, property portfolios, financing, responsiveness, web sites and IR / quick facts. Transparent and clear provisions 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.

NUMBER OF SHAREHOLDERS



HUGIN & MUNIN

Klövern was ranked #1 in the 2017 edition of Hugin & Munin, Fastighetsvärldens award for best information and communication efforts.

Klövern has a large number of shareholders. On 31 December 2017, the number of shareholders totaled 46,033 (46,550).

EQUITY ANALYSTS

Company	Analyst
ABG Sundal Collier	Tobias Kaj
Carnegie	Erik Granström, Fredrik Cyon
Danske Bank Markets	Henrik Dahlgren
DnB Markets	Simen Mortensen
Kepler Cheuvreux	Jan Ihrfeldt
Nordea	Niclas Höglund
Pareto	Johan Edberg
SEB	Svante Krokfors

Press releases, 2017

- 26 Jan. 2017 Klöverns acquires a property in Nyköping for SEK 190 million
- 10 Feb. 2017 Year-End Report January-December 2016
- 24 Feb. 2017 Klöverns acquires properties in Gothenburg and divests in Borås
- 28 Feb. 2017 Number of shares in Klöverns as of 28 February 2017
- 3 Mar. 2017 Klöverns acquires four properties in Gothenburg for SEK 230 million
- 22 Mar. 2017 Klöverns Annual report and Sustainability report for 2016
- 22 Mar. 2017 Klöverns divests four properties for SEK 110 million
- 27 Mar. 2017 Notice of annual general meeting of Klöverns AB (publ)
- 4 Apr. 2017 Klöverns divests properties in Lund and Ystad and acquires in Kista
- 19 Apr. 2017 Klöverns 2017 Q1 - Invitation to telephone conference on 26 April
- 26 Apr. 2017 Decisions at annual general meeting of Klöverns AB (publ)
- 26 Apr. 2017 Interim Report January - March 2017
- 12 Jun. 2017 Klöverns acquires two properties in Norrköping for SEK 210 million
- 22 Jun. 2017 Klöverns launches a project in Gothenburg
- 27 Jun. 2017 Klöverns acquires properties in Malmö and divests in Eskilstuna
- 30 Jun. 2017 Klöverns signs a contract regarding the hotel project in Kista
- 6 Jul. 2017 Klöverns acquires a property in Uppsala for SEK 285 million
- 12 Jul. 2017 Klöverns initiates acquisition of its own shares
- 12 Jul. 2017 Interim Report January - June 2017
- 31 Aug. 2017 Number of shares in Klöverns as of 31 August 2017
- 31 Aug. 2017 Klöverns and Citycon intend to develop Globen Shopping together
- 5 Sep. 2017 Klöverns intends to establish a secured MTN programme
- 6 Oct. 2017 Klöverns establishes an MTN programme and publishes prospectus
- 11 Oct. 2017 Klöverns in property swap deal with Corem in Norrköping and Stockholm
- 19 Oct. 2017 Interim Report January - September 2017
- 30 Oct. 2017 Klöverns in property swap deal with Genova Property Group in Kista and Huddinge
- 2 Nov. 2017 Klöverns acquires a property in Copenhagen for DKK 620 million
- 15 Nov. 2017 Klöverns issues bonds of SEK 850 million under the new MTN Programme
- 5 Dec. 2017 Klöverns signs a contract regarding a commitment to buy ordinary shares in a directed share issue and to guarantee a rights issue in Tobin Properties
- 21 Dec. 2017 Klöverns divests a logistics property in Mölndal for SEK 643 million

CORPORATE GOVERNANCE



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BOARD OF DIRECTORS	66
EXECUTIVE MANAGEMENT	67
ARTICLES OF ASSOCIATION	71

The property Pinassen 2, better known as Skeppet, in Karlstad. New production, completed in 2017.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

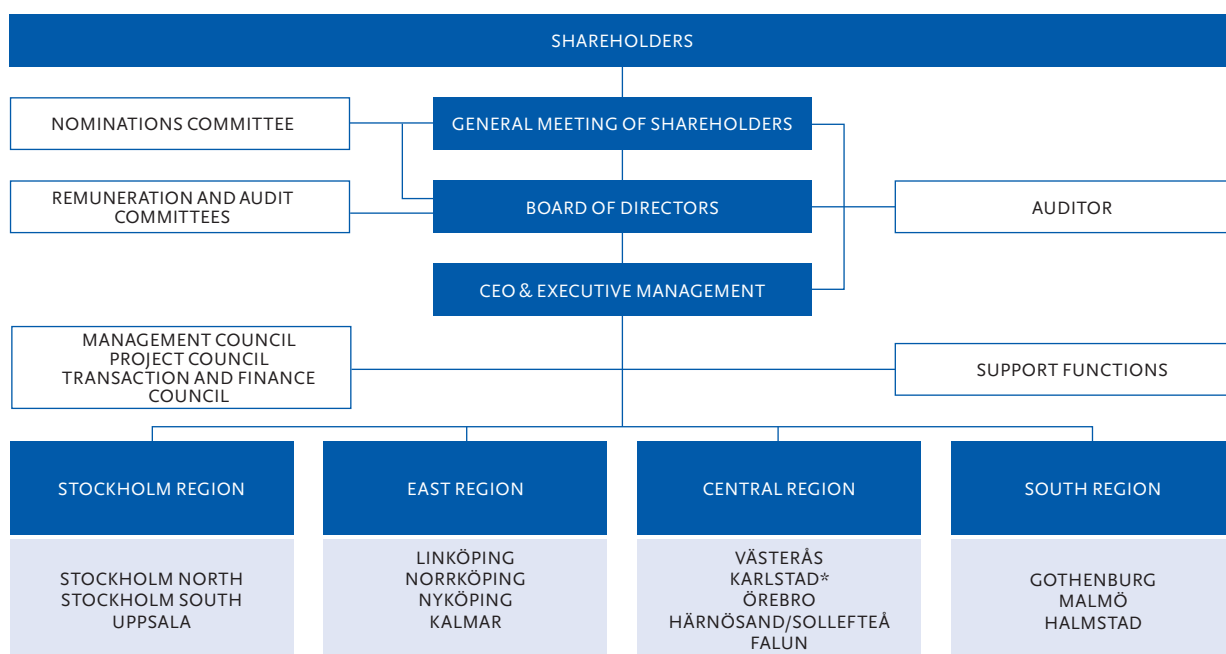
SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

CORPORATE GOVERNANCE REPORT 2017

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.

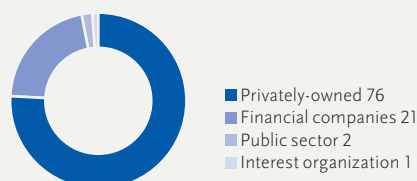


* Business unit Karlstad is part of the South Region from 1 January 2018.

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.

OWNER CATEGORIES

Share of capital, %



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 2017, 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".

SHAREHOLDERS AND GENERAL MEETING

Shares and ownership

At year-end 2017, Klöver had 46,033 (46,550) shareholders and a share capital of SEK 1,865 million (1,865).

The shares consisted of 74,552,820 ordinary shares of Class A, 841,441,160 ordinary shares of Class B and 16,444,000 preference shares, each with a quote value of SEK 2.00. Of the total number of shares 79 per cent (77) are owned by Swedish investors.

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

The fifteen largest shareholders represented together 63 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 2017.

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 48–52. 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 operations are, either directly or indirectly through subsidiaries, to acquire, own, manage, develop and sell properties as well as engaging in compatible activities. Class A ordinary shares, Class B ordinary shares and preference shares can be issued. The Company's financial year is the calendar year.

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

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

The articles of association are shown in their entirety on page 71–72.

GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS

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

2017 ANNUAL GENERAL MEETING

Klöver's 2017 annual general meeting was held on 26 April at Solna Gate in Solna. The meeting was attended by 76 persons including shareholders, the Board, the auditor, representatives, assistants, analysts and other guests. They repre-

THE COMPOSITION OF THE BOARD OF DIRECTORS DURING 2017

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	19/19	5/5	400	0.0	0.0
Fredrik Svensson ¹	2005	No	19/19	5/5	180	7.2	11.9
Rutger Arnhult, VD ^{1,2}	2009	No	17/19	–	–	15.0	16.2
Ann-Cathrin Bengtson	2011	Yes	18/19	–	180	0.0	0.0
Eva Landén ¹	2011	No	19/19	–	180	–	–

1) Fredrik Svensson, Rutger Arnhult and Eva Landén are dependent in relation to major shareholders and Rutger Arnhult and Eva Landén are dependent in relation to the company and the Executive Management.

2) Rutger Arnhult also owns shares through companies corresponding to 43.0 per cent of the votes in Corem Property Group. Source Corem's year-end report for 2017.

3) Direct or indirect shareholdings in the Company as at year-end 2017/2018. Percentage of votes has been calculated excluding repurchased shares.

Minutes from all general meetings of shareholders are available at www.klovern.se. The annual general meeting 2018 will be held at Solna Gate, Solna, at 11 a.m. on 26 April 2018.

sented together 65 per cent (67) 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 SEK 0.40 per ordinary share of Class A and B, in four instalments of SEK 0.10 each, and SEK 20.00 per preference share, in four instalments of SEK 5.00 each.
- > Re-election of Pia Gideon as Chairman of the Board. Re-election of directors Fredrik Svensson, Rutger Arnhult, Ann-Cathrin Bengtson and Eva Landén.
- > Re-election of Fredrik Hävrén, Ernst & Young AB, as auditor.
- > Raising the board fee from a total of SEK 800,000 to SEK 940,000, of which SEK 400,000 (350,000) is paid to the Chairman of the Board and SEK 180,000 (150,000) 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.
- > Adjusted principles for payment to Klövern's profit-sharing foundation.
- > Establishment of a cash-based option programme for executive management (excluding the CEO) and key personnel in Klövern.

SHARE REPURCHASE

Klövern has been authorized by the 2017 Annual General Meeting, until the 2018 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 the acquisition of its own Class B ordinary shares. At the end of the year, the company's holdings of its own shares amounted to a total of 39,367,478 Class B ordinary shares (0), corresponding to 4.2 per cent (0) of the total number of registered shares, which do not confer any votes or rights to dividend.

NOMINATIONS COMMITTEE

The work of the Nominations Committee

The 2017 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 2018 Annual General Meeting consists of Mia Arnhult (Rutger Arnhult via companies), Patrik Essehörn (Corem Property Group), Rikard Svensson (Arvid Svensson Invest), Lars Höckenström (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 2018 Annual General Meeting and has also been in contact by phone and e-mail.

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

In its work ahead of the 2018 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. During this process, the Nominations Committee has reviewed requirement profiles and commissioned an external recruitment expert to identify candidates.

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

COMPOSITION

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

INDEPENDENCE

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

Three of Klövern's five directors, Ann-Cathrin Bengtson, Pia Gideon and Fredrik Svensson are independent both in relation to the Company and to the Executive Management. As at 31 December 2017, two of these, Ann-Cathrin Bengtson and Pia Gideon, are also independent in relation to the major shareholders.

Rules of procedure

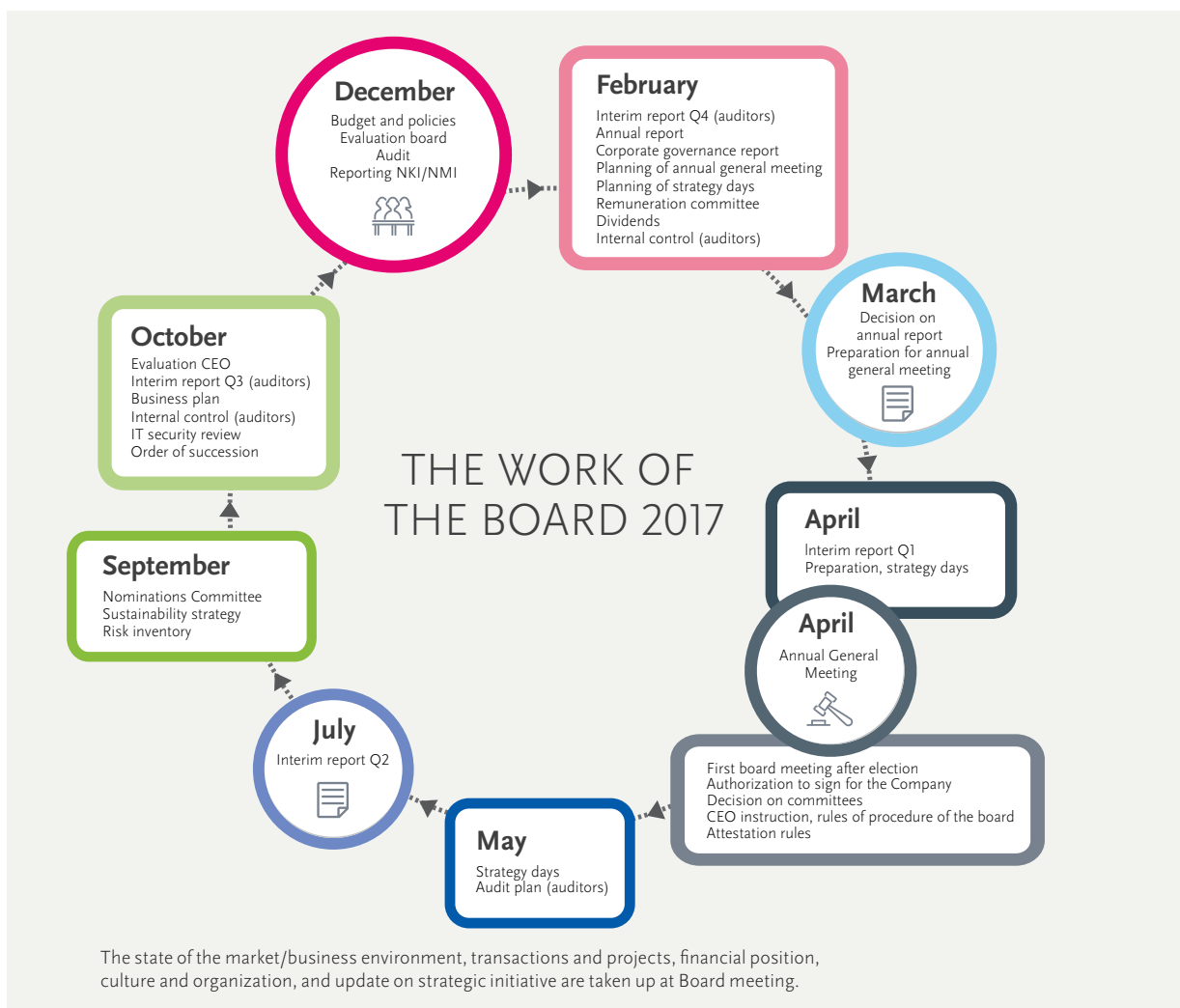
The work of the Board takes place in accordance with the rules of procedure adopted at the first ordinary board meeting after the annual general meeting. These rules of procedure include directives about the division of duties and reporting between the Board, the Chairman of the Board and the CEO and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

The Board's work during 2017

During 2017, there have been 19 (18) meetings, of which 1 (1) meeting following its election and 3 (1) 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, 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 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. In 2016, an extensive review of policies was undertaken. These policies have been further updated in 2017, with specific focus on the IT function and IT security.



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

CURRENT POLICIES

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

The work of the Board is continuously evaluated and an annual systematic and structured evaluation is drawn up in writing and the result reported by the Chairman of the Board to the Nominations Committee. The outcome in 2017 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 for decision by the Board. In 2017, the Remuneration Committee has consisted of the Chairman of the Board, Pia Gideon and Fredrik Svensson. The Remuneration Committee has had five minuted meetings in 2017 and in addition continuously consulted on questions regarding remuneration and incentives.

The Remuneration Committee has in its work during 2017 evaluated the models for remuneration that the company applies. The Remuneration Committee has consulted external expertise and has in its evaluation found that existing models for variable remuneration are appropriate and that the structures and level of remuneration in Klöver is at a market level and competitive. The evaluation accordingly does not lead to any changes to existing structures.

The work of the Board during 2017*Important decisions*

- > At the Annual General Meeting in April, it was decided, in accordance with the proposal by the board, that dividends on ordinary shares shall also occur quarterly.
- > In July, the board decided to initiate the acquisition of Klöver's own Class B ordinary shares. In total, 39,367,478 Class B ordinary shares were acquired during the second half of the year.
- > In October, Klöver established a secured Medium Term Note programme (MTN) with a framework amounting to SEK 10 billion.
- > In November, a bond of SEK 850 million was issued under the new MTN-programme.
- > In December, a contract was signed regarding a commitment to buy ordinary shares in a directed share issue and to guarantee a rights issue in Tobin Properties.

AUDITORS

Ernst & Young AB was elected as the Company's auditor at the Annual General Meeting in 2017 for the period until the 2018 Annual General Meeting. Fredric Hävrén is auditor-in-

FREDRIC HÄVRÉN

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

Other assignments: Rodamco Sverige AB, Nordisk Renting AB, Byggesta AB, Mengus Stockholm AB, HSB Bostad AB, CHR Bygga Bostäder Holding AB.

Shareholding in Klöver: no shares.

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.

The fee to the auditor is established, after a proposal from the Nominations Committee, at the Annual General Meeting. The 2017 Annual General Meeting decided that the fee to the auditor should be paid in accordance with approved invoices. The fee for audit commissions amounted to SEK 3.0 million (2.7) in 2017. Other advice has amounted to SEK 0.6 million (0).

THE GROUP

The Group structure of Klöver AB consists of the parent company Klöver AB and 28 directly owned active subsidiaries (27). In 2017, all operations were in Sweden. The operations are divided into 15 business units and in four regions: Stockholm, East, Central, and South. More information about the regions is available on page 14-21.

THE CEO AND EXECUTIVE MANAGEMENT

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

The CEO leads the work of the Executive Management. As well as the CEO, the Executive Management group in 2017 consisted of the head of transactions, the head of finance and (since the end of the year) the corporate lawyer.

The work of the Executive Management during 2017

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

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

BOARD OF DIRECTORS

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

FREDRIK SVENSSON

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

Education: Graduate in business administration.

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

Shareholding in Klövern: 13,299,733 Class A ordinary shares, 52,997,330 Class B ordinary shares and 685,122 preference shares via company, directly and indirectly.

PIA GIDEON

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

Education: Graduate in business administration.

Other board assignments: Qlucore AB, Metria AB, and Apoteket AB.

Shareholding in Klövern: 11,500 Class B ordinary shares.

RUTGER ARNHULT

Director since 2009. Born 1967. CEO of Klövern AB. Dependent director 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, Agora AB (publ.) 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.

ANN-CATHRIN BENGTSO

Director since the 2011 Annual General Meeting. Born 1962. Independent director.

Education: Graduate in business administration.

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

Shareholding in Klövern: 19,200 preference shares via company.

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: Specialfastigheter AB.

Shareholding in Klövern: No shareholding.

Shareholding as per 31.12.2017



EXECUTIVE MANAGEMENT

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

MALIN LÖVEBORG

Corporate lawyer
Born 1978.
Employed since September 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, Agora AB (publ.) 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: 122,000 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 Analysis Kungsliden AB 2007–2010.

Board assignments: No external assignments.

Shareholding in Klövern: 100,568 Class B ordinary shares, 1,685 preference shares via company and directly.

Shareholding as per 31.12.2017



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

The Project Council meets every other week and consists of the CEO, project controllers, project managers, regional managers and the valuation manager. The project council examines all major projects and is also a preliminary body for projects which are passed on for approval by the board.

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

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

REMUNERATION AND INCENTIVE PROGRAMME

The CEO and Executive Management

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

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

In the event of termination 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 2018 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.

Board of directors and committees

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

REMUNERATION TO THE EXECUTIVE MANAGEMENT

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

INTERNAL GOVERNANCE AND CONTROL

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
- > Labour environment policy
- > Code of conduct and Sustainability policy
- > Related party 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 annual accounts and continuously in a dialogue between the Board and auditors.

Information and communication

External information is communicated through press releases and the website and taken care of in accordance with

the communication policy adapted in accordance with Nasdaq Stockholm's rules and the Code.

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

Follow-up

Financial follow-up takes place quarterly of all business units and companies and at group level. The follow-up takes place in relation to budgets and forecasts, according to a tried and tested model. 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. 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 service and head offices. 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 54–57.

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.

REMUNERATION

Amount in SEK 000s	2017	2016
Chairman of the Board		
Fredrik Svensson*		70
Pia Gideon	388	210
Other directors		
Ann-Cathrin Bengtson	172	145
Eva Landén	172	145
Pia Gideon		36
Fredrik Svensson	172	109
CEO		
Basic salary	4,718	4,587
Variable salary		
Benefits	234	192
Other senior executives, 3.3 individuals (2.8)		
Basic salary	3,418	4,780
Variable salary		704
Benefits	193	285
Other employees		
Basic salary	113,532	105,082
Variable salary	674	289
Benefits	7,559	6,936
TOTAL	131,233	123,570
<i>Contractual pension costs</i>		
CEO	1,588	1,567
Other senior executives, 3.3 persons (2.8)	874	1,423
Other employees	14,156	13,255
TOTAL	16,618	16,245
<i>Statutory social costs incl. payroll tax</i>		
Chairman of the Board	122	88
Other board members	163	152
CEO	1,941	1,933
Other senior executives, 3.3 individuals (2.8)	1,361	2,093
Other employees	41,427	38,221
TOTAL	45,014	42,487

ARTICLES OF ASSOCIATION

Articles of Association for Klöver AB (publ.), 556482-5833

1 NAME

The Company's name is Klöver AB. The Company is a public company (publ.).

2 REGISTERED OFFICE

The registered office of the Company shall be located in Stockholm. General meetings may be held in Stockholm or Solna.

3 OBJECTS

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

4 SHARE CAPITAL

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

5 SHARES

5.1 Number of shares and classes of shares

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

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

5.2 Dividends

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

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

Each individual quarter, the difference between SEK 5.00 and the dividend paid per preference share shall be added to "Withheld Amounts" (assuming that, at an Annual General Meeting, a resolution was adopted to issue a dividend of less than SEK twenty (20)). In the event dividends on preference shares are issued in accordance with a resolution adopted at a general meeting other than an Annual General Meeting, the amount paid per preference share shall be deducted from Withheld Amounts. The deduction shall take place as of the day on which payment takes place to holders of preference shares and shall thereupon be deemed to constitute settlement of the part of any Withheld Amount which arose first. Withheld Amounts shall be recalculated upwards by a factor corresponding to an annual rate of interest of eight (8) per cent (the "Recalculation

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

5.3 New issues

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

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

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

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

5.4 Redemption

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

The general meeting shall decide the number of preference shares to be redeemed each time. The specific preference shares to be redeemed shall be determined through the drawing of lots. However, where the

resolution is supported by all holders of preference shares, the general meeting may decide which preference shares shall be redeemed.

Any holder of a preference share determined for redemption shall be obliged, three months after being notified of the redemption resolution, to accept payment for the share in an amount calculated as the total of SEK 500 plus any Withheld Amount in accordance with section 5.2 (including any Recalculation Amount on such Withheld Amount up to and including the day on which the redemption amount falls due for payment). All interest calculation shall cease on the day on which the redemption amount falls due for payment.

5.5 Dissolution of the Company

In the event of dissolution of the Company, the holders of preference shares shall be entitled to receive from the Company's net assets SEK 400 per share as well as any Withheld Amount in accordance with section 5.2 (including any Recalculation Amount on such Withheld Amount), prior to any distribution to the holders of the common shares. The preference shares shall otherwise carry no entitlement to any share in the distribution of assets.

5.6 Conversion clause

Upon request by the holders of ordinary shares of Class A, such shares shall be converted into ordinary shares of Class B. A request for conversion must be made in writing to the Board of Directors, stating the number of ordinary shares of Class A to be converted into ordinary shares of Class B and – in the event the request does not cover the entire holding – the ordinary shares of Class A to which the conversion relates. Such a request must be presented to the Board of Directors and have reached the Board of Directors during the month of January or July. The Board of Directors shall give notice of the conversion to the Swedish Companies Registration Office as soon as possible for registration in the companies register. The conversion is executed when registration has taken place and been noted in the record day register.

6 THE BOARD OF DIRECTORS

The Board of Directors shall comprise no fewer than four members and no more than eight members.

7 AUDITORS

The Company shall have one or two auditors and an equivalent number of alternative auditors, or one or two registered accounting firms.

8 FINANCIAL YEAR

The Company's financial year shall be the calendar year.

9 NOTICE

Notice to attend general meetings shall be given through an announcement in the Official Gazette (Post- och Inrikes Tidningar) and on the Company's website. Information that notice has been given shall be provided in an announcement in Svenska Dagbladet.

10 SHAREHOLDERS' ENTITLEMENT TO PARTICIPATE AT GENERAL MEETINGS

Shareholders who wish to participate in the proceedings at a general meeting must be entered in a printout or other presentation from the entire share register regarding circumstances pertaining five weekdays prior to the general meeting and must have notified the Company of their participation not later than on the date stated in the notice to attend the general meeting. Such a day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not occur earlier than the fifth weekday prior to the general meeting.

11 PRESENCE OF OUTSIDE PARTIES AT GENERAL MEETINGS

A person not entered in the share register shall be entitled to be present at a general meeting, subject to the conditions determined by the Board of Directors.

12 ANNUAL GENERAL MEETING

The following business shall be addressed at annual general meetings:

1. election of a chairman of the meeting;
2. preparation and approval of a voting register;
3. election of one or two persons to attest the minutes;
4. determination of whether the meeting has been duly convened;
5. approval of the agenda;
6. presentation of the annual report and the auditor's report and, where appropriate, consolidated financial statements and the auditor's report for the Group;
7. resolutions regarding:
 - a) adoption of the income statement and balance sheet and, where appropriate, the consolidated income statement and consolidated balance sheet;
 - b) allocation of the Company's profits or losses in accordance with the adopted balance sheet,
 - c) discharge from liability for the directors and CEO;
8. determination of the number of directors, as well as auditors and alternative auditors or registered accounting firms;
9. determination of fees for the Board of Directors and auditors;
10. election of directors and a Chairman of the Board of directors;
11. election of auditors and alternative auditors or registered accounting firms;
12. resolution regarding guidelines for remuneration to Executive Management;
13. resolution regarding the nominations committee;
14. other business incumbent on the general meeting in accordance with the Swedish Companies Act or the Articles of Association.

13 RECORD DAY PROVISION

The Company's shares shall be registered in a record day register pursuant to the Financial Instruments Accounts Act (1998:1479).

These Articles of Association were adopted by the Annual General Meeting of Shareholders on 19 April 2016.



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BUSINESS CONCEPT, GOALS AND STRATEGY

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Interior from Globen Shopping, part of the property Arenan 2 in Stockholm.

SUSTAINABILITY STRATEGY AND TARGETS

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

Responsibility for carrying out Klöver's work with sustainability is clearly shared within the organization. Klöver's shareholders are the ultimate authority on the company's direction and they appoint the Board of Directors. The business units bear great responsibility for ensuring that the environmental and sustainability strategies are complied with and applied in management and decision-making. The business units are supported and given training by the sustainability group, which directs the work in close cooperation with other central functions toward defined goals.

Klöver applies the principles of the UN Global Compact and the prudence concept in all aspects of its operations. Klöver's work with sustainability is naturally also supported by national and international standards. On a global level, Agenda 2030 and the UN's 17 sustainability goals provide both countries and companies a platform for understanding how to work together to solve global challenges. The UN's global development goals serve as a framework for Klöver to understand how the company's work with sustainability contributes to society's goals for sustainable development and human rights. In 2017, Klöver identified which of the 17 UN goals to which the company can primarily contribute: sustainable energy for all (goal 7), decent working conditions

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 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, an 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.

In 2017, Klöver analyzed and mapped the global goals against the company's strategies, focal areas and sustainable enterprise goals. In the long run, these shall be integrated into relevant aspects of Klöver's operations.

and economic growth (goal 8), and sustainable cities and communities (goal 11).

Klövern reports on its work with sustainability according to the Global Reporting Initiative (GRI) Standards “core” level, which describes how Klöver has worked with sustainability in 2017.

IMPORTANT ASPECTS AND DIALOGUE WITH STAKEHOLDERS

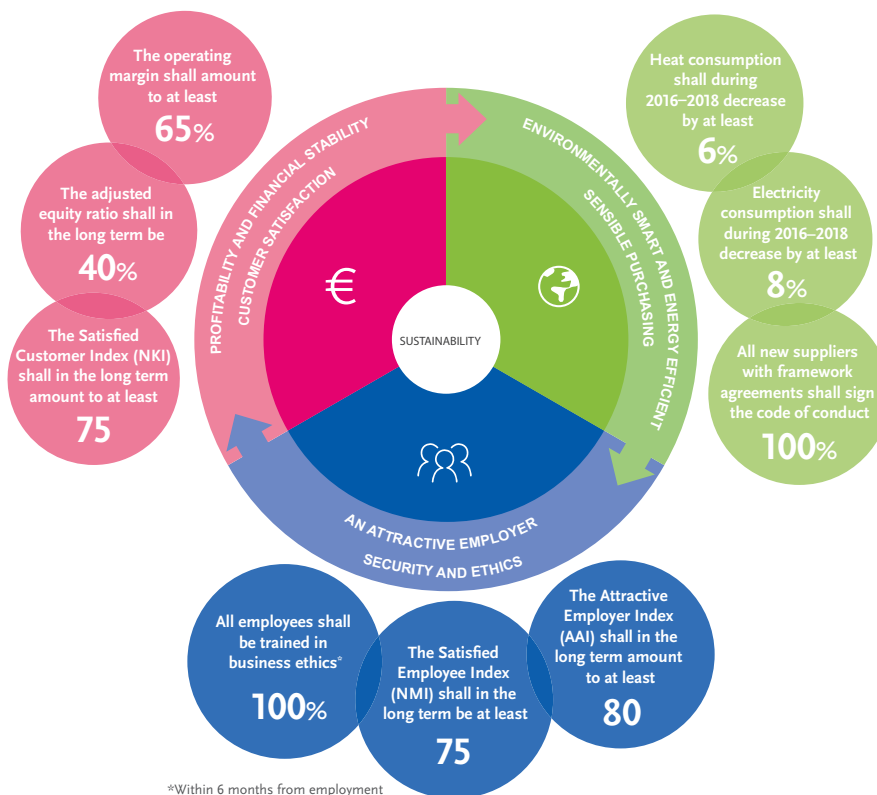
Klövern’s work with sustainability considers the sustainability questions that are essential to the company’s business strategy, with respect to the expectations of stakeholders and where the company has the greatest opportunities to contribute to a sustainable social development. Klöver’s stakeholders 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.

To identify the sustainability questions that are most important to Klöver and to the company’s prioritized stakeholders, a materiality analysis was conducted in 2014,

which was updated in 2017. The areas that were considered as the most important by both Klöver and the prioritized stakeholders make up the company’s important sustainability aspects.

SUSTAINABILITY ASPECTS AND GOALS FOR 2017

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



The economic, social and environmental sustainability goals for 2017 have been augmented by an additional three goals for 2018. The stakeholder dialogue has identified customer satisfaction as an important goal for the survival of the company, hence the new goal for the Satisfied Customer Index. The goal that all new suppliers with framework agreements shall sign the

Code of Conduct is important in order to create a closer cooperation with suppliers. To ensure that all staff are trained in business ethics, an explicit goal has been defined. Follow-up of the sustainability goals take place quarterly, in conjunction with the company's interim reports.

ECONOMIC

Klövern's overall objective is to generate a good return 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 commercial 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 sustainability goals. From the strategies and targets 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 2017, as the return on equity during the year amounted to 18.9 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. This has taken place to a significant extent during the year, as Klöver has taken possession of 27 properties, divested 54 properties and invested SEK 1,489 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. Klöver's financial stability, measured as adjusted equity ratio, was further improved in 2017 to 38.5 per cent.

CUSTOMER SATISFACTION

Closeness and commitment

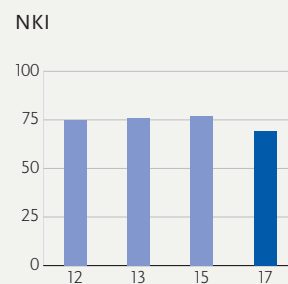
Klövern's motto is "Making the customer's day easier every day". By being close at hand with locally based own staff, Klöver can provide quick service and maintain a good contact with its tenants. Being close also entails having a good knowledge of the market as well as good knowledge about the tenants and their day-to-day reality.

Customer Satisfaction Index (NKI)

Klövern works structurally and continuously with customer care. This work consists, inter alia, of internal workshops and measurement of the Satisfied Customer Index (NKI), an important tool to follow up customer service and ensure quality-related work. The result of the NKI measurement also serves as the basis for improvements to create increased satisfaction and loyalty. The NKI survey is carried out every other year. The most recent survey took place at the end of 2017 and resulted in a total customer satisfaction amounting to 69 (77) on a scale from 0 to 100. The result of the survey is not completely comparable to previous years, as the latest survey was carried out by an external actor and consisted of a different set of questions. 69 is a relatively good score, but somewhat below Klöver's goal of at least 75.



The property Livia 16, Västerås.



In the latest survey, Klöver's Customer Satisfaction Index (NKI) amounted to 69 (77).

ENVIRONMENT

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

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

ENVIRONMENTALLY SMART AND ENERGY EFFICIENT

Energy consumption

Energy consumption has been identified as an important environmental aspect in Klöver's work with environmental issues and the company has always been striving to minimize the properties' energy consumption. The total quantity of energy consumed by Klöver's properties continued to decrease during 2017. The proportion of renewable energy increased to 57.5 per cent (50.9).

Heating consumption

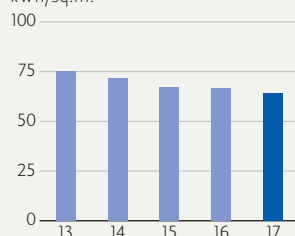
Heating consumption has decreased by a total of 5 per cent in 2016 and 2017. The goal is to reduce heating consumption by at least 6 per cent during the three-year period 2016-2018. 2017 was warmer than normal but all statistics have been corrected for normal years. In absolute figures, Klöver is in a very good position having an average value for heating of 63.9 kWh/sq.m. (66.4) for 2017. This can be compared with the average for the industry according to the state energy agency, ES 2017:05 chapter 2.3, for space and water heating of premises in 2016 which was 123 kWh/sq.m.

Electricity consumption

Electricity consumption was reduced by a total of 5 per cent during 2017 and 2016. The goal is to reduce electricity consumption by at least 8 per cent during the three-year period, 2016-2018. Since 2012, all purchased electricity for Klöver's properties is green power from hydroelectric generation.

HEAT CONSUMPTION¹

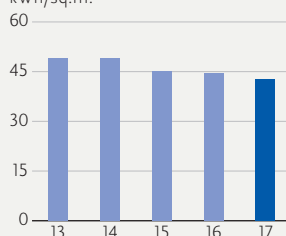
kWh/sq.m.



Heat consumption has been reduced by a total of 5 per cent during 2017 and 2016 and amounted to 63.9 kWh/sq. m. (66.4) at year end 2017.

ELECTRICITY CONSUMPTION INCLUDING TENANTS¹

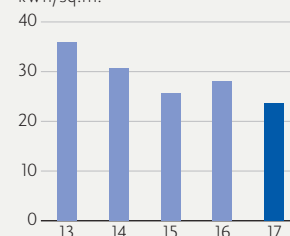
kWh/sq.m.



Electricity consumption, including some of the tenants' consumption, has declined by a total of 5 per cent during 2017 and 2016. Average consumption of electricity totalled 42.7 kWh (44.4) per sq.m. at year-end 2017.

AIR CONDITIONING¹

kWh/sq.m.



The use of energy for air conditioning varies from year to year and depends on the type of property and tenant but is also affected by the climate during the summer. The result for 2017 was 23.6 kWh/sq.m (28.0)

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.



The property Kungsängen 10:2 which in 2017 was classified as Miljöbyggnad Gold.

Self-produced solar energy

Klövern produces its own electric power from solar cells on the roofs, in Linköping, Norrköping, Uppsala and Örebro, among other places.

The production of electricity from solar power increased significantly in 2017, amounting to 400 MWh (130).

Environmentally certified buildings

Klövern environmentally certified its first building in 2011 and now has a total of 23 environmentally certified buildings (22). Foremost among these buildings are those environmentally certified in accordance with Green Building, which is the EU programme to reduce energy consumption in premises. The proportion of buildings classified according to Miljöbyggnad, LEED and BREEAM is increasing apace with the completion of further refurbishment and new production projects. The Miljöbyggnad system is increasing the most.

It is aimed for all new buildings to be at least classified in accordance with Miljöbyggnad Silver or the equivalent. The ambition is for environmental classification also to increase in the existing property portfolio. The total area which is environmentally classified amounts to over 200,000 sq.m., which corresponds to 7 per cent (6) of the company's total lettable area.

Green lease contracts

A green lease contract entails an agreement on a continuous dialogue with tenants on environmentally-related matters, all with the aim of reducing the impact on the environment and costs. The proportion of green lease contracts increased during the year.

At year-end 2017, Klöver had 162 green lease contracts (141), which together accounted for 8 per cent of Klöver's total contract value, an improvement of 1 percentage point compared with the previous year.

SENSIBLE PURCHASING

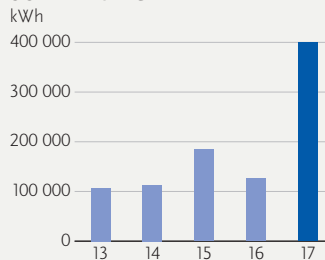
For Klöver, sustainable long-term supplier management means having high-quality suppliers, whether in terms of environmental, social or ethical aspects.

Klövern exceeded its goal of reducing the number of suppliers by at least 10 per cent in 2017. At the end of the year, the number of suppliers amounted to 2,603, which is a decrease of 11 per cent. The goal for 2018 is to decrease the supplier pool by a further 10 per cent.

New code of conduct for suppliers

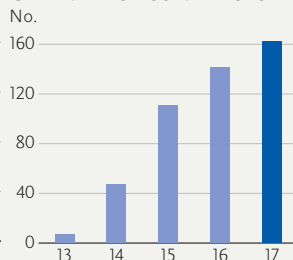
In 2017, Klöver has developed a code of conduct for suppliers. A new goal for 2018 is that all new suppliers with framework agreements shall sign the Code of Conduct in order to be approved as suppliers.

SOLAR ENERGY



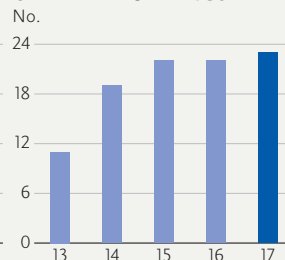
Klövern's production of electricity from its own solar panels increased during the year to 400 MWh (130).

GREEN LEASE CONTRACTS



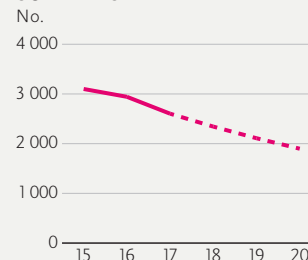
The number of green lease contracts rose to 162 (141) during the year.

ENVIRONMENTALLY CERTIFIED BUILDINGS



Klövern has 23 (22) environmentally certified buildings.

SUPPLIERS



Scenario where the number of suppliers decreases by 10 per cent per year.

SOCIAL

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

One of Klöverns most important assets is its personnel. It is their commitment, development and expertise that create the company's business culture. 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.

Development and training

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

Recruiting and retaining talented staff

All recruitment takes place after a well-structured process using external and internal channels. The ambition is to increase the proportion of employees with post-secondary education. Today about two-thirds of the staff have post-secondary education. In order to recruit new talents as they enter the labour market, the company cooperates with educational institutions including the Royal Institute of Technology, Lund University, Chalmers University of Technology and Karlstad University.

The company also provides summer trainee positions and placements to enable students to obtain an insight into what it is like to work for a listed real estate company. Many of these students are later employed in roles like property economist,

property manager or project manager. The proportion of women in the company is steadily increasing, which is unusual in the male-dominated real estate business.

In order to retain and motivate employees Klöverns also works with internal career paths. During 2017, 29 members of staff (36) have had the opportunity to advance to take on new roles in the company.

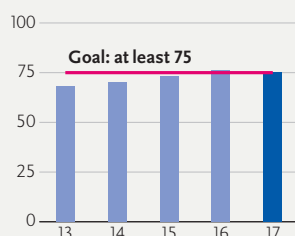
Employee surveys

The employee satisfaction survey (NMI) is based on three questions which together have been drawn up to clarify employee satisfaction in a simple way that is easy to measure, report and compare. Klöverns conducted its first NMI in 2013. The company has further added an attractiveness index (AAI) from 2016 on, measuring three questions around attractiveness, pride and satisfaction. This index, which describes working conditions exceeded the long-term goal of at least 80 by a broad margin. Klöverns manager index (CI), measuring seven management questions, is steadily increasing.

Health and benefits

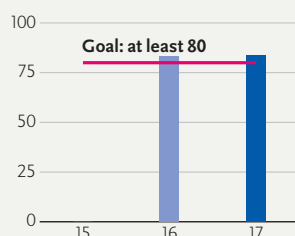
The continued low figures for absence through sickness endorse the importance of strategic work on health measures and encouraging physical activity. All permanent employees are offered a biennial health survey and the 2017 survey showed increased stress with more employees being overweight. For this reason, a health plan has been developed and

NMI



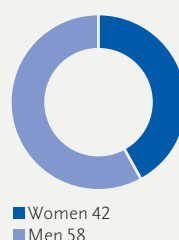
The Satisfied Employee Index (NMI) decreased to 75 (76).

AAI



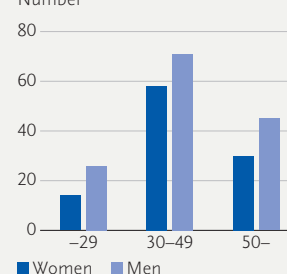
The Attractive Employer Index (AAI) increased to 84 (83).

GENDER RATIO
AT YEAR END
%



The proportion of women at Klöverns has increased to 42 per cent (40) while the proportion of female managers is 38 per cent (38).

GENDER AND AGE
AT YEAR END
Number



The average age in the company was 43 years (44) at the end of 2017.



One of Klöver's staff in Malmö.

will be implemented in 2018. The next health survey will be carried out in 2019.

All permanent employees receive an annual keep-fit allowance, which during 2017 was used by 82 per cent of the staff (76), which is a high extent of use. In addition to these benefits, the staff is also provided with health care insurance, retirement pensions and subsidized lunches, as well as a share in Klöver's profit sharing foundation. Contributions to the profit-sharing foundation, which are based on a combination of Klöver's profit, targeted rate of return, and dividend to the shareholders, may at most amount to one price base amount per employee per year. At the end of 2017, the profit sharing foundation held shares corresponding to 0.7 per cent of Klöver's share capital.

SECURITY AND ETHICS

Klöver's working environment

Klöver's employees must be able to feel that they are working in a secure and safe working environment. The safety committee has, together with the executive management, developed a working environment policy which has been approved by the Board of Directors. The policy provides clear guidelines for how the organization shall work and is an every-day support document. Systematic working environment work throughout the organization together with a web-based security handbook ensures that current legislation and routines are complied with.

Corruption and bribes

Klöver works with a long-term approach and in accordance with principles that guarantee a high moral and ethical level in internal and external relations. The existence of bribery affects all with a relationship to Klöver.

Bribes can damage the company's brand name and good reputation. There is a code of conduct and guidelines for business ethics, and all employees are continuously trained as well as carry out a web-based test with different dilemmas. To ensure that managers and employees act in accordance with ethical guidelines and to capture any deviations, a whistle-blower service was created in 2016. This enables employees to anonymously report any irregularities via e-mail, the web site, telephone or mail. By the end of 2017, the whistle-blower service had not been used, and no cases of corruption had been reported during the year.

Contribution to the community

Klöver works for a sustainable future and it is our ambition to contribute locally in the regions where we operate. Our responsibility is characterized by being long-term, that it contributes to a better society, that it makes a difference and that it engages our staff, customers, suppliers and other stakeholders.

Klöver's social responsibility does not only extend to our stakeholders but also includes a long-term responsibility for contributing to a sustainable society. Klöver takes an active social responsibility by creating security and quality both in and around the properties, while showing respect for the individual, customers and staff.

KEY FIGURES – EMPLOYEES

	2017	2016	2015	2014	2013
Number of employees at year end	244	227	214	190	189
of which women/men, number	102/142	91/136	84/130	79/111	76/113
of which subject to collective agreement, number	53	48	50	41	44
Average age, years	43	44	43	45	46
Employee turnover, %	10	13	9	16	9
Value added per employee, SEK million	8.4	8.8	9.1	8.9	7.6
Absence because of illness, %	2.3	2.0	2.9	2.0	1.9



A more detailed description of Klöver's work with sustainability can be found in the Sustainability Report (in Swedish) for 2017 and at www.klovern.se.

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Aerial view of Kista

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Consolidated Statement of Income

Amount in SEK million	Note	2017	2016
Income	2, 4, 23	3,029	2,876
Property costs	3, 4, 6	-1,023	-985
Operating surplus		2,006	1,891
Central administration	3, 5, 6	-108	-100
Financial income	7	16	2
Financial expenses	7	-651	-613
Profit from property management		1,263	1,180
Changes in value, properties	10	1,913	1,709
Changes in value, derivatives	20	100	-114
Change in value, financial assets	20	-15	-19
Impairment of goodwill	9	-50	0
Profit before tax		3,211	2,756
Tax on profit for the year	8	-600	-497
NET PROFIT FOR THE YEAR		2,611	2,259

Consolidated Report of Comprehensive Income

Net profit for the year		2,611	2,259
Other comprehensive income		-	-
NET COMPREHENSIVE INCOME FOR THE YEAR		2,611	2,259
Attributable to:			
Parent company shareholders	18	2,611	2,259
Minority interest		0	0
		2,611	2,259
Earnings per ordinary share, SEK	18	2.53	2.11
Dividend per ordinary share, SEK		0.44 ¹	0.40
Dividend per preference share, SEK		20.00 ¹	20.00

1) Proposed dividend

Income, which amounted to SEK 3,029 million (2,876), has been positively affected by net acquisition and positive net moving-in but also by rising rental levels. Property costs increased to SEK 1,023 million (985), mainly attributable to a larger property portfolio. Property costs for a comparable portfolio totalled SEK 893 million (871). Central administration costs amounted to SEK 108 million (100). Profit from property management increased to SEK 1,263 million (1,180), mainly due to acquisitions, net moving in and rising rental levels. Financial expenses increased to SEK 651 million (613), due to an increased volume of debt. Change in value of

the properties amounted to SEK 1,913 million (1,709). The foremost reason for the changes in value is investments made in connection with new letting, rising market rents, reduced required yields and development of the building rights portfolio. Change in value of derivatives totalled SEK 100 million (-114), of which SEK 0 million (5) was realized changes in value. Net profit for the year increased to SEK 2,611 million (2,259) partly due to a larger property portfolio and positive changes in the value of properties.

Consolidated Balance Sheet

Amount in SEK million	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Goodwill	9	183	233
Investment properties	10	42,961	39,234
Machinery and equipment	11	16	18
Financial assets valued at fair value	12	113	99
Other long-term receivables		340	345
Total non-current assets		43,613	39,929
Current assets			
Accounts receivable	13	52	52
Other receivables	14	265	183
Prepaid expenses and accrued income	15	288	234
Liquid funds	16	39	129
Total current assets		644	598
TOTAL ASSETS		44,257	40,527
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	17	1,865	1,865
Other capital contributed		4,786	4,786
Retained profits including net profit for the year		7,854	6,348
Shareholders' equity attributable to the parent company's shareholders		14,505	12,999
Long-term liabilities			
Deferred tax liability	8	2,550	1,978
Interest-bearing liabilities	19	16,963	17,904
Other long-term liabilities		14	5
Derivatives	20	367	482
Total long-term liabilities		19,894	20,369
Current liabilities			
Interest-bearing liabilities	19	8,566	5,965
Accounts payable		368	259
Income tax liability		31	11
Other liabilities	21	358	235
Accrued expenses and prepaid income	22	535	689
Total current liabilities		9,858	7,159
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		44,257	40,527

See Note 24 for information about the Group's pledged assets and contingencies.

As at 31 December 2017, Klövern's portfolio consisted of 405 properties (431) and the fair value of the properties was SEK 42,961 million (39,234). Accounts receivable was unchanged and totalled SEK 52 million (52). Prepaid expenses and accrued income of SEK 288 million (234) consisted mainly of accrued rental discounts, financial expense and receivables from tenants. The Group's total assets increased to SEK 44,257 million (40,527), the change being mainly attributable to increased

property value through acquisitions, investments and positive changes in value. Equity increased to SEK 14,505 million (12,999) due to a strong result for the year. Interest-bearing liabilities increased to SEK 25,529 million (23,869), due to acquisitions. The item Accrued expenses and prepaid income mainly consists of accrued property costs and prepaid rents.

Change in Group Shareholder's Equity

Shareholders' equity attributable to the Parent Company's shareholders

Amount in SEK million	Share capital	Other capital contributed	Retained earnings including net profit for the year	Total shareholders' equity
Shareholders' equity, 31.12.2015	1,865	4,786	4,739	11,390
Net profit for the year	–	–	2,259	2,259
Other comprehensive income	–	–	–	–
Total changes, excluding transactions with the company's owners	–	–	2,259	2,259
Dividend to ordinary shareholders	–	–	–321	–321
Dividend to preference shareholders	–	–	–329	–329
Total transactions with the company's owners	–	–	–650	–650
Shareholders' equity, 31.12.2016	1,865	4,786	6,348	12,999
Net profit for the year	–	–	2,611	2,611
Other comprehensive income	–	–	–	–
Total changes, excluding transactions with the company's owners	–	–	2,611	2,611
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	4,786	7,854	14,505

Consolidated Statement of Cash Flow

Amount in SEK million	Note	2017	2016
Current operations			
Operating surplus		2,006	1,891
Central administration		-108	-100
Reversal of depreciation		5	5
Interest received		16	2
Interest paid		-535	-502
Income tax paid		-1	-26
Cash flow from current operations before changes in working capital		1,383	1,270
Change in operating receivables		-136	12
Change in operating liabilities		-217	54
Total change in working capital		-353	66
Cash flow from current operations		1,030	1,336
Investment operations			
Divestment of properties	10	1,495	465
Acquisition of and investment in properties	10	-3,598	-3,118
Acquisition of machinery and equipment	11	-3	-10
Increase in financial non-current assets		-42	-200
Decrease in financial non-current assets		295	11
Cash flow from investment operations		-1,853	-2,852
Financing operations			
Loans raised		6,692	7,919
Amortization		-5,032	-5,537
Realized changes in value, derivatives		-	-99
Repurchase of own shares		-419	-
Dividend		-508	-650
Cash flow from financing operations		733	1,633
Cash flow for the period		-90	117
Liquid funds at beginning of year		129	12
Liquid funds at year-end	16	39	129

Parent Company Statement of Income

Amount in SEK million	Note	2017	2016
Net sales	2	226	205
Cost of services sold	25	-186	-171
Gross profit		40	34
Central administration	3, 5, 6	-108	-100
Operating profit		-68	-66
Financial income	7	1,268	1,228
Financial expenses	7	-460	-485
Profit before tax		740	677
Tax on profit for the year	8	-25	15
NET PROFIT FOR THE YEAR		715	692

Parent Company's Report on Comprehensive Income

Net profit for the year	715	692
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	715	692

Parent Company Balance Sheet

Amount in SEK million	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Machinery and equipment	11	3	6
Participation rights in group companies	26	1,875	1,875
Receivables from group companies	25	19,930	17,222
Derivatives	20	14	11
Deferred tax asset	8	330	355
Total non-current assets		22,152	19,469
Current assets			
Accounts receivable	13	0	0
Receivables from group companies	25	2,299	3,477
Other receivables	14	9	6
Prepaid expenses and accrued income	15	61	54
Cash and bank	16	909	74
Total current assets		3,278	3,611
TOTAL ASSETS		25,430	23,080
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	17	1,865	1,865
Statutory reserve		721	721
Retained earnings		3,694	4,105
Net profit for the year		715	692
Total shareholders' equity		6,995	7,383
Long-term liabilities			
Interest-bearing liabilities	19	9,637	9,490
Liabilities to group companies	25	1,369	1,137
Other liabilities		4	–
Total long-term liabilities		11,010	10,627
Current liabilities			
Interest-bearing liabilities	19	6,873	4,652
Accounts payable		14	21
Liabilities to group companies	25	103	143
Other liabilities	21	359	181
Accrued expenses and prepaid income	22	76	73
Total current liabilities		7,425	5,070
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		25,430	23,080

See Note 24 for information about the parent company's pledged assets and contingencies.

Change in Parent Company's Shareholders' Equity

Shareholders' equity attributable to the Parent Company shareholders.

Amount in SEK million	Share capital	Statutory reserve	Retained earnings including net profit for the year	Total share-holders' equity
Shareholders' equity, 31.12.2015	1,865	721	4,754	7,340
Net profit for the year	–	–	692	692
Other comprehensive income	–	–	–	–
Total change, excluding transactions with the company's owners	–	–	692	692
Dividend to ordinary shareholders	–	–	–321	–321
Dividend to preference shareholders	–	–	–329	–329
Total transactions with company's owners	–	–	–650	–650
Shareholders' equity, 31.12.2016	1,865	721	4,796	7,383
Net profit for the year	–	–	715	715
Other comprehensive income	–	–	–	–
Total change, excluding transactions with the company's owners	–	–	715	715
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	4,409	6,995

Parent Company Statement of Cash Flow

Amount in SEK million	Note	2017	2016
Current operations			
Operating profit		–68	–66
Reversal of depreciation		2	1
Interest received		0	0
Interest paid		–384	–410
Income tax paid		–	–
Cash flow from operations before changes in working capital		–450	–475
Change in operating receivables		1,241	–1,326
Change in operating liabilities		–118	–117
Total change in working capital		1,123	–1,443
Cash flow from current operations		673	–1,918
Investment operations			
Acquisition of machinery and equipment	11	0	–2
Investment in financial assets	27	–2,712	–1,198
Cash flow from investment operations		–2,712	–1,200
Financing operations			
Loans raised		3,959	5,465
Amortization		–1,591	–2,901
Change in long-term liabilities		236	43
Repurchase of own shares		–419	–
Dividend/group contribution from subsidiaries		1,197	1,135
Dividend		–508	–650
Cash flow from financing operations		2,874	3,092
Cash flow for the period		835	–26
Liquid funds at beginning of year		74	100
Liquid funds at year-end	16	909	74

Notes

Amounts are given in SEK million, unless otherwise stated.

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION ABOUT THE COMPANY

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

The consolidated accounts for 2017 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 23 March 2018. 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 2018.

COMPLIANCE WITH STANDARDS AND LEGISLATION

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

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

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

The Parent Company's functional currency is Swedish kronor which is also the reporting currency for the Parent Company and the Group. All amounts, unless otherwise stated, are rounded to the nearest million. Assets and liabilities are reported at their historical acquisition values, except for certain financial assets, liabilities and investment properties, which are valued at their fair value in the consolidated balance sheet. Financial assets and liabilities valued at their fair value consist of derivative instruments and securities, which are valued at fair value via the consolidated statement of income. Investment properties are valued in accordance with IAS 40.

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

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 29.

NEW AND CHANGED STANDARDS AND INTERPRETATIONS

New standards and interpretations, which come into effect in 2017

New and amended standards that have come into effect in 2017 have not had any material effect on the company's financial reports.

New and amended standards that have not yet come into effect

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

IFRS 9 Financial Instruments. This standard will replace IAS 39 and comes into effect on 1 January 2018. It includes new principles for classification of financial assets, hedge accounting and for credit reserves. The largest single item within the framework of IFRS 9 consists of derivatives, which will continue to be reported at fair value via profit. IFRS 9 also entails that the principles for provision for credit losses are to be based on an estimate of expected losses. As credit losses are very small, it is not considered that the transition will have any significant effect on Klöver's financial reports. The transition will take place without recalculation of comparison figures.

IFRS 15 Revenue from Contracts with Customers comes into effect on 1 January 2018. This standard deals with revenue from contracts and from sale of certain non-financial assets. An overview of the Group's income flows has taken place which shows that the Group's income consists predominantly of rental income, which is covered by IAS 17 Leases. The transition to IFRS 15 is thus not considered to have any material effect on the Group's total income or on reported earnings.

IFRS 16 Leases was adopted in 2017 and takes effect on 1 January 2019. The new standard includes rules for lessors and lessees. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, are to be recognized in the balance sheet. In the income statement, depreciation shall be reported separately from interest expense attributable to the leasing debt. As a landlord and lessor the change is not considered to affect reporting. With the exception of site leasehold agreements entered into, Klöver is a lessee only to a limited extent. This will entail a change in reporting which, however, is considered only to have a marginal effect on financial reporting.

CLASSIFICATION

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

Input data for valuation at fair value

- Level 1 – Listed, unadjusted prices on active markets for identical assets or liabilities which 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.

**NOTE 1 CONTINUED
CONSOLIDATION POLICIES****Subsidiaries**

Subsidiaries are companies where the Parent Company Klövern has a controlling influence. A controlling influence entails directly or indirectly a right to determine a company's financial and operational strategies with a view to obtaining financial benefits. In the assessment of whether a controlling influence exists, potential voting shares that can be used without delay or converted shall be taken into consideration. Subsidiaries are consolidated in accordance with the acquisition accounting method. The method means that acquisition of a subsidiary is to be treated as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingencies. The acquisition value for the Group is determined by an acquisition analysis at the time of the acquisition. In the analysis, the acquisition value of the participation rights is established, and the fair value of the acquired identifiable assets, debts and contingencies assumed.

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 when Klövern owns at least 20 per cent but not more than 50 per cent of the votes or otherwise has a substantial influence over the operational and financial control. Associated companies are reported in the consolidated accounts in accordance with the equity method. Participation rights in associated companies are reported in the balance sheet under the heading Participation rights in associated companies, at the acquisition value adjusted for changes in the Group's share of the associated company's net assets less any reductions in the fair value of individual shares. In transactions between group companies and associated companies, the part of unrealized profits and losses corresponding to the group's share of the associated company is eliminated except as regards unrealized losses due to the impairment of a transferred asset. Klövern does not own any shares in companies classified as jointly-owned companies.

Classification of acquisitions and goodwill

On acquisition of business activities, an analysis is made of how the acquisition is to be reported based on the following criteria: The existence of employees and the complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into consideration. If these criteria are present to a great extent, the acquisition is classified as a business combination and if they are present to a small extent as an asset acquisition. In the case of business combinations full deferred tax is recorded on the temporary differences between the fair value of properties and their tax residual value. All acquisitions made during the 2017 financial year have been classified as asset acquisitions.

When acquisition of subsidiaries entails acquisition of assets which do not constitute a business operation, the acquisition cost is allocated to the individual assets and liabilities based on their fair values at the time of acquisition.

Properties and financial instruments are valued at fair values. Other items have not been revalued. Goodwill mainly arises by the calculation of deferred tax according to accounting rules and the value given to deferred tax between parties in transactions. For accounting purposes, deferred tax is calculated on the difference between fair and tax values. In transactions the deferred tax is normally valued based on the probability that it will fall due for payment as well as considering the time it might take for this payment to be made. An evaluation of goodwill impairment needs attributable to divestments and impairment of the fair value of properties is made annually.

Transactions which are to be eliminated on consolidation

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

INCOME**Rental income**

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

Other income

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

Income from property divestments

Income from property divestments are 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 seller and/or purchaser. The realized change in value of properties sold is based on the difference between the fair value of the properties in the most recent financial statements and the price that the properties have been sold for. Worked-up unrealized changes in value from previous years are included in the properties' fair value and are therefore not visible in the realized change in value.

REPORTING OF SEGMENTS

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

The operations of the Group are divided into operating segments that are followed up by the executive management, which are four regions. These are in turn divided into fifteen geographic business units. Each segment has a manager who is responsible for the day-to-day operations and who makes regular reports to the executive management. The executive management follows up the operating profit and on the asset side the value of the properties and investments. Financing takes place centrally and is not divided up by segment.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE**Property costs**

Consist of costs for operation, caretaking, letting, administration and maintenance of the property portfolio.

Central administration

Consists of costs for group functions and ownership of the Group's subsidiaries.

Financial income and expenses

Financial income and expenses consist of interest income on bank funds and receivables and 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 interest

NOTE 1 CONTINUED

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 recorded directly to equity.

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

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

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

The current tax and the deferred tax have been calculated according to the current tax rate of 22 per cent.

FINANCIAL INSTRUMENTS

Financial instruments are reported in the balance sheet include on the asset side liquid funds, accounts receivable, other receivables and derivatives and securities. Liabilities include accounts payable, loan debts, other liabilities as well as derivatives and financial instruments. The company does not apply hedge accounting.

Reporting in and removal from the balance sheet

Financial assets and liabilities are reported applying the transaction date principle. A financial asset or financial liability is recorded in the balance sheet when the company becomes a party in accordance with the instrument's contractual terms. Accounts receivable are taken up in the balance sheet when the invoice has been sent. A rent claim is reported, however, when the respective rental period has commenced. Liabilities are recorded when the opposite party has performed and there is a contractual obligation to pay even if an invoice has not yet been received. A financial asset is removed from the balance sheet when the rights in the agreement are realized, mature or the company loses control of them. A financial liability is removed from the balance sheet when the obligation in the agreement is performed or otherwise extinguished.

A financial asset and financial liability are set off and reported at a net amount in the balance sheet only when there is a legal right to set off the amounts and it is intended to adjust the items by a net amount or at the same time realize the asset and settle the debt.

Acquisition and divestment of financial assets are reported on the payment date. The payment date is the date on which an asset is delivered to or from the company.

Classification and valuation

Financial instruments which are not derivatives are reported initially at acquisition value corresponding to the instrument's fair value with the addition of transaction costs with the exemption of those instruments belonging to the categories financial assets or financial liabilities valued at fair value via profit, which are reported exclusive of transaction costs. A financial instrument is classified when first reported on the basis of the purpose for which the instrument was acquired.

Financial assets, excluding shares, and financial liabilities have been classified as current if the amounts are expected to be recovered or paid within twelve months of the balance sheet date. Shares have been classified as long term if it is intended to hold them permanently in the business.

On each reporting occasion, the company evaluates whether there are objective indications that a financial asset or a group of financial assets is in need of impairment.

Liquid funds consist of cash deposits and immediately available assets at banks and corresponding institutions. The amounts in blocked accounts are funds that constitute security for repayment of loans or for financing of investments in properties and are reported as other receivables.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets which are not derivatives, which have fixed or fixable payments and which are not listed on an active market. These assets are valued at accrued acquisition value. The account receivable is reported at the amount which is expected to be received, i.e. after deduction for doubtful claims. The expected duration of the account receivable is short, wherefore the value is reported at the nominal amount without discounting. Impairment of accounts receivable is reported in operating expenses.

Long-term receivables and other receivables

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

Financial assets and liabilities valued at fair value via profit

Financial instruments in this category are valued continuously at fair value where changes in value are reported in net profit. The category includes derivatives and financial assets with positive or negative fair value.

Other financial liabilities

Loans and other financial liabilities, for example, accounts payable, are included in this category. The liabilities are valued at accrued acquisition value. Operating liabilities are reported when the counterparty has supplied the service or good, even if the invoice has not been received. Accounts payable have a short expected duration and are valued without being discounted at the nominal amount.

Derivatives

The Group's derivative instruments have been acquired for financial hedging of the risks of the Group's interest exposures. An imbedded derivative is reported separately if it is not closely related to the host contract. Interest derivatives are reported initially in the balance sheet at acquisition value on transaction date and are subsequently valued at fair value, changes in value are reported in the income statement. The following derivative instruments occur: interest rate swaps and interest caps. The company does not apply hedge accounting.

TANGIBLE NON-CURRENT ASSETS**Assets owned**

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

Lease contracts

Leasing is classified as either financial or operational leasing. Lease contracts where all significant risks and benefits associated with ownership pass to the lessor are classified as operational lease contracts. Tenancy

NOTE 1 CONTINUED

contracts pertaining to investment properties are to be treated as operational lease contracts. There are also a smaller number of lease contracts where Klöver is the lessee and these lease contracts are also classified as operational lease contracts, which means that the leasing fee is expensed over the term of the lease based on the use.

Depreciation principles, machinery and equipment

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

Estimated periods of use:

- machinery and equipment 3–10 years

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

Investment properties

Investment properties are properties held with a view to obtaining rental income or an increase in value or a combination of these purposes. Initially, 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 fair value, see Note 10. Every quarter, Klöver values 100 per cent of the property portfolio, of which normally 20-30 per cent externally and the rest internally. This means that every property in the portfolio is valued externally 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 principles described in the section on reporting of income. Additional expenses, which increase value, are capitalized. All other additional expenses are reported as a cost in the period in which they occur. Repairs and maintenance are expensed in connection with the expense arising. 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, where interest is capitalized. In other cases, borrowing costs are reported in the period they arise.

STATEMENT OF CASH FLOW

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

REPURCHASE OF OWN SHARES

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

DIVIDENDS

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

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.

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 Accounts Act and taking into consideration the link between accounting and taxation. The recommendation states the exceptions and additions that are to be made in relation to IFRS being applied consistently in all periods presented in the Parent Company's financial reports.

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 Parent company's financial reports.

Changed accounting policies

Unless otherwise stated below, the Parent Company's accounting policies during 2017 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 participation rights in subsidiaries are reported in the Parent Company in accordance with the cost method. Group contributions and dividends received are reported as income. The value of participation rights in a subsidiary is continuously assessed. If the book value of the participation rights exceeds the consolidation value, impairment is made that is charged to earnings.

Tangible non-current assets

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

	2017	2016
Group		
Rental income	3,019	2,869
Rental guarantees	1	2
Redemption of lease contracts	9	5
Total income	3,029	2,876
Parent company		
Invoiced administration to subsidiaries	226	204

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

Average number of employees	2017	Proportion of women, %	2016	Proportion of women, %
Parent Company	247	40	222	39
Subsidiaries	–	–	–	–
Group total	247	40	222	39

All are employees in Sweden

Gender distribution in executive management

Average	2017 Proportion of women, %	2016 Proportion of women, %
Parent Company		
Board	60	60
Other senior executives	8	26
Group total		
Board	60	60
Other senior executives	8	26

The number of senior executives in the Parent Company is 4 (3), of which 1 (1) is a woman. Rutger Arnhult is the CEO. Other members of the Executive Management are Peeter Kinnunen, Head of Transactions, Jens Andersson, Head of Finance and Malin Löveborg, Corporate Lawyer (from December 2017). Susanne Essehorn, Regional Manager, was part of the executive management in January-February 2017.

At the end of 2017 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, Klövern), Ann-Cathrin Bengtson, Eva Landén and Fredrik Svensson.

Remuneration

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

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

The CEO does not have a performance-based salary. The CEO is entitled to a company car as well as a subsistence benefit, health insurance and participation in Klövern's profit-sharing foundation. While in the employment of the Company, the pension premium may amount to at most 35 per cent of the basic salary. The retirement age of the CEO is 65. 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 Klövern's profit-sharing foundation.

There are no agreements on severance pay.

Share-related remuneration

The Parent Company issued on two occasions in May and one in September 2017 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 2017 have an exercise price in the interval SEK 10.42 to SEK 11.81 and a remaining contractual time to maturity of 2.4 and 2.7 years respectively. 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 Black & Scholes model. At year-end, the closing debt amounted to SEK 8.4 million. Change in value for the year amounted to SEK -4.5 million.

NOTE 3 CONTINUED**Employees and the Board**

	Group		Parent Company	
Salaries, remuneration and benefits, SEK 000s	2017	2016	2017	2016
Chairman of the Board	388	280	388	280
Other members of the board, 3.0 persons (3.0)	517	435	517	435
CEO				
Basic salary	4,718	4,587	4,718	4,587
Variable salary	–	–	–	–
Benefits	234	192	234	192
Other senior executives, 3.3 persons (2.8)				
Basic salary	3,418	4,780	3,418	4,780
Variable salary	–	704	–	704
Benefits	193	285	193	285
Other employees				
Basic salary	113,532	105,082	113,532	105,082
Variable salary	674	289	674	289
Benefits	7,559	6,936	7,559	6,936
Total	131,233	123,570	131,233	123,570
Contractual pension costs				
CEO	1,588	1,567	1,588	1,567
Other senior executives, 3.3 persons (2.8)	874	1,423	874	1,423
Other employees	14,156	13,255	14,156	13,255
Total	16,618	16,245	16,618	16,245
Statutory social security contributions, including wages tax				
Chairman of the Board	122	88	122	88
Other members of the board, 3.0 persons (3.0)	163	152	163	152
CEO	1,941	1,933	1,941	1,933
Other senior executives, 3.3 persons (2.8)	1,361	2,093	1,361	2,093
Other employees	41,427	38,221	41,427	38,221
Total	45,014	42,487	45,014	42,487

Profit-sharing foundation

Klövern 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 Klövern's profit, required rate of return and dividend to shareholders. For the 2017 financial year SEK 11,219,000 including wages tax was reserved for the foundation. At year-end, the foundation owned 481,000 Class A ordinary shares and 5,723,546 Class B ordinary shares and 15,012 preference shares in Klövern, corresponding to 0.7 per cent of the share capital and 0.7 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 continuously according to set rules.

NOTE 4 EARNINGS PER PROPERTY SEGMENT AND REGION

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

Ericsson is Klöver's largest tenant and accounted for 6 per cent (7) of Klöver's contract value at year-end 2017. The area leased by Ericsson amounted to 113,000 sq.m. (127,000) and the average remaining contract period was 5.6 years (6.0).

Income statement items and investment per property segment and region

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, SEKm		Investment, SEKm	
	2017 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Stockholm	1,278	1,208	-424	-393	854	815	67	67	518	959
South	518	416	-179	-148	339	268	65	64	428	138
East	662	646	-212	-224	450	422	68	65	173	154
Central	571	606	-208	-220	363	386	64	64	370	375
Management	2,897	2,725	-937	-895	1,960	1,830	68	67	918	825
Development	132	151	-86	-90	46	61	35	40	571	801
Total	3,029	2,876	-1,023	-985	2,006	1,891	66	66	1,489	1,626

Key ratios per property segment and region

	Fair value, SEKm		Yield requirement ¹ , SEKm		Area, SEK 000		Rental value, SEKm		Economic occupancy rate, %	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Stockholm	21,344	19,652	5.4	5.7	842	832	1,515	1,450	87	87
South	7,298	6,056	6.1	6.4	632	668	618	575	88	89
East	7,291	7,021	6.5	6.8	733	749	720	721	93	91
Central	7,027	6,505	6.7	6.9	693	694	654	640	87	89
Management	39,521	36,376	5.9	6.2	2,592	2,636	3,271	3,152	91	90
Development	3,440	2,858	5.8	6.3	308	307	236	234	54	75
Total	42,961	39,234	5.9	6.2	2,900	2,943	3,507	3,386	89	89

1) Yield requirement is calculated excluding building rights.

NOTE 5 FEES AND REIMBURSEMENT TO AUDITORS

SEK 000s	Group		Parent company	
	2017	2016	2017	2016
Ernst & Young AB				
Audit assignments	3,000	2,725	3,000	2,725
Tax advice	—	—	—	—
Other assignments	625	57	625	57
	3,625	2,782	3,625	2,782

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 other 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**

	2017	2016
Property-related costs		
Operating costs	-537	-528
Repairs and maintenance	-162	-157
Property tax and site leasehold charges	-189	-178
Personnel costs	-131	-120
Other property costs	-4	-2
Total	-1,023	-985
Central administration		
Personnel costs	-51	-50
Profit-sharing foundation	-11	-11
IT, advertising and cost of premises	-18	-14
Audit fees	-3	-3
Other costs	-25	-22
Total	-108	-100

NOTE 7 NET FINANCIAL ITEMS

	2017	2016
Group		
Interest income, other	16	2
Total	16	2
Group		
Interest expense, other	-592	-551
Other financial expense	-59	-62
Total	-651	-613
Parent Company		
Income from sale of subsidiaries	178	-
Interest income, group companies	35	31
Interest income, other	0	0
Dividend from group companies	450	750
Group contribution, group companies	605	447
Total	1,268	1,228
Parent Company		
Interest expense, group companies	-4	-3
Interest expense, other	-415	-443
Other financial expense	-41	-39
Total	-460	-485

NOTE 8 TAXES**Tax reported in consolidated Statement of Income**

	2017	2016
Current tax	-2	-3
Current tax relating to previous years	-6	-21
Deferred tax	-592	-473
Total taxes	-600	-497

Reconciliation, tax expense

	2017	2016
Profit before tax	3,211	2,755
Tax according to tax rate (22%)	-706	-606
Tax effect relating to		
Tax attributable to previous years	-6	-21
Capitalization of previously not capital- ized tax loss carryforwards	-	16
Sale of subsidiaries not subject to tax	128	118
Goodwill	-11	-
Non-deductible expenses	0	-2
Other tax-related adjustments	-5	-2
Reported tax	-600	-497
<i>Effective tax</i>	<i>19%</i>	<i>18%</i>

Deferred tax assets and deferred tax liabilities 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 loss carryforwards in the future. Klövern's established/available loss carry forwards amount to SEK 1,821 million (2,041).

Deferred tax reported in the consolidated balance sheet

	2017	2016
Tax loss carryforwards	401	449
Investment properties	-4,832	-4,160
Asset acquisitions (less)	1,792	1,620
Derivatives and financial assets	91	113
Untaxed reserves	-1	-
Total deferred tax	-2,550	-1,978

NOTE 8 CONTINUED
Changes in deferred tax, Group

	Opening balance	Reported in earnings	Closing balance
2017			
Tax loss carryforwards	449	-48	401
Investment properties	-4,160	-672	-4,832
Asset acquisitions (less)	1,620	172	1,792
Derivatives and financial assets	113	-22	91
Untaxed reserves	0	-1	-1
	-1,978	-572	-2,550
2016			
Tax loss carryforwards	433	16	449
Investment properties	-3,491	-670	-4,160
Asset acquisitions (less)	1,449	171	1,620
Derivatives and financial assets	106	8	113
	-1,503	-473	-1,978
Parent Company		2017	2016
Profit before tax		740	677
Current tax		-	-
Deferred tax		-25	15
Net profit		715	692
Deferred tax asset			
At beginning of year		355	340
Change during the year		-25	15
At year-end		330	355

NOTE 9 GOODWILL

On 2 March 2012, Klöver AB acquired Dagon AB (publ). In conjunction with the drawing up of an acquisition analysis and the acquisition being classified as a business combination, an adjustment 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.

	2017	2016
Business combination	233	233
Impairment attributable to properties sold	-50	0
Impairment attributable to change in value of properties	0	0
Closing balance	183	233

NOTE 10 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 property portfolio. Normally 20–30 per cent of the property portfolio is valued externally each quarter, the rest being internally valued. This means that every property in the portfolio is externally valued at least once during a rolling 12-month period.

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 analysed by the executive management when closing the accounts in relation to internally available information, transactions that been carried out or which are planned and information from the external valuers.

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

Calculation of the fair value of the property

- > The cash flow of the property is discounted to present value each year with the cost of capital/discout rate.
- > The property's residual value is assessed by a perpetual capitalization whereupon the yield requirement is used. The residual value is then discounted to present value with the cost of capital.
- > The value of any building rights and undeveloped land is added to the present value.
- > The normal calculation period is five or ten years.
- > Inflation has been assessed at 2 per cent (The Riksbank's inflation target).

NOTE 10 CONTINUED**Summary**

Value date	31 December 2017
Fair value	SEK 42,961 million
Calculation period	Normally 5 or 10 years
Yield for assessment of residual value	Between 3.60 and 9.50 per cent
Cost of capital/discount rate	Between 5.50 and 11.40 per cent
Long-term vacancy	Normally between 5 and 10 per cent
Inflation	2 per cent

VALUATION METHOD

Klövern uses yield valuation according to the cash flow method for external and internal valuations. The same valuation method has been used for all of Klövern's properties except for building rights and land; see the section Buildings rights 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 of SEK 12 million (32). An interest rate of 4.0 per cent (4.0) has been used to determine the amount.

VALUATION MODEL

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

Property holdings and valuation at fair value as at 31 December 2017

	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	21,344	90	1,515	87	842	5.50–10.65	3.60–8.75	5.4
South	7,298	107	618	88	632	6.15–10.65	4.25–8.75	6.1
East	7,291	115	720	93	733	7.30–11.15	5.40–9.25	6.5
Central	7,027	93	654	87	693	6.65–11.40	4.75–9.50	6.7
- Investment	39,521	363	3,271	91	2,592	5.50–11.40	3.60–9.50	5.9
- Development	3,440	42	236	54	308	7.30–11.00	5.40–9.00	5.8
Total	42,961	405	3,507	89	2,900			5.9

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

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 reliably established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/- 5 per cent in a normal market. A changed property value of +/- 5 per cent affects Klövern's property value by +/- SEK 2,148 million. The table shows how different parameters affect the property value. The different parameters are each affected by different assumptions and do not normally interact in the same direction.

Sensitivity analysis, property valuation

	Change +/-	Effect on profit, property values, SEKm
Yield requirement	0.5 percentage point	–3,253/3,855
Rental income	SEK 50/sq.m.	+/-2,455
Operating cost	SEK 25/sq.m.	–/+1,228
Vacancy rate	1.0 percentage point	–/+594

Contract structure

The most common maturity for newly signed contracts is 3-5 years with a period of notice of 9 months. Klövern's average lease contract period is 3.6 years (3.7).

Maturity year	Contract value, SEKm	Share of contract value, %	Area, 000 sq.m.
2018	675	22	540
2019	620	20	488
2020	507	16	430
2021	367	12	270
2022	317	10	220
2023	121	4	74
2024	80	2	60
2025	149	5	75
2026-	271	9	188
Total	3,107	100	2,345

NOTE 10 CONTINUED**Operating payments**

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

Required investment

The property's required investment is assessed by the external valuers on the basis of the state of the property. Klöver 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 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 plots.

Inspection of the properties

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

INTERNAL PROPERTY 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 models as the external valuations.

CHANGES IN VALUE

The fair value of Klöver's properties was SEK 42,961 million (39,234) on 31 December 2017. Changes in value for the full year 2017 amounted to SEK 1,913 million (1,709). The realized changes in value were SEK -1 million (0) and the unrealized changes in value SEK 1,914 million (1,709). Klöver's property portfolio has been valued at an average yield requirement of 5.9 per cent (6.2) on 31 December 2017.

Group	Properties
Opening fair value, 1 January 2016	35,032
Acquisitions	1,484
Investments	1,626
Divestments	-617
Unrealized changes in value	1,709
Closing fair value, 31 December 2016	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

Tax assessment values

Group	2017	2016
Tax assessment values, buildings	12,782	12,226
Tax assessment values, land	4,670	4,596
Total tax assessment value	17,452	16,822

TAX RESIDUAL VALUE

The residual value of the properties for tax purposes totalled SEK 20,999 million (20,324) on 31 December 2017.

NOTE 11 MACHINERY AND EQUIPMENT

	2017		2016	
	Group	Parent company	Group	Parent company
Accumulated acquisition cost				
Opening balance	53	15	46	13
Purchases	6	–	10	2
Acquisition of subsidiaries	1	–	–	–
Sales and disposals	–8	–2	–3	0
Total	52	13	53	15
Accumulated scheduled depreciation				
Opening balance	–35	–10	–34	–8
Acquisition of subsidiaries	–1	–	–	–
Sales and disposals	6	2	3	0
Scheduled depreciation on acquisition values for the year	–6	–2	–5	–2
Total	–36	–14	–35	–10
Carrying amount at end of period	16	3	18	6

NOTE 12 FINANCIAL ASSETS AT FAIR VALUE VIA THE INCOME STATEMENT

	2017	2016
Group		
Other securities	113	98
Other items	–	1
Total	113	99

SEK 61 million (76) of the other securities has been valued in accordance with Level 1. The remaining SEK 52 million (22) and other items in accordance with Level 3, i.e. non-observable input data where the fair value is approximately calculated to amount to the reported value.

NOTE 13 ACCOUNTS RECEIVABLE

Klövern values its accounts receivable every quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provision is made for doubtful claims and the claim is recorded as a rent loss in the event of bankruptcies or other established losses. A credit rating of the tenant is always carried out in connection with new letting.

Accounts receivable in the Group is reported after taking into consideration anticipated rent losses during the year which totalled SEK 4.1 million (4.1) including a deduction of SEK 2.5 million (0.4) for reversed rent losses, which corresponds to 0.14 per cent (0.14) of sales. Established rent losses amounted to SEK 7.7 million (1.1) and consist mainly of completed bankruptcies. The Parent Company has no rent losses.

Accounts receivable by age

Days	2017	2016
0 – 29	15	34
30 – 89	4	11
90 –	41	18
Doubtful claims	–8	–11
Total	52	52

	2017	2016
Doubtful claims		
Doubtful claims at beginning of year	12	9
Provisions for anticipated rent losses	7	4
Claims collected	–3	0
Established losses	–8	–1
Doubtful claims at year-end	8	12

NOTE 14 OTHER RECEIVABLES

	2017	2016
Group		
Settlement taxes and fees	112	151
Receivable from previous property owner	1	1
Blocked account	16	16
Other current receivables	136	15
Total	265	183
Parent Company		
Settlement taxes and fees	8	5
Other current receivables	1	1
Total	9	6

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

	2017	2016
Group		
Accrued property costs	16	19
Accrued rent discounts	117	67
Prepaid site leasehold charges	9	10
Prepaid financial expense	54	58
Accrued income	31	15
Receivables from tenants	53	53
Prepaid insurance	1	9
Other prepaid expenses	7	3
Total	288	234
Parent Company		
Prepaid financial expense	44	41
Prepaid insurance	1	8
Property acquisitions in process	3	1
Accrued income	6	0
Other prepaid expenses	7	4
Total	61	54

NOTE 16 LIQUID FUNDS

	2017	2016
Group		
Cash and bank	39	129
Total	39	129
Parent Company		
Cash and bank	909	74
Total	909	74

NOTE 17 SHAREHOLDERS' EQUITY

The goal is that return on equity in the long term shall amount to at least 10 per cent, which is the goal set in the business plan for 2017. Return on equity amounted to 18.9 per cent (18.6) in 2017. During the past ten years, the average return on equity has been 10.8 per cent.

Klövern's aim is to maintain a well-balanced asset and capital structure adapted to the company's real estate operations. The goal is for the adjusted equity ratio to be 40 per cent in the long term. The outcome as of 31 December 2017 was 38.5 per cent (36.7). The equity ratio goal is a simplified consequence of a more in-depth analysis where equity has been apportioned in relation to the different risk profiles that investment properties have in the balance sheet.

The share capital consists of three classes of share, ordinary shares of Class A, ordinary shares of Class B and preference shares, all with a quote value of SEK 2 per share. Ordinary shares of Class B and preference shares are entitled to one-tenth of a vote per share in contrast with an ordinary share of Class A, which is entitled to one vote per share.

Dividend

The Board of Directors of Klövern AB proposes to the Annual General Meeting that a dividend be paid of SEK 0.44 per ordinary share (0.40) and SEK 20.00 per preference share (20.00) for the financial year 2017, totaling SEK 715 million (695).

Development of share capital 2010–2017

Date	Number of ordinary shares A	Number of ordinary shares B	Number of ordinary shares A + B	Number of preference shares	Accumulated share capital, SEK
2010-01-01	166,544,326		166,544,326		832,721,630
2012-01-13 New issue	166,544,360		166,544,360		832,721,800
2012-01-13 Bonus issue	166,544,360		166,544,360	4,163,609	853,539,845
2012-03-06 New issue	166,544,360		166,544,360	11,708,140	891,262,500
2012-04-10 New issue	166,544,360		166,544,360	11,774,778	891,595,690
2012-04-19 New issue	166,544,360		166,544,360	11,775,363	891,598,615
2012-06-29 New issue	166,544,360		166,544,360	12,238,363	893,913,615
2012-07-09 New issue	166,544,360		166,544,360	12,686,363	896,153,615
2012-09-14 New issue	166,544,360		166,544,360	13,598,863	900,716,115
2012-09-17 New issue	166,544,360		166,544,360	13,731,338	901,378,490
2012-10-08 New issue	166,544,360		166,544,360	17,314,688	919,295,240
2012-10-08 New issue	166,544,360		166,544,360	18,419,688	924,820,240
2012-10-17 New issue	166,544,360		166,544,360	18,536,338	925,403,490
2014-03-24 New issue	166,544,360		166,544,360	18,836,338	926,903,490
2014-04-11 New issue	166,544,360		166,544,360	19,823,806	931,840,830
2014-05-28 New issue	166,544,360		166,544,360	20,388,000	934,661,800
2014-11-11 Reduction of share capital	166,544,360		166,544,360	20,388,000	186,932,360
2014-11-25/27 New issue	166,544,360		166,544,360	32,888,000	199,432,360
2014-12-05 Bonus issue	166,544,360	1,665,443,600	1,831,987,960	32,888,000	1,864,875,960
2014-12-22 Reverse split	83,272,180	832,721,800	915,993,980	16,444,000	1,864,875,960
2015-01-20 Conversion	82,187,432	833,806,548	915,993,980	16,444,000	1,864,875,960
2015-02-03 Conversion	81,871,406	834,122,574	915,993,980	16,444,000	1,864,875,960
2015-07-16 Conversion	81,862,506	834,131,474	915,993,980	16,444,000	1,864,875,960
2015-08-05 Conversion	81,862,397	834,131,583	915,993,980	16,444,000	1,864,875,960
2016-02-04 Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960
2016-08-09 Conversion	78,360,480	837,633,500	915,993,980	16,444,000	1,864,875,960
2017-02-03 Conversion	74,787,201	841,206,779	915,993,980	16,444,000	1,864,875,960
2017-08-03 Conversion	74,552,820	841,441,160	915,993,980	16,444,000	1,864,875,960

NOTE 18 EARNINGS PER SHARE

The calculation of earnings per ordinary share and preference share for 2017 has been based on the net profit for the year attributable to the Parent Company's shareholders amounting to SEK 2,611 million (2,259). Earnings per preference share have been calculated on the basis of the year's dividend to the preference shares of SEK 329 million allocated to 16.4 million outstanding preference shares. The remaining part of the year's earnings, SEK 2,282 million, has been distributed to 902.8 million outstanding ordinary shares.

Net profit attributable to the Parent Company's shareholders

	2017	2016
Net profit attributable to the Parent Company's shareholders	2,611	2,259
Earnings per ordinary share, SEK	2.53	2.11
Earnings per preference share, SEK	20.00	20.00

NOTE 19 INTEREST-BEARING LIABILITIES

Group	2017	2016
Long-term liabilities		
Long-term interest-bearing liabilities	16,963	17,904
Total	16,963	17,904
Current liabilities		
Current interest-bearing liabilities	8,545	5,965
Utilized overdraft facility	21	–
Total	8,566	5,965
Unused overdraft facility	529	400

Parent company	2017	2016
Long-term liabilities		
Long-term interest-bearing liabilities	9,637	9,490
Total	9,637	9,490
Current liabilities		
Current interest-bearing liabilities	6,873	4,652
Utilized overdraft facility	–	–
Total	6,873	4,652
Unused overdraft facility	550	400

Current interest-bearing liabilities include recurrent maturities of facilities at credit institutions with which Klövern has a long-term relationship. Of SEK 8,566 million current interest-bearing liabilities on 31 December 2017, Klövern has already re-financed SEK 3,358 million at the beginning of 2018. The current interest-bearing liabilities also include SEK 2,970 million of commercial paper with long-term back-up facilities.

NOTE 20 FINANCIAL RISKS AND FINANCIAL POLICY

Through its operations, the Group is exposed to different kinds of financial risks. Financial risks mean fluctuations in the Company's profit and cash flow due to changes in, for example, interest rate levels. Klövern is mainly exposed to liquidity risk, financing risk, interest rate risk and credit risk.

The Group's financial policy for managing financial risks has been formulated and decided upon by the Board. The financial policy creates a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Responsibility for the Group's financial transactions and financial risks is dealt with centrally by the Parent Company's finance function. The overall aim of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's profit due to market fluctuations. Financial issues of strategic importance are dealt with by the Board. Additional information is contained in the section on Financing on pages 42–45, Bonds and commercial paper on pages 46–47 and in Risk and sensitivity on pages 54–57.

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.

Financing risk 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 shall 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 amount due of the tied-up capital during a quarter.

As at 31 December 2017, the average remaining maturity on the loan stock was 3.0 years (3.0).

At the same time, liquid assets were available totalling SEK 39 million (129) and granted, but not utilized credit facilities of SEK 2,468 million (2,638), SEK 529 million (400) of which were unutilized overdraft facilities. Furthermore, there were unutilized loan frames of SEK 580 million (563), which may be used for new acquisitions or investments after providing collateral for mortgages up to 60-75 per cent of the properties' market value.

Structure of capital maturity

Maturity year	Credit agreement, SEKm	Utilized, SEKm
2018	9,924	8,493
2019	5,993	5,614
2020	3,606	3,531
2021	4,317	3,567
2022	72	72
2023	1,533	1,533
2024 –	3,132	2,719
Total	28,577	25,529

Interest rate risks

The interest rate risk can 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 25,529 million (23,869), 65 per cent (61) had variable interest and the average fixed-interest period was 2.8 years (2.6) at year-end.

Interest maturity structure

Maturity year	Interest due, SEKm	Share, %
Variable	16,604	65
2018	915	4
2019	1,415	6
2020	1,815	7
2021	2,400	9
2022	1,280	5
2023	1,100	4
Total	25,529	100

According to the financial policy, the cash flow risk is to be limited as follows: At least 50 per cent of the total loan volume should have fixed interest or be covered by interest hedging. Swapped volumes are classified as being equivalent to fixed-interest loans. The average remaining period of fixed interest, according to the financial policy, shall be at least 2.0 years; at the year-end it was 2.8 years (2.6). The strike level for the interest caps may when taken be equivalent to at most the five-year bond rate plus 3.0 percentage points.

At year-end, Klövern had a volume of SEK 10,000 million (5,000) interest caps and SEK 8,925 (9,340) million fixed interest loans (mainly through swaps), totalling SEK 18,925 million, corresponding to 74 per

NOTE 20 CONTINUED

cent, compared with SEK 12,765 million, 50 per cent, which was a minimum requirement according to the policy.

During 2017, changes in value of interest caps amounted to SEK -12 million (-6). The fair value amounted to SEK 9 million (11) at year-end. At year-end, Klöverns had 18 interest rate swap agreements maturing between 2018 and 2023. The fair value of the swaps amounted to SEK -376 million (-493) and changes in value totalled SEK 117 million (-108) during the year, of which SEK 0 million (-5) were realized. Value changes of options to senior executives and key personell amounted to SEK -5 million (-). Total value changes for derivatives were SEK 100 million (-114). Interest caps and swaps both increase Klöverns price risk. The interest caps have been valued by Nordea and Swedbank based on the current interest rate curve and the volatility of the respective maturity. The interest rate swaps have been valued by Danske Bank, 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

Counterparty	Amount, SEKm	Remaining time to maturity, years	Interest rate level, %	Market value, SEKm
Nominal interest rate swaps				
Danske Bank	315	0.5	0.2	-1
Swedbank	100	1.0	1.8	-2
Nordea	1,000	1.4	-0.1	-3
Danske Bank	315	1.5	0.4	-3
Swedbank	100	2.0	1.9	-4
Nordea	500	2.4	0.1	-2
Danske Bank	500	2.4	0.1	-2
Danske Bank	315	2.5	0.7	-6
Swedbank	400	3.0	2.4	-28
Swedbank	1,000	3.0	0.2	-4
Swedbank	900	3.4	0.3	-5
Swedbank	300	3.7	2.5	-26
Swedbank	200	4.0	2.5	-18
Swedbank	320	4.1	3.3	-40
Swedbank	960	4.1	3.3	-120
Swedbank	500	5.0	2.2	-42
Swedbank	100	5.3	2.2	-9
Swedbank	500	6.0	2.7	-61
Total swaps	8,325	3.1	1.2	-376
Interest rate caps				
Nordea	2,500	3.0	2.5	0
Swedbank	1,000	3.4	3.0	0
Swedbank	2,500	4.0	3.0	1
Nordea	2,000	5.0	3.0	4
Swedbank	2,000	5.0	3.0	4
Total interest rate caps	10,000	4.1	2.9	9

Credit risks

Credit risks mean the risk of a counterparty or issuer not being able to comply with its undertakings to Klöverns. Klöverns is exposed to credit risk to the extent that the surplus liquidity is to be invested and through its holdings of derivative instruments in the form of interest caps and interest rate swaps. With a view to limiting the credit risks on investment, the financial policy includes a special counterparty rule in which maximum credit exposure for different counterparties is stated as follows.

Counterparty	Maximum amount
Swedish state and government agencies with 100% state guarantee	Unlimited
Swedish banks with wholly-owned subsidiaries	SEK 500m per group
Other Swedish mortgage institutions	SEK 100m per company
Foreign banks with rating at least Standard & Poor A- or Moody's A3	SEK 100m per group

As regards derivative instruments, there are no volume limits, although derivatives may only be acquired with a view to adjusting the interest rate risk. Permitted derivative instruments are: interest rate swaps, interest caps and floors, FRA and interest rate and currency forwards. To the extent that options are used, these should minimize risk. The time to maturity for caps and floors may be at most ten years. There is also a certain element of credit risk in the current letting operations, i.e. a risk of a tenant not being able to pay the rent. However, this is limited given the use of advance rents.

Covenants and risk-taking

Klöverns financial risk-taking and position can be seen, inter alia, from the key ratios equity ratio, interest coverage ratio and leverage. There are often set limit values, known as covenants, in the credit agreements with the banks and credit institutions, specifically for these three key ratios. 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 50-75 per cent.

Klöverns meets all goals and requirements for 2017 by a good margin. The equity ratio was 32.8 per cent, the adjusted equity ratio 38.5 per cent and the interest coverage ratio 2.9. Leverage was 58 per cent and the leverage ratio for properties 42 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 +0.7 percentage points, which would have been equivalent to a change in interest expense of SEK +168 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2.9 to 2.3.

The calculations of the sensitivity analysis are based on the Group's earnings capacity and balance sheet as at 31 December 2017. 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 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	+/- 35
Rental income	1 per cent	+/- 30
Property expenses	1 per cent	-/+ 10
Klöverns average interest rate	1 percentage point	-/+ 255

NOTE 20 CONTINUED

SEK million	2017				2016			
	Financial income	Financial expense	Changes in value	Net financial income	Financial income	Financial expense	Changes in value	Net financial income
Financial assets and liabilities valued at fair value via the statement of income								
Securities	–	–	–15	–15	–	–	–19	–19
Derivatives	–	–	100	100	–	–	–114	–114
Total	–	–	85	85	–	–	–133	–133
Loan receivables and accounts receivable								
Accounts receivable	–	–	–	–	–	–	–	–
Accrued income and other receivables	16	–	–	16	2	–	–	2
Liquid funds	0	–	–	0	0	–	–	0
Total	16	–	–	16	2	–	–	2
Total financial income	16	–	85	101	2	–	–133	–131
Financial liabilities valued at accrued acquisition value								
Liabilities to credit institutions	–	–651	–	–651	–	–613	–	–613
Accounts payable	–	0	–	0	–	0	–	0
Accrued expenses and other liabilities	–	0	–	0	–	0	–	0
Total financial expense	–	–651	–	–651	–	–613	–	–613

Fair value of financial assets and liabilities

SEK million	2017			2016		
	Financial assets/ liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value	Financial assets/ liabilities valued at fair value in the statement of income	Loans and accounts receivable	Financial liabilities valued at accrued acquisition value
Other long-term securities holdings	113	–	–	98	–	–
Long-term receivable	0	341	–	1	345	–
Accounts receivable	–	52	–	–	52	–
Accrued income and prepaid expenses	–	288	–	–	234	–
Other receivables	–	152	–	–	31	–
Liquid funds	–	39	–	–	129	–
Total	113	872	–	99	791	–
Long-term interest-bearing liabilities	–	–	16,963	–	–	17,904
Derivatives	367	–	–	482	–	–
Current interest-bearing liabilities	–	–	8,566	–	–	5,965
Accounts payable	–	–	368	–	–	258
Other liabilities	–	–	372	–	–	229
Accrued expenses and prepaid income	–	–	446	–	–	616
Total	367	–	26,715	482	–	24,972

There is no significant difference between book value and fair value of loans with variable interest. Otherwise, the reported values in the balance sheet do not differ from fair value. The market value of derivatives is calculated by the company's banks based on current interest terms and the market rate. The calculation has been made at what is referred to as Level 2, i.e. taking into consideration observed market values. No reclassifications have been made during the period.

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

NOTE 20 CONTINUED**Change in liabilities attributable to financing activities (Group)**

	2017	Cash flow	Change in fair value	2016
Long-term liabilities to credit institutions	16,963	–941		17,904
Current liabilities to credit institutions	8,566	2,601		5,965
Derivatives	367		–115	482
Total liabilities attributable to financing activities	25,896	1,660	–115	24,351

Change in liabilities attributable to financing activities (Parent Company)

	2017	Cash flow	2016
Long-term liabilities to credit institutions	9,637	147	9,490
Current liabilities to credit institutions	6,873	2,221	4,652
Total liabilities attributable to financing activities	16,510	2,368	14,142

NOTE 21 OTHER LIABILITIES

	2017	2016
Other current liabilities		
Group		
Personnel's withholding tax and social security contributions	7	7
Dividend shares	340	164
Liabilities to previous property owners	2	35
Liabilities to purchasers	7	29
Other items	2	–
Total	358	235
Parent company		
Personnel's withholding tax and social security contributions	7	7
Dividend shares	340	164
Value-added tax	12	10
Total	359	181

NOTE 22 ACCRUED EXPENSES AND PREPAID INCOME

	2017	2016
Group		
Prepaid rents, first quarter 2018/2017	340	520
Accrued property costs	84	68
Accrued interest expenses	72	57
Accrued personnel costs	31	28
Other items	8	16
Total	535	689
Parent company		
Accrued interest costs	40	39
Accrued personnel costs	19	17
Accrued costs, profit-sharing foundation	12	11
Other items	5	6
Total	76	73

NOTE 23 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 49.7 million (47.1). The breakdown of future lease fees is as follows:

	2017	2016
Matures within a year	27	26
Matures between one and five years' time	49	61
Matures later than five years' time	49	61

The Group lets 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:

	2017	2016
Matures within a year	675	652
Matures between one and five years' time	5,816	5,236
Matures later than five years' time	5,319	5,766

NOTE 24 ASSETS PLEDGED AND CONTINGENCIES

	Group		Parent company	
	2017	2016	2017	2016
Assets pledged				
Property mortgages	23,258 ¹	22,744	–	–
Total assets pledged	23,258	22,744	–	–
Contingencies				
Guarantees in favour of subsidiaries	–	–	9,015	9,753
Other contingencies	28	28	–	–
Total contingencies	28	28	9,015	9,753

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

Klövern is not involved in any ongoing dispute which may have a significant effect on earnings.

NOTE 25 CLOSE ASSOCIATES

	Year	Services sold	Services purchased	Receivable	Liability
Group					
Other close associates	2017	6	102	–	0
Other close associates	2016	7	192	–	12
Parent company					
Subsidiary	2017	226	11	22,229	1,472
Subsidiary	2016	204	9	20,699	1,280
Other close associates	2017	–	1	–	–
Other close associates	2016	–	1	–	–

The Parent Company has a close associate relationship with its subsidiaries, see Note 26. 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 M2 Gruppen. During the year, Klöverns has signed contracts with Wästbygg for around SEK 157 million for construction projects. During the year, Wästbygg invoiced Klöverns a total of SEK 100 million (excluding value-added tax), which also includes a number of smaller projects. 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 has been a board member of Svevia AB, is a board member of Metria AB, Apoteket AB and is the chairman of the board of Klöverns. Lease contracts with Apoteket AB have an annual contract value totalling SEK 5 million (8) and with Metria of SEK 0.2 million (0.2). A new lease contract for letting to Svevia AB has an annual contract value of SEK 0.1 million (0.2). Services have been purchased for SEK 2 million (4) from Svevia AB mainly relating to snow clearance. Ann-Cathrin Bengtson and Fredrik Svensson are board members of Klöverns. Eva Landén is CEO of Corem Property Group and a board member of Klöverns. During 2017, Klöverns carried out an exchange transaction with Corem, which entailed acquisition of three properties in Norrköping and the site leasehold to a property in the Stockholm area. The underlying value of the acquired properties amounted to SEK 152 million and the underlying value of the divested properties was SEK 238 million. Payments to the CEO, senior executives and the Board of Directors are shown in Note 3.

NOTE 26 PARTICIPATION RIGHTS IN GROUP COMPANIES

SEK 000s	31.12.2017	31.12.2016
Accumulated acquisition values		
Opening balance	1,728,627	1,728,527
Acquisitions	350	500
Divestments	–350	–400
Reported closing balance	1,728,627	1,728,627
Accumulated shareholders' contributions		
Opening balance	146,551	146,551
Shareholders' contributions for the year	–	–
Closing balance	146,551	146,551
Total	1,875,178	1,875,178

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
Klöverns Strand AB, 556442-0098, Nyköping	80,000	100	126,395
Klöverns Ström AB, 556603-1067, Nyköping	104,000	100	53,631
Klöverns Komp Ström AB, 556688-5256, Nyköping	1,000	100	100
Klöverns Adam AB, 556494-9699, Nyköping	1,000	100	107,700
Klöverns Komp Adam AB, 556643-6647 Nyköping	1,000	100	100
Klöverns Barkenlund AB, 556554-8772, Nyköping	1,000	100	1,766
Klöverns Bobby AB, 556594-9780, Nyköping	1,000	100	8,138
Klöverns Komp Bobby AB, 556678-9938, Nyköping	100,000	100	100
Klöverns Dante AB, 556594-9830, Nyköping	1,000	100	100
Klöverns Efraim AB, 556594-9855, Nyköping	1,000	100	100
Klöverns Frippe AB, 556634-5657, Nyköping	1,000	100	100
Klöverns Ett AB, 556610-3106, Nyköping	1,000	100	15,974
Klöverns Komp Ett AB, 556613-4085, Nyköping	1,000	100	100
Klöverns Karl AB, 556708-7985, Nyköping	1,000	100	5,139
Klöverns Love Holding AB, 556797-0602, Nyköping	100,000	100	100
Klöverns Gerhard AB, 556634-5723, Nyköping	1,000	100	100
Klöverns Helmut AB, 556634-5731, Nyköping	1,000	100	100
Klöverns Ingmar AB, 556634-6598, Nyköping	1,000	100	100
Dagon AB, 556431-0067, Nyköping	23,580,999	100	1,519,055
Klöverns Linus AB, 556896-7409, Nyköping	50,000	100	50
Klöverns Verner AB, 556896-7474, Nyköping	50,000	100	10,050
Klöverns Nord AB, 556072-3024, Nyköping	250,000	100	25,630
Klöverns Mari AB, 556944-2196, Nyköping	50,000	100	50
Klöverns Valdemar AB, 559003-2446, Nyköping	50,000	100	50
Klöverns Gabriella AB, 556983-7544, Nyköping	50,000	100	50
Klöverns Jonathan AB, 556634-6606, Nyköping	1,000	100	100
Klöverns Lovisa AB, 559068-5334, Nyköping	50,000	100	50
Klöverns Alfred AB, 556922-4255, Nyköping	50,000	100	50
Other subsidiaries, dormant			200
Total			1,875,178

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

NOTE 27 CASH FLOW ANALYSIS

	Parent company	
	2017	2016
Investment in non-current financial assets		
Participation rights in group companies	0	0
Derivatives	-3	-11
Receivables from group companies	-2,709	-1,187
Total	-2,712	-1,198

NOTE 28 EVENTS AFTER THE PERIOD COVERED BY THE REPORT

In January 2018, Klövern announced that secured bonds to a maximum of SEK 700 million maturing in April 2018 would be redeemed prior to final maturity. In February, a non-secured bond loan was issued totalling SEK 1,500 million with final maturity in February 2021.

In January 2018, Klövern subscribed to 7,500,000 shares in a directed share issue in Tobin Properties for a price of SEK 20 per share, totalling SEK 150 million. Klövern's ownership of Tobin after the directed issue amounted to around 40 per cent of the number of shares and around 42 per cent of the number of votes in the company. After a subsequent rights issue in Tobin Properties where Klövern's guarantee undertaking did not need to be used, ownership amounted to around 35 per cent of the number of shares and around 36 per cent of the number of votes. On 9 February 2018, Klövern announced a mandatory cash offer to the shareholders of Tobin Properties.

On 16 February 2018, Klövern announced that it had acquired a property in central Copenhagen for an underlying property value of DKK 1,440 million. The property, with a lettable area of around 31,000 sq.m. and around 10,000 sq.m. of garage, was taken possession of on 1 March 2018.

During the month of February 2018, a total of 163,809 Class A ordinary shares were converted into Class B ordinary shares. Thereafter, the total number of registered shares in Klövern amounts to 932,437,980, of which 74,389,011 constitute class A ordinary shares and 841,604,969 constitute class B ordinary shares and 16,444,000 constitute preference shares.

NOTE 29 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. Information about this and the assumptions and assessments made are shown in Note 10.

Deferred tax

An assessment of the probability of it being able to use the loss carryforwards is made when valuing the tax 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 asset acquisition or as a business combination. Companies containing only properties without appurtenant property management/administration are normally classified as asset acquisitions. See Note 1 Classification of acquisitions for more information.

Arrangement of the income statement

The Group applies the arrangement which is usual for a large number of companies in the real estate industry. This means that the income statement shows the result for operating profit, profit from property management and profit before tax. Profit from property management includes net financial income. Changes in value are reported after net financial income.

Reporting of preference shares

The company's assessment is that there is no contractual obligation to pay dividend between Klövern and the holders of preference shares at the time of issue of the preference shares. Klövern 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 30 INFORMATION ABOUT THE PARENT COMPANY

Klövern AB (publ), reg. no, 556482-5833, is a Swedish-registered limited company with its registered office in Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head office is Bredgränd 4, SE-111 30 Stockholm, Sweden and the address of the Service Office is Box 1024, SE-611 29 Nyköping, Sweden. The consolidated accounts for 2017 consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 31 PROPOSED APPROPRIATION OF PROFITS

SEK

The following earnings are available to the Annual General Meeting:

Amount brought forward	3,694,486,690
Net profit for the year	714,747,424
Total	4,409,234,114

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders	
SEK 0.44 per ordinary share, total	385,715,661
SEK 20.00 per preference share, total	328,880,000
To be carried forward	3,694,638,453
Total	4,409,234,114

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 2018 Annual General Meeting is that a dividend of SEK 0.44 per ordinary share to be paid in four instalments of SEK 0.11 and a dividend of SEK 20.00 per preference share to be paid in four instalments of SEK 5.00.

The current proposal means that the dividend constitutes 57 per cent of the profit from property management for 2017. 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	3,694,486,690
Net profit for the year	714,747,424
Total	4,409,234,114
Dividend to ordinary shareholders	385,715,661
Dividend to preference shareholders	328,880,000
To be carried forward	3,694,638,453
Total	4,409,234,114

As of 31 December 2017, the number of registered ordinary shares in Klövern totalled 915,993,980, of which outstanding shares totalled 876,626,502 and repurchased shares 39,367,478. 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 2017 financial year, the Board of Directors proposes to the Annual General Meeting on 26 April 2018 that a dividend be paid of SEK 0.44 per ordinary share, distributed equally over four quarters, and SEK 20.00 per preference share, distributed equally over four quarters. In addition, the Board proposes that the shareholders at the Annual General Meeting decide to set 29 June 2018, 28 September 2018, 28 December 2018 and 29 March 2019 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 4 July 2018, 3 October 2018 and 4 January 2019 and 3 April 2019.

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

Amount brought forward	3,694,486,690
Net profit for the year	714,747,424
Total	4,409,234,114

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders

SEK 0.44 per ordinary share, total	385,715,661
SEK 20.00 per preference share, total	328,880,000
To be carried forward	3,694,638,453
Total	4,409,234,114

The above calculation is based on the total number of outstanding ordinary shares, 876,626,502 and the total number of registered preference shares, 16,444,000.

The Board further proposes that the Annual General Meeting decides that all new shares – a total of 91,599,397 ordinary shares and 1,644,400 preference shares – which may be issued by virtue of the Annual General Meeting's authorization, shall confer entitlement to dividend from and including the day on which they have been registered in the share register kept by Euroclear Sweden AB, entailing a first dividend of SEK 0.11 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 new issues, a dividend for additional ordinary shares of at most SEK 40,303,735 and for preference shares of at most SEK 32,888,000 will be paid. Dividend for repurchased shares amounts to SEK 17,321,690. At least SEK 3,604,125,028 of the amount available for distribution will remain after dividends totalling at most SEK 805,109,086.

Klövern's financial position

Klövern's financial goals for 2017 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 2017, 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 32.8 per cent in the Group and 27.5 per cent in the Parent Company. After the proposed dividend, the equity ratio will be 31.2 per cent in the Group and 25.4 per cent in the Parent Company. The proposed dividend constitutes 4.9 per cent of shareholders' equity in the Group and 10.2 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 the necessary investments.

The undersigned certify that the annual accounts and the consolidated accounts have been prepared in compliance with the IFRS international accounting standards, as adopted by the EU, and with generally accepted accounting principles, and provide a true and fair picture of the Group's and company'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, 23 March 2018
Board of Directors of Klöver AB (Publ), reg. no. 556482-5833

Pia Gideon
Chairman

Rutger Arnhult
CEO

Ann-Cathrin Bengtson
Board member

Eva Landén
Board member

Fredrik Svensson
Board member

Our audit report was submitted on 23 March 2018
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 REPORT AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual report and the consolidated accounts of Klöver AB (publ) for the 2017 financial year, with the exception of the Corporate Governance Report on pages 59-70. The annual report and consolidated accounts of the company are on pages 11-58 and 73-109 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 2017 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 2017 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 59-70. The statutory administration report is consistent with the other parts of the annual report 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 have 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 in 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 report 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 2017, the fair value of Klöver's properties was SEK 42,961 million and changes in value amounted to SEK 1,913 million. The Group's investment properties constituted 97 % of the total assets on 31 December 2017. 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 10 and Note 29 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 requirement, vacancy rate, rental income and operating expense.

We have assessed the information provided in the Annual Report.

Other information than the annual report and the consolidated accounts

This document also contains other information than the annual report and the consolidated accounts and can be found on pages 1-10, 71-72 and 113-141. 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 report 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 accounts, whether due to fraud or error, design and perform audit procedures, inter alia, on the basis of these risks and obtain audit evidence which is sufficient and appropriate for its purpose to serve as a basis for our opinions. The risk of not detecting material misstatement due to fraud is higher than for material misstatement due to error, as misstatements may include action in collusion, counterfeiting, deliberate omission, incorrect information or setting aside internal control.
- > we obtain an understanding of the company's internal control, which is important for our audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- > we assess the suitability of the accounting policies applied and the reasonableness of the Board and the CEO's estimates in the accounts and supplementary disclosures.
- > we draw a conclusion on the suitability of the Board and the CEO applying the assumption of a going concern when drawing up the annual report 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 report 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 regarding independence, and bring forward all relations and other conditions that can reasonably affect our independence, and in applicable cases associated countermeasures.

Out of the areas communicated with the Board, we determine which of these areas that have been of highest 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 2017 financial year and of the proposals for the appropriation of the company's profit or loss.

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

Grounds for our opinions

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

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

Responsibilities of the Board of Directors and the CEO

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

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

The Board is responsible for the company's organization and administration of the company's business. This includes, inter alia, making a continuous assessment of the company's and the group's financial situation, and ensuring that the organization of the company 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 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 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 appropriation 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 59-70 and for it being drawn up in accordance with the Annual Accounts Act.

Our review has been performed in accordance with FAR's statement RevU 16 The Auditor's review of the Corporate Government Report. This means 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 2017 and has served as the company's auditor since the year 2000.

Stockholm, 23 March 2018

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

PROPERTY LIST



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The property Livia 16, Västerås, internally refurbished during 2017.

BUSINESS CONCEPT, GOALS AND STRATEGY

MARKETS

REAL ESTATE OPERATIONS

FINANCE

CORPORATE GOVERNANCE

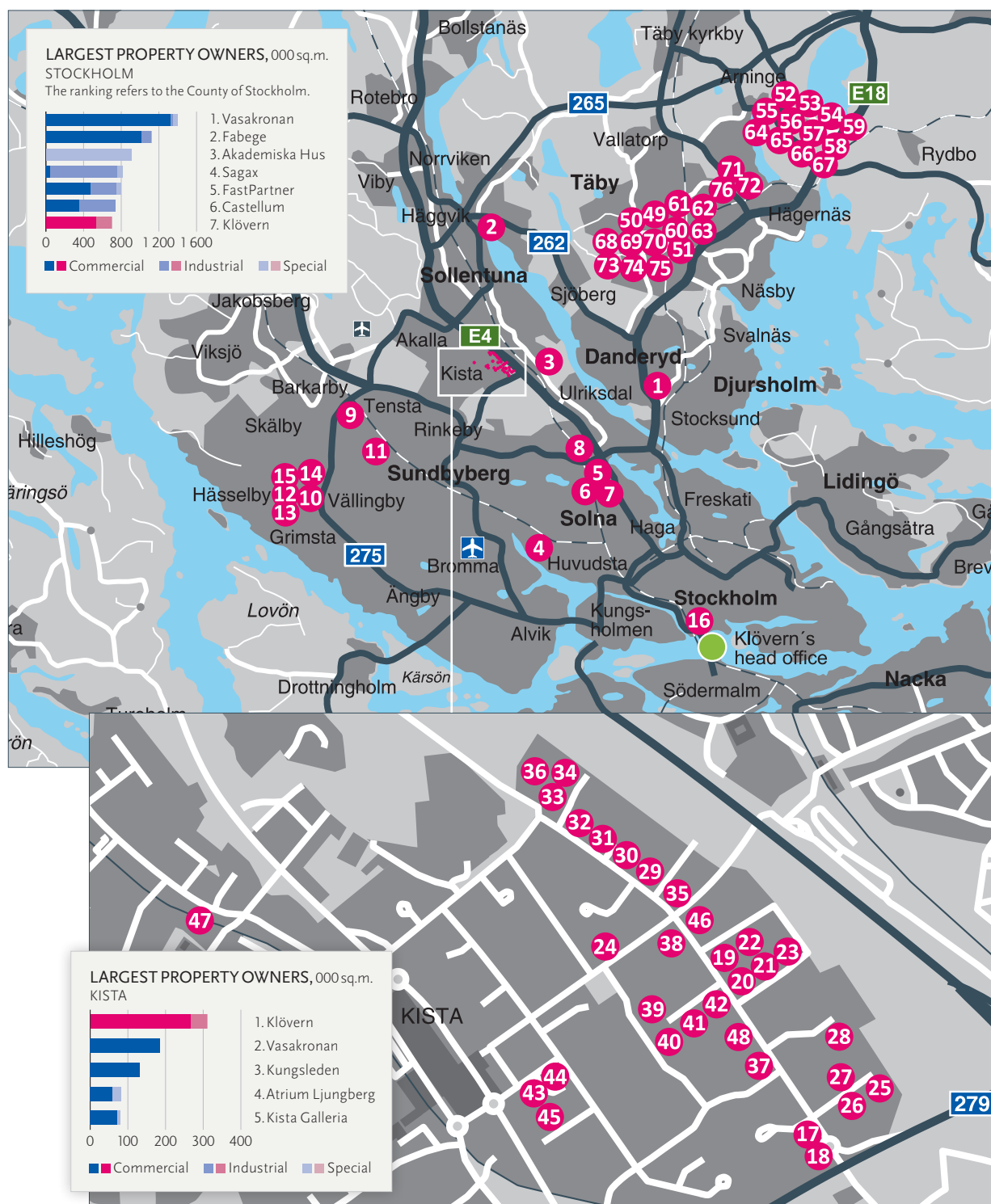
SUSTAINABILITY

FINANCIAL REPORTS

PROPERTY LIST AND OVERVIEW

STOCKHOLM REGION

Stockholm North



Byggstatistik has contributed diagrams of the largest property owners for each business unit. The diagrams are based on property taxation.

STOCKHOLM NORTH

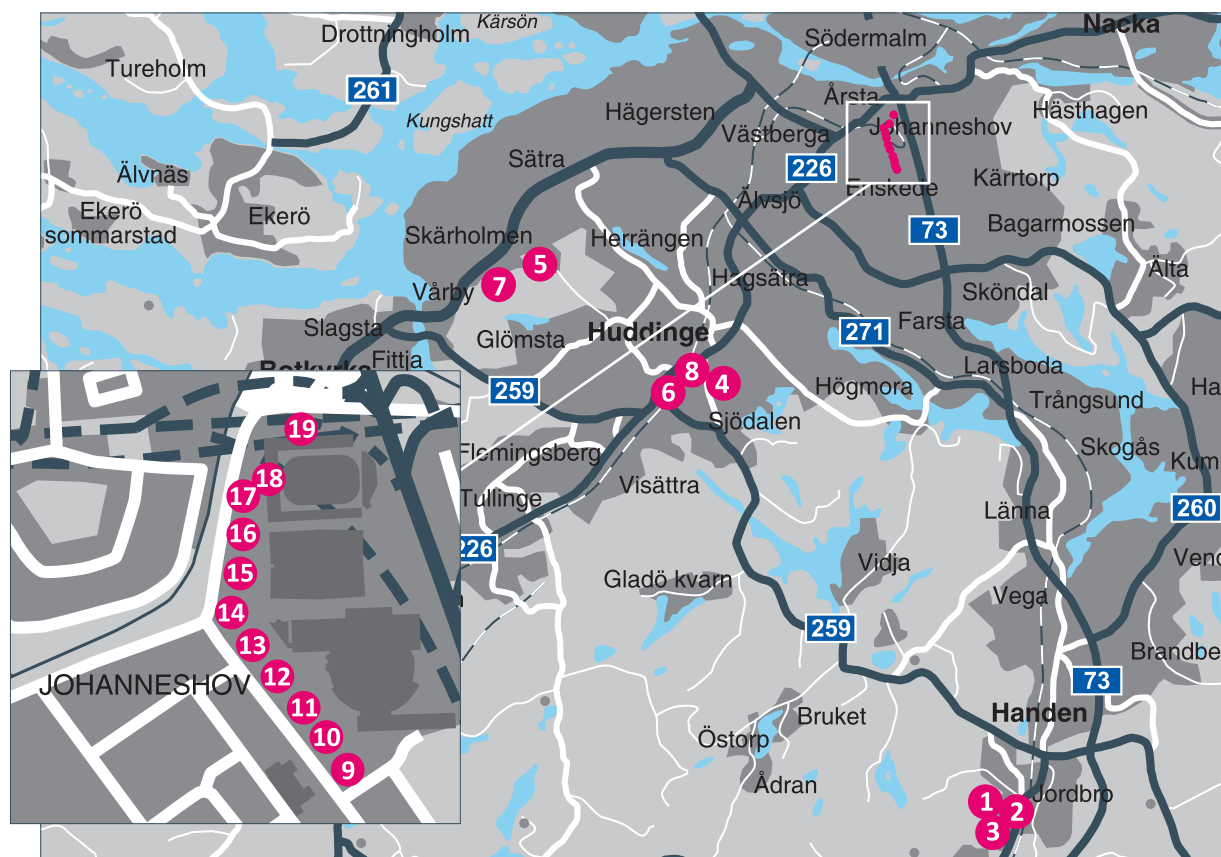
No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*	Total			
1	Timmerhuggaren 2	Vendev. 90, Danderyd		1969/1969	Office	6,034	1,947	1,225	1,400	10,606	16.7	91	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	507	680	253	13,833	26.3	99	164.0
4	Aprikosen 2	Hemvärnsg. 5, 7, 9, Solna		1975/1992	Office	26,358	3,553	1,875	3,372	35,158	80.0	94	428.0
5-7	Hilton 3	Gustav III:s Boulevard 40-46, Solna		2003/2003	Office	17,416	682	261	6	18,365	42.9	60	364.3
8	Startboxen 3	Vallg. 5-9 Solna		1985/1985	Office	10,777	762		7,706	19,245	39.2	92	202.0
9	Domnarvet 11	Domnarvsg. 35, Stockholm	S	1978/1978	Office	1,895	1,778			3,673	4.2	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	23.6	71	62.9
11	Mandelblomman 1	Kronofogdev. 54, Stockholm		1983/1983	Warehouse/ logistics	762	3,493	969	1,681	6,905	7.0	88	27.0
12	Singeln 13	Krossg. 26-28, Stockholm	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	9.3	59	35.6
14	Stenmjölet 1	Siktg. 1, 3, Stockholm	S	1960/1960	Other*	967	326	1,776	2,110	5,179	5.4	73	27.1
15	Stenmjölet 2	Siktg. 3A-3B, Stockholm	S	1960/1960	Warehouse/ logistics	0	2,730	2,094		4,824	5.3	53	10.8
16	Orgelpipan 4	Klarabergsg. 33, 35, Stockholm	S	1957/1957	Office	3,490	343	525	159	4,517	17.9	75	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	5.3	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, Kista	S	1979/1979	Office	1,931				1,931	3.0	100	30.0
23	Borg 6	Strömög. 7, Vågög. 8, Kista	S	1980/1980	Warehouse/ logistics	1,487	4,930			6,417	6.8	94	41.6
24	Borgarfjord 4	Kistagången 12, Torshamnsg. 31-33, Kista	S	1983/1983	Office	12,633	213	654	6	13,506	28.6	89	94.9
25	GeySir 1	Österög. 4, Kista	S	1979/1979	Warehouse/ logistics		5,110			5,110	5.7	100	34.8
26	GeySir 2	Österög. 2, Kista	S	1980/1980	Warehouse/ logistics	2,350	5,097	165		7,612	7.5	31	42.6
27	Gullfoss 3	Österög. 1, 3, Kista	S	1979/1983	Office	4,839	1,113		1,565	7,517	11.2	59	59.4
28	Gullfoss 5	Viderög. 6, Kista	S	1979/1983	Office	3,508				3,508	5.2	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	24.6	98	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	47.4	91	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	16,778	225			17,003	23.7	1	228.0
35	Helgafjäll 5	Kistagången 2, 4, Torshamnsg. 20, Kista	S	1978/1988	Office	13,987	262	1,567	269	16,085	26.8	100	190.0
36	Helgafjäll 7	Torshamnsg. 48, 50, 52, 54, Kista		2001/2002	Office	24,414	30		6	24,450	43.5	12	344.0
37	Isafjord 1	Skaftåg. 2A-B, Kista		Site	Other*					-	2.7	100	-
38	Isafjord 4	Torshamnsg. 21, 23, Torshamnsg. 2, 4, 6, Grönlandsg. 10, Kista		1976/2008	Office	62,231			8,847	71,078	135.5	100	770.0
39	Isafjord 5	Grönlandsg. 8, Kista		Site	Other*					-	-	-	-
40	Isafjord 6	Grönlandsg. 6, Torshamnsg. 9, Kista		1976/2008	Other*				3,222	3,222	3.8	100	-
41	Isafjord 7	Hans Werthéns Gata 19, Kista		Site	Other*					-	0.9	100	-
42	Isafjord 8	Torshamnsg. 17, Hans Werthéns Gata 19, Torshamnsg. 3, Skaftåg. 14, 16, Kista		2016/2016	Office	23,698	240	1,230		25,168	61.2	100	388.0
43	Knarrarnäs 3	Färög. 5, 7 Kista	S	1985/1985	Office	5,504	234		1,417	7,155	15.6	94	89.7

STOCKHOLM NORTH CONT.

No.	Property	Address	Site lease- hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware- house/ logistics	Retail	Other*	Total			
44	Knarrarnäs 4	Färög. 3, Isafjordsg. 19, 21, Kista	S	1985/1985	Office	6,543	1,039	488	15	8,085	5.4	9	52.0
45	Knarrarnäs 9	Knarrarnäsg. 15, Kista	S	1984/1986	Office	4,748	119		3	4,870	10.6	82	63.2
46	Lidarände 1	Torshamnsg. 18, Kista		1979/2008	Other*	3,007	126	533	16,280	19,946	33.0	97	168.0
47	Röros 1	Norgeg. 1, Kista	S	1985/1985	Office	3,312	7		1	3,320	5.0	84	23.4
48	Skaftå 1	Torshamnsg. 19, Kista		Site	Other*					–	2.5	100	0.0
49	Kannringen 1	Enhagsslingan 2, 4, Täby		1988/1988	Office	4,101				4,101	5.0	89	32.8
50	Kannringen 2	Enhagsslingan 6, 8, Täby		1991/1991	Office	1,990	16			2,006	2.9	94	16.1
51	Kardborren 13	Kanalv. 15, 17, Täby		1981/1981	Office	12,541	319		1,374	14,234	19.3	94	95.8
52	Linjalen 60	Måttbandsv. 12, Täby		1991/1991	Office	2,873	950			3,823	4.3	94	23.6
53	Linjalen 61	Tillverkarv. 9, Täby		1990/1990	Warehouse/ logistics		778			778	0.8	100	6.7
54	Linjalen 65	Måttbandsv. 8, 10, Täby		1989/1989	Handel		600	750		1,350	1.2	100	6.8
55	Linjalen 66	Linjalv. 9, 11, Täby		1990/1990	Warehouse/ logistics		3,815	108		3,923	4.4	100	19.4
56	Linjalen 7	Måttbandsv. 4, Täby		1989/1989	Warehouse/ logistics		800			800	0.7	100	4.4
57	Linjalen 8	Måttbandsv. 6, Täby		1989/1989	Warehouse/ logistics		600			600	0.4	0	3.2
58	Lodet 2	Tumstocksv. 9, 11, Täby		1990/1990	Office	5,012	3,391	70	6	8,479	9.0	98	47.4
59	Mätstången 2	Linjalv. 6 A–B, Kundv. 5, Täby		1991/1991	Office	3,844				3,844	4.0	87	24.0
60	Roslags-Näsby 24:44	Stockholmsv. 100, 102, Täby		1965/1965	Handel						–	–	–
61	Roslags-Näsby 24:45	Stockholmsv. 100, 102, Täby		1965/1965	Handel						–	–	–
62	Roslags-Näsby 25:7	Stockholmsv. 100, 102, Täby		1965/1965	Handel		530	2,181		2,711	3.1	100	11.3
63	Roslags-Näsby 25:8	Stockholmsv. 100, 102, Täby		1965/1965	Handel						–	–	–
64	Smygvinkeln 10	Ritarslingan 20, Täby		1991/1991	Warehouse/ logistics	197	430		200	827	0.5	29	5.4
65	Smygvinkeln 11	Ritarslingan 18, Täby		1991/1991	Warehouse/ logistics		1,634	258	500	2,392	2.8	80	11.9
66	Smygvinkeln 12	Ritarslingan 16, Täby		1992/1992	Office	850	714			1,564	1.6	100	17.4
67	Smygvinkeln 9	Ritarslingan 22, Täby		1991/1991	Warehouse/ logistics		960			960	0.4	0	5.0
68	Svänghjulet 1	Enhagsslingan 23, 25, Täby		1990/1990	Other*	591	424	445	2,731	4,191	4.8	95	–
69	Svänghjulet 2	Enhagsslingan 5, 7, 9, 11, 13, Täby		1989/1989	Office	1,660	12		1,323	2,995	3.9	99	22.4
70	Svänghjulet 3	Enhagsslingan 15, 17, 19, 21, Täby		1991/1991	Office	4,329	579			4,908	5.6	90	32.2
71–72	Tryckaren 3	Reprov. 6, Viggbyholmsv. 81, Täby		1945/1992	Warehouse/ logistics	1,367	2,131			3,498	3.7	92	15.9
73	Ventilen 1	Enhagsslingan 1A–B, Täby		1987/1987	Office	1,984	675	296		2,955	3.0	83	17.7
74	Växellådan 1	Enhagsv. 7, Täby		1978/1983	Office	2,407	390			2,797	3.8	83	15.7
75	Växellådan 3	Enhagsv. 9, Täby		1978/1978	Office	1,210	353	337		1,900	1.5	61	9.2
76	Åkerby 10	Kemistv. 6, Täby		1975/1989	Office	1,195	12			1,207	1.5	100	8.2
TOTAL STOCKHOLM NORTH						384,299	83,823	18,992	62,815	549,929	913.5	83	5,196.0

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

Stockholm South

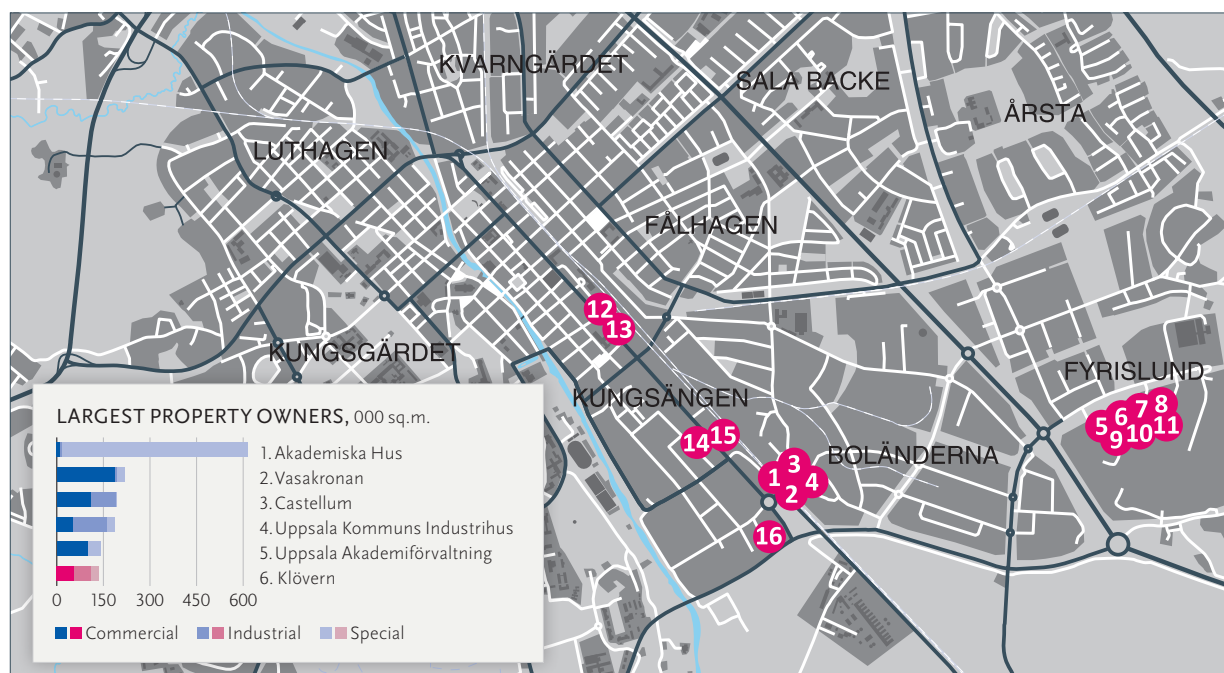


STOCKHOLM SOUTH

No.	Property	Address	Site lease-year	Building year/value	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Ware-house/logistics	Retail	Other*			
1	Jordbromalm 6:20	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics					–	–	101.6
2	Jordbromalm 6:3	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics		26,617		1,008	27,625	19.0	28.6
3	Jordbromalm 6:76	Armaturv. 4, Haninge		1979/1984	Warehouse/logistics					–	–	6.6
4	Brynjan 5	Solfagrav. 33, 35, Huddinge		1965/1965	Warehouse/logistics	758	1,800			2,558	2.8	11.0
5	Ellipsen 5	Ellipsv., Huddinge		1997/1997	Office	2,800				2,800	2.7	16.3
6	Förstugan 1	Fullersta Torg 18, 20, Huddinge		1989/1989	Office	1,600				1,600	3.2	20.5
7	Rektangeln 3	Pyramidb. 2, 4, Huddinge		1986/1986	Other*		477		2,459	2,936	7.4	22.7
8	Valen 2	Kommunalv. 1, 3, 5, Huddinge		1987/1987	Office	4,248	232			4,480	7.7	48.6
9-12	Arenan 2	Arenaslingan 1-3, Arenav. 49, 55-63, Johanneshov		1989/1989	Office	32,525	3,706	17,859	298	54,388	153.9	1,051.0
13-14	Arenan 3	Arenav. 39-47, Johanneshov		1989/1989	Office	13,796	997		1,799	16,592	48.2	276.0
15-18	Arenan 6	Arenav. 17, 21-35, Johanneshov		1991/1993	Office	16,962	2,617	3,852	7,297	30,728	84.6	269.3
19	Arenan 8	Arenav. 7-13, Johanneshov		2001/2001	Office	14,150				14,150	37.4	219.0
TOTAL STOCKHOLM SOUTH						86,839	36,446	21,711	12,861	157,857	366.8	2,071.3

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

Uppsala



UPPSALA

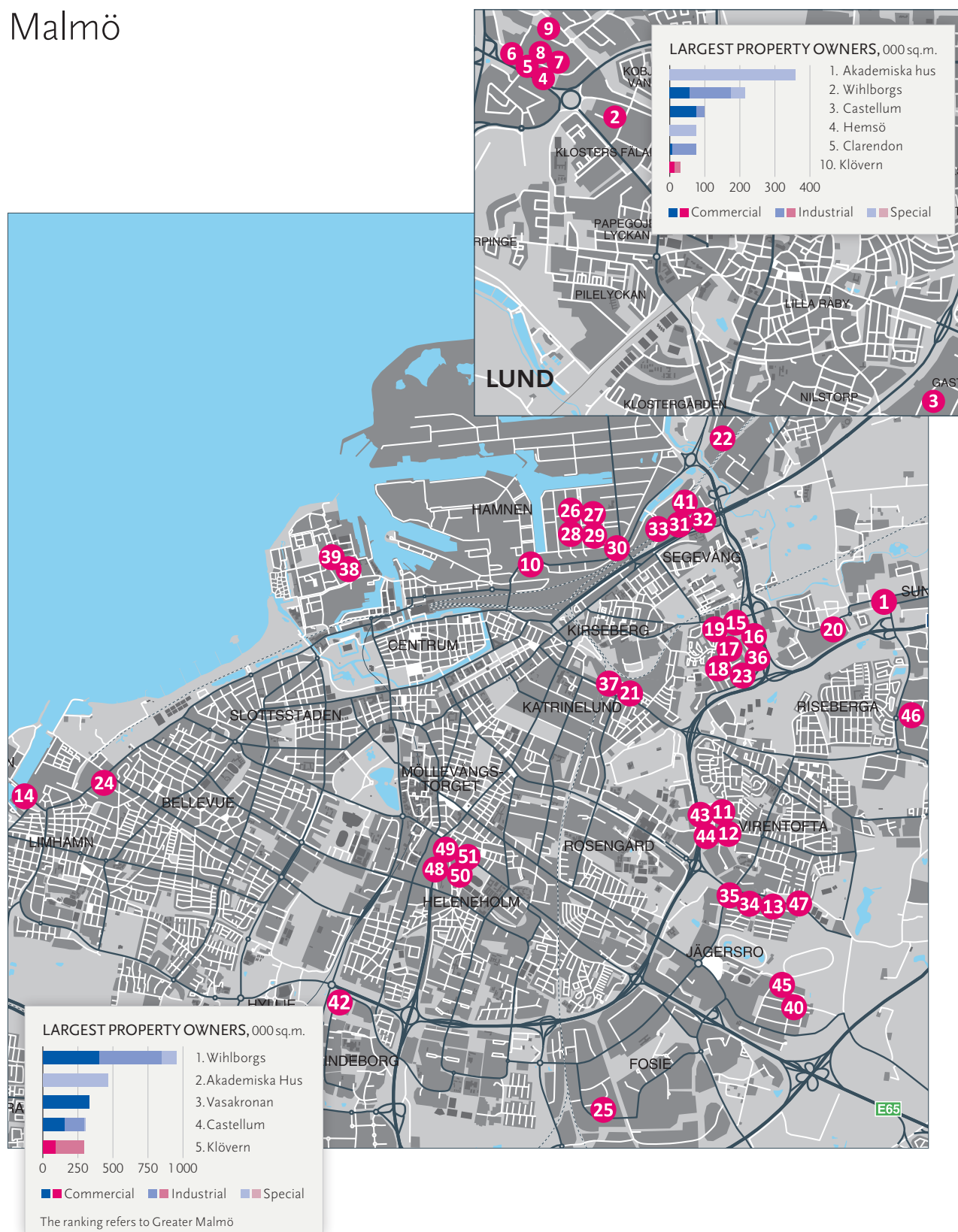
No.	Property	Address	Site lease-hold	Building year/value	Type of property	Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Ware-house/ logistics	Retail	Other*			
1-4	Boländerna 33:2	Kungsängsv. 15 mfl, Uppsala		1991/1991	Office	17,684	373	486	461	19,004	26.0	169.0
5-11	Fyrislund 6:6	Rapsg. 7, Uppsala		1921/2003	Other*	22,501	9,512	1,873	35,725	69,611	124.0	453.6
12	Kungsängen 10:1	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		1966/1989	Other*	9,047	137		10,132	19,316	44.7	139.0
13	Kungsängen 10:2	Bävernsgränd 17, 19, 21, Kungsg. 48, 50, Uppsala		2017/2017	Other*					-	-	104.4
14	Kungsängen 24:3	Kungsängsg. 70-74, Uppsala		1998/1998	Handel	696		5,665		6,361	9.9	62.4
15	Kungsängen 29:1	Kungsg. 70A-E, Uppsala		1985/1985	Office	2,428	342	1,707		4,477	6.1	36.2
16	Kungsängen 37:13	Kungs. 107-115, Stallängsg. 19-25, Uppsala		1989/1989	Office	7,959	552	6,725		15,236	23.7	147.0
TOTAL UPPSALA						60,315	10,916	16,456	46,318	134,005	234.5	1,111.6

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	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Ware-house/ logistics	Retail	Other*	Total			
TOTAL STOCKHOLM REGION	531,453	131,185	57,159	121,994	841,790	1,514.8	87	8,378.8
TOTAL KLÖVERN	1,395,595	876,834	262,994	364,564	2,899,987	3,507.2	89	17,452.3

SOUTH REGION

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	Ware- house/ logistics	Retail	Other*	Total		
1	Sunnanå 12:26	G:ia Staffanstopsv., Burlöv		Site	Other*					–	–	1.2
2	Annedal 9	Annedalsv. 2B, Lund		1990/1990	Warehouse/ logistics		1,296			1,296	1.5	6.1
3	Kvartsen 6	Skifferv. 25, Lund		1992/1992	Warehouse/ logistics		4,650			4,650	–	20.1
4–5	Traktorn 4	Traktorv. 13, Lund		1983/1983	Office	6,974	1,346	5,650		13,970	17.3	75.9
6	Trumlan 1	Traktorv. 19, Lund		1991–1994/ 1991–1994	Warehouse/ logistics	350	1,263	904		2,517	2.8	12.5
7	Välten 4	Traktorv. 8, Lund		2004/2004	Warehouse/ logistics		3,100			3,100	3.3	18.9
8	Välten 5	Traktorv. 10, Lund		1974/1987	Warehouse/ logistics		3,645			3,645	3.4	12.1
9	Årdret 12	Höstbruksv. 14, Lund		1991/1991	Warehouse/ logistics	281	1,768			2,049	2.3	7.9
10	Betongen 11	Krang. 4, Malmö	S	1992/1992	Office	4,872	37			4,909	8.0	22.0
11	Brandnåvan 1	Stenbärsgr. 3, Malmö	S	Site	Other*					–	–	3.3
12	Brandnåvan 2	Stenbärsgr. 1, Malmö	S	1989/1989	Office	2,822				2,822	3.1	14.8
13	Brudbuketten 11	Derbyv. 24, Russg. 8, Malmö		1988/1988	Office	1,346				1,346	1.7	7.4
14	Dragör 1	Öv. 6, Malmö		2014/2014	Office	1,708	130	536		2,374	6.1	31.6
15–16	Flygfyrn 1	Höjdroderg. 29, Flygfältsv. 1, Malmö		1955- 2004/1955- 2004	Warehouse/ logistics	360	8,463	3,325		12,148	11.5	50.9
17	Flygfyrn 3	Höjdroderg. 25, Malmö		1990/1990	Office	3,478	1,151	595		5,224	5.5	26.0
18	Flygledaren 3	Höjdroderg. 18, Malmö	S	1990- 2000/1990- 2000	Warehouse/ logistics	745	852			1,597	2.0	8.0
19	Flygvärdinnan 4	Vattenverkstv. 47, Höjdroderg. 30–34, Malmö	S	1940- 2001/1978- 2001	Office	6,519	2,739			9,258	14.4	60.8
20	Fältsippan 8	Regnvatteng. 2, Rimfrostg. 1, Malmö		1990/1990	Warehouse/ logistics		3,975			3,975	3.5	20.0
21	Getingen 5	Sallerupsv. 90, Singelg. 1, 3, 5, Malmö	S	1962/1962	Warehouse/ logistics		5,455	2,890		8,345	4.3	18.1
22	Haken 3	Vinkelg. 5, Malmö	S	1972/1972	Warehouse/ logistics	100	3,341			3,441	1.7	10.7
23	Höjdrodret 3	Kabing. 11, Malmö		1990/1990	Office	1,182	162			1,344	1.7	6.8
24	Kajan 33	Limhamnsv. 104, Malmö		Site	Other*					–	–	1.1
25	Krukskärnan 9	Stenxeg. 32, Malmö	S	1981/1981	Warehouse/ logistics		2,680			2,680	2.1	11.2
26–29	Kullen 1	Hanög. 9, 11, Kosterög. 11, 13, 15, Malmö		1961/1961	Warehouse/ logistics	4,598	79,617	1,285		85,500	28.8	165.9

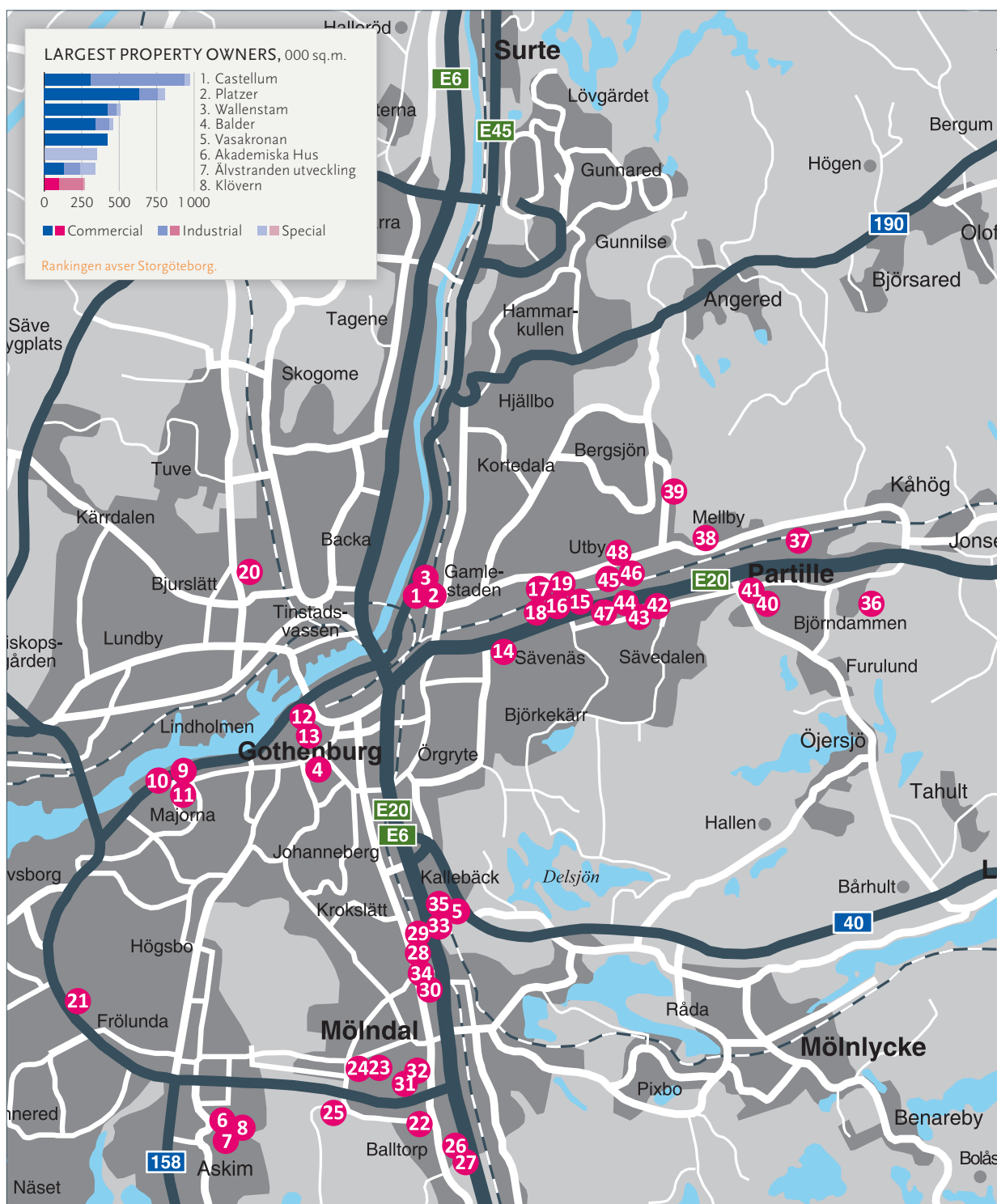
MALMÖ CONT.

No.	Property	Address	Site leasehold	Building year/value	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*			
30	Lillgrund 5	Borr. 31, Malmö		1952/1989	Warehouse/logistics		4,430			4,430	3.7	15.6
31	Murman 7	Murmansg. 124 A–C, Kruseg. 25, Malmö	S	1959/1959	Warehouse/logistics	2,186	4,324			6,510	5.0	18.7
32	Murman 8	Murmansg. 126, Kruseg. 27, Malmö		1960/1968	Office	4,627	2,571			7,198	7.8	25.7
33	Murman 11	Murmansg. 118–120, Kruseg. 21, Malmö	S	1960/1960	Warehouse/logistics	2,851	4,751		835	8,437	6.2	23.1
34	Nejlikebuketten 4	Derbyv. 6, Malmö		1991/1991	Office	5,926			617	6,543	9.7	43.8
35	Nejlikebuketten 6	Derbyv. 4, Malmö		1987/1987	Office	1,765				1,765	2.1	9.5
36	Skevrodet 1	Kabing. 9, Malmö		1978/1978	Office	2,158				2,158	1.6	9.4
37	Spindeln 2	Singeln. 2A–D, Stålkuleg. 2, Malmö	S	1968/2001	Warehouse/logistics	2,334	3,304		1,594	7,232	5.6	23.6
38	Stapelbädden 2	Östra Varvsg. 2, Malmö		2005/2005	Office	4,492				4,492	11.0	89.6
39	Stapelbädden 4	Östra Varvsg. 4, Malmö		2008/2008	Office	7,699	50	174	112	8,035	18.1	164.0
40	Stiglädret 10	Sadelg. 16, Betselg. 6A–B, Malmö	S	1978/1978	Warehouse/logistics	387	2,598			2,985	2.8	16.2
41	Stillman 40	Kruseg. 34, Malmö		1961/1975	Warehouse/logistics	479	1,308			1,787	1.7	7.0
42	Sufflören 4	Axel Danielssonsv. 261, Malmö		1988/1988	Office	4,270			843	5,113	6.8	22.5
43	Svedjenävan 3	Stenbärgsg. 4–6, Malmö		1991/1991	Office	4,291		614		4,905	7.7	29.7
44	Svedjenävan 4	Stenbärgsg. 2, Malmö	S	Site	Other*					–	–	2.0
45	Tränsbättet 2	Travbaneg. 4, Malmö		1989/1989	Warehouse/logistics	982	2,730			3,712	1.7	14.4
46	Ventilen 4	Kamaxelg. 7, 9, 11, Ventilg. 8, Malmö	S	2003/2003	Warehouse/logistics	621	1,771			2,392	2.3	12.4
47	Vårbuketten 3	Husiev. 21, Malmö		1992/1997	Warehouse/logistics	1,595	1,722			3,317	3.8	22.3
48–49	Västerbotten 11	Estlandsg. 2, 4, 6, Fosiev. 4, 6, 8, Malmö		1971/1971	Other*	2,159	5,112	892	6,571	14,734	15.0	13.1
50–51	Västerbotten 9	Ystadsv. 15, 17, 19, Fosiev. 2, Malmö		1929/1929	Handel	3,876	2,235	10,249	4,137	20,497	23.6	53.3
–	Piken 4	Kabing. 38, Helsingborg		1980/1980	Office	2,509				2,509	2.2	6.4
TOTAL MALMÖ						90,542	162,576	27,114	14,709	294,941	266.8	1,235.7

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Gothenburg

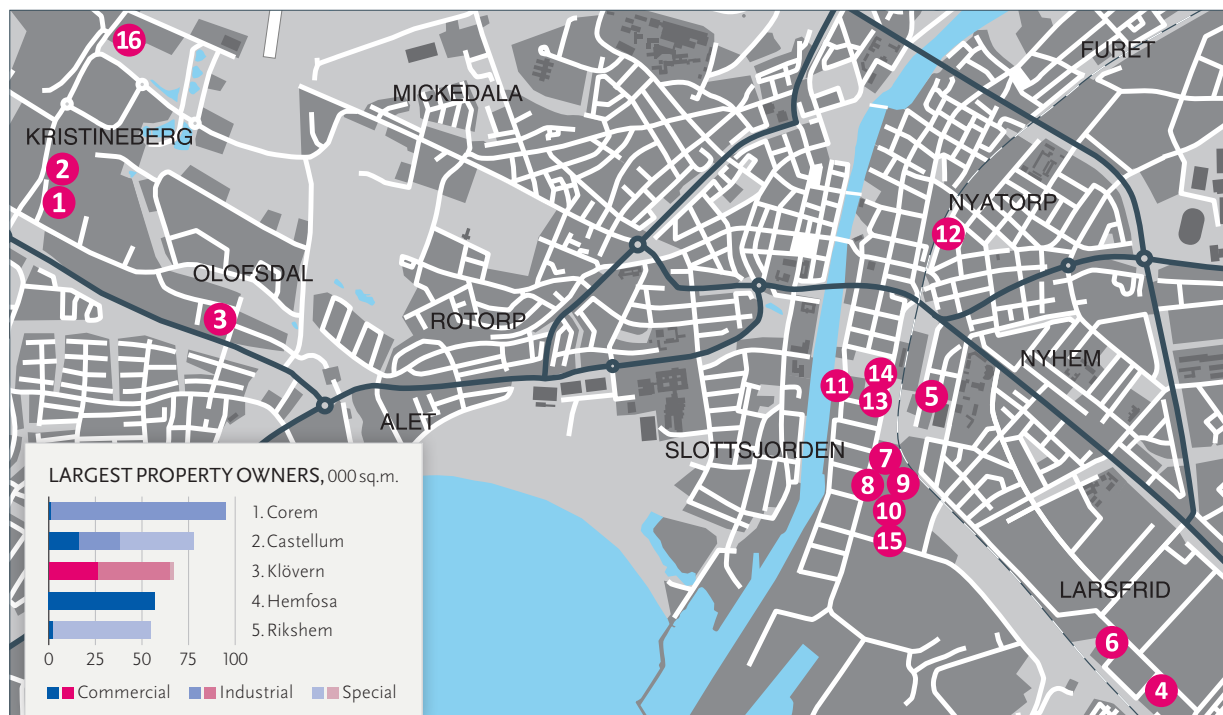


GOTHENBURG

No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m	
						Office	Ware-house/ logistics	Retail	Other*				Total
1-2	Gamlestaden 39:13	Slakthusg. 8, Gothenburg		1963/1963	Warehouse/logistics	5,819	6,872	328		13,019	15.8	92	36.8
3	Gamlestaden 39:14	Slakthusg. 6, Gothenburg		1905/1952	Warehouse/logistics		1,000			1,000	0.5	–	2.5
4	Inom Vall-graven 15:2	Drottningg. 28, Södra Hamng. 27, Gothenburg		2003/2003	Office	4,123		217		4,340	13.2	100	104.6
5	Kallebäck 17:1	Solhusg. 11, Gothenburg		1992/2000	Office	20,170			200	20,370	22.3	94	93.8
6-8	Kobbegården 6:141	Datav. 6, 8, 10, Gothenburg		1983/1983	Office	10,336	2,050	1,195		13,581	14.1	82	122.2
9	Majorna 219:7	Fiskhamnsg. 6A–C, Skärgårdsg. 1, Gothenburg	S	2002/2002	Office	11,679	1,933	1,897	201	15,710	26.7	100	164.0
10	Majorna 220:4	Fiskhamnsg. 2, Gothenburg		1986/1986	Office	5,745				5,745	9.7	92	53.2
11	Majorna 220:5	Skärgårdsg. 4, Gothenburg		1990/1990	Other*	579	16		3,815	4,410	7.6	100	0.0
12	Nordstaden 18:3	Kronhusg. 7, Torgg. 17, Gothenburg		1985/1985	Office	1,906	6	354		2,266	4.9	61	31.2
13	Nordstaden 18:4	Torgg. 19, Gothenburg		1985/1985	Office					–	–	–	–
14	Sävenäs 67:4	Torpavallsg. 11, 13, Gothenburg		1982/1991	Office	2,336				2,336	2.6	–	12.2
15	Sävenäs 169:1	von Utfallsg. 21, Gothenburg		1975/1975	Warehouse/logistics	169	7,409			7,578	5.6	99	18.4
16	Sävenäs 170:12	von Utfallsg. 18, 20, Gothenburg		1990/1990	Warehouse/logistics	884	3,178			4,062	3.2	100	12.1
17	Sävenäs 170:13	von Utfallsg. 16, 16A, Gothenburg		1979/1979	Office	1,624	465			2,089	1.8	94	8.4
18	Sävenäs 170:14	von utfallsg. 16B-C, Gothenburg		1991/1991	Office	4,700	509	250		5,459	5.1	82	25.2
19	Sävenäs 170:17	von Utfallsg. 18, 20, Gothenburg		1990/1990	Warehouse/logistics					0.0	–	–	1.2
20	Tuve 86:2	Hilledalsg. 1, Gothenburg	S	2007/2007	Warehouse/logistics		5,301			5,301	4.7	100	24.7
21	Tynnered 1:15	Femvägsskålet 4, Gothenburg	S	1979/1979	Warehouse/logistics		2,600			2,600	2.5	100	16.6
22	Gastuben 3	Argong. 2D, Mölndal		1991/1994	Office	5,990				5,990	8.6	87	47.1
23-24	Hästägaren 3	Idrottsg. 14–16, Mölndal		2002/2002	Warehouse/logistics	9,022	39,042			48,064	39.2	100	173.4
25	Mejramen 1	Lunnagårdsg. 4, Mölndal		1999/1999	Office	8,123	2,617	312	117	11,169	13.9	98	112.4
26	Pottegården 2	Taljegårdsg. 1, Mölndal		1965/1965	Warehouse/logistics	429	1,371			1,800	1.4	100	10.2
27	Pottegården 4	Kråketorpsg. 20, Mölndal		1991/1991	Office	3,059	1,859			4,918	4.8	92	24.0
28	Spinnaren 5	Göteborgsv. 44, Mölndal		1973/1973	Warehouse/logistics					–	–	–	1.1
29	Stockrosen 2	Norra Åg. 40, Mölndal		1988/1988	Handel	1,102		1,937		3,039	4.2	100	10.3
30	Stockrosen 7	Norra Åg. 32, Mölndal		1947/1997	Office	3,618	1,007	97		4,722	5.7	94	30.0
31	Travbanan 2	Åbyvägen, Mölndal		Site						–	–	–	–
32	Travbanan 3	Åbyvägen, Mölndal		Site						–	–	–	–
33	Törnrosen 4	Flöjelbergsg. 14C, Mölndal		1989/1989	Office	3,263	197			3,460	4.6	100	13.1
34	Violen 1	Göteborgsv. 40, Mölndal		1958/1980	Handel			718	238	956	1.3	100	8.5
35	Ångsviolen 1	Flöjelbergsg. 18, Mölndal		1960/1960	Warehouse/logistics	2,545	2,827	180	0	5,552	4.4	81	20.6
36	Kåbäcken 11:7	Transformatorv. 1, Partille		1964/1964	Warehouse/logistics	110	2,090			2,200	1.0	100	5.6
37	Lexby 11:236	Laxfiskev. 4B, Partille		2007/2007	Warehouse/logistics		14,756			14,756	10.1	100	70.2
38	Mellby 3:198	Mellbyv. 21, 23, Partille		1967/1983	Other*				2,576	2,576	3.0	100	–
39	Mellby 5:120	Ögärdesv. 19, Partille		1990/1990	Office	3,862	1,230			5,092	5.7	98	27.4
40	Partille 4:2	Kung Göstas v. 4, Partille		Site	Other*					–	–	–	0.9
41	Partille 4:25	Gamla Kronv. 22, Partille		1981/2008	Handel			2,500		2,500	3.9	100	12.0
42	Ugglum 1:76	Göteborgsv.88, Tillfällav. 27-29, Partille		1988/1988	Handel	1,154	270	2,566	421	4,411	5.4	94	24.8
43	Ugglum 8:37	Tillfällav. 23–25, Partille		1937/1975	Office	1,951	114	1,324	278	3,667	4.8	100	29.8
44	Ugglum 8:92	Tillfällav. 17–21, Partille		1992/1992	Office	4,723	297	720	6	5,746	8.0	89	47.0
45	Ugglum 9:242	Industriv. 2, 4, 6, 51, 53, 55, 57, Partille		1989/1989	Office	9,832	4,505	365	1,270	15,972	15.9	93	60.6
46	Ugglum 9:243	Industriv., Partille		Site	Other*					–	–	–	3.3
47	Ugglum 126:4	Gibsons v. 3, Partille		1989/1989	Office	468				468	0.5	100	4.2
48	Ugglum 7:117	Industriv. 39, Partille		1969/1999	Warehouse/logistics	801	2,176		343	3,320	3.3	96	11.6
–	Berg 1:82	Täljstensv. 1, Lerum		1999/1999	Other*	501	60		895	1,456	0.8	100	0.0
–	Tollestorp 7:6	Tollestörpsv. 2A–F, Lerum		1990/1990	Warehouse/logistics		3,197			3,197	1.9	100	9.0
–	Ölslanda 1:255	Gråbov. 13, Lerum		1974/2011	Other*			121	3,358	3,479	3.2	100	–
–	Ölslanda 10:81	Hantverkstv. 21, Lerum		1990/1990	Warehouse/logistics		1,716		0	1,716	0.9	100	4.1
TOTAL GOTHENBURG						130,623	110,670	15,081	13,718	270,092	296.7	94	1,488.2

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Halmstad



HALMSTAD

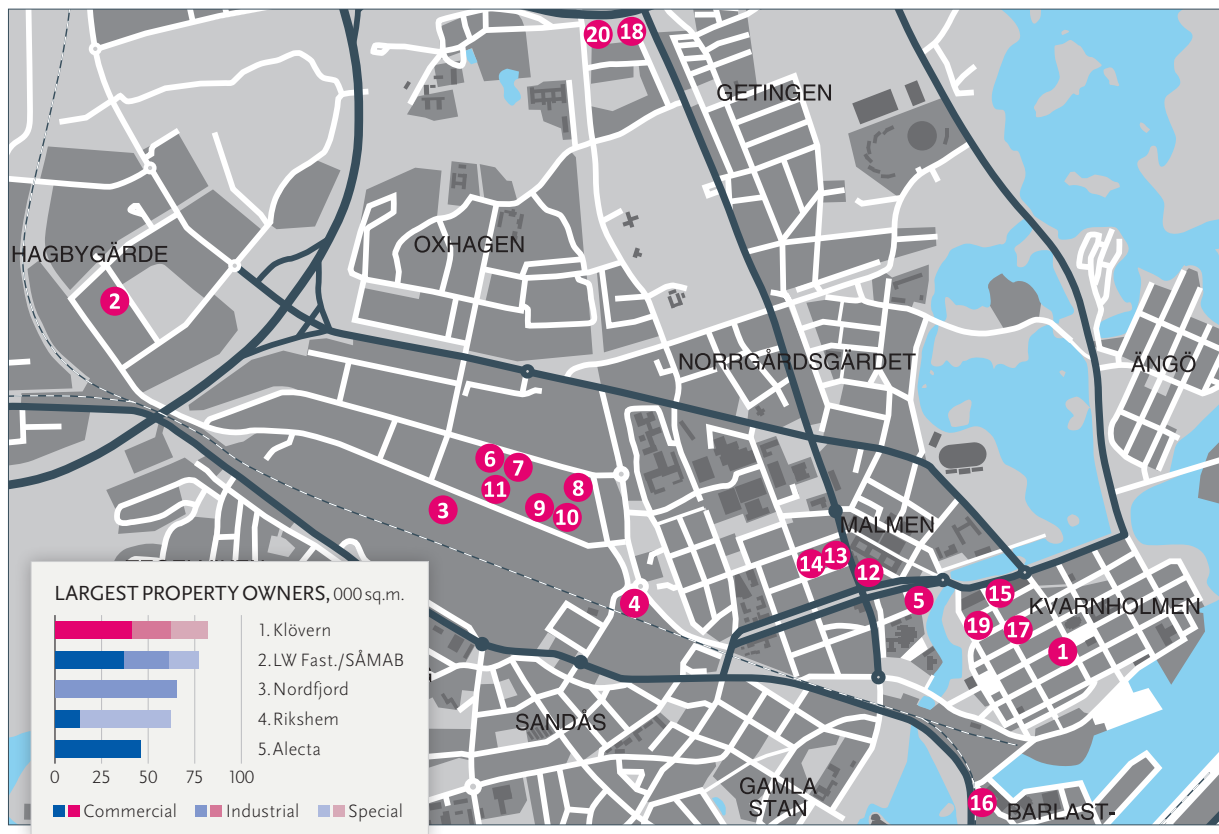
No.	Property	Address	Site lease-hold	Building year /value year	Type of property	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
						Office	Warehouse/ logistics	Retail	Other*	Total			
1	Eketånga 24:37	Kristinebergsv. 18–20, Halmstad		1989/1990	Warehouse/ logistics	746	972			1,718	0.9	81	6.3
2	Eketånga 24:49	Kristinebergsv. 22, Halmstad		1989/1989	Warehouse/ logistics	1,808	3,449			5,257	2.4	85	17.0
3	Eketånga 5:417	Industriv. 1, Halmstad		1962/1962	Warehouse/ logistics	267	3,285			3,552	1.6	89	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*						–	–	–
8–10	Halmstad 2:28	Stationsg. 37, Halmstad		1920/1929	Warehouse/ logistics	2,145	10,320	1,915	200	14,580	16.5	98	57.0
11	Halmstad 2:49	Strandg 1, 3, Halmstad		1911/1953	Office	3,025				3,025	6.0	100	26.8
12	Järnvägen 3	Gamletullsg. 12, 14, Halmstad		2017/2017	Office	4,431			1,053	5,484	11.0	34	1.5
13	Orkanen 1	Stationsg. 52, Halmstad		1930/1930	Warehouse/ logistics	183	967		256	1,406	0.5	49	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	6,901	5,739			12,640	5.4	89	28.2
16	Slättern 2	Kundv. 15, Halmstad		2008/2008	Handel			3,616		3,616	3.4	26	25.9
TOTAL HALMSTAD						21,503	38,232	5,531	1,509	66,775	54.2	77	197.2

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

	Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm
	Office	Warehouse/ logistics	Retail	Other*	Total			
TOTAL SOUTH REGION	242,668	311,478	47,726	29,936	631,808	617.8	88	2,921.2
TOTAL KLÖVERN	1,395,595	876,834	262,994	364,564	2,899,987	3,507.2	89	17,452.3

EAST REGION

Kalmar

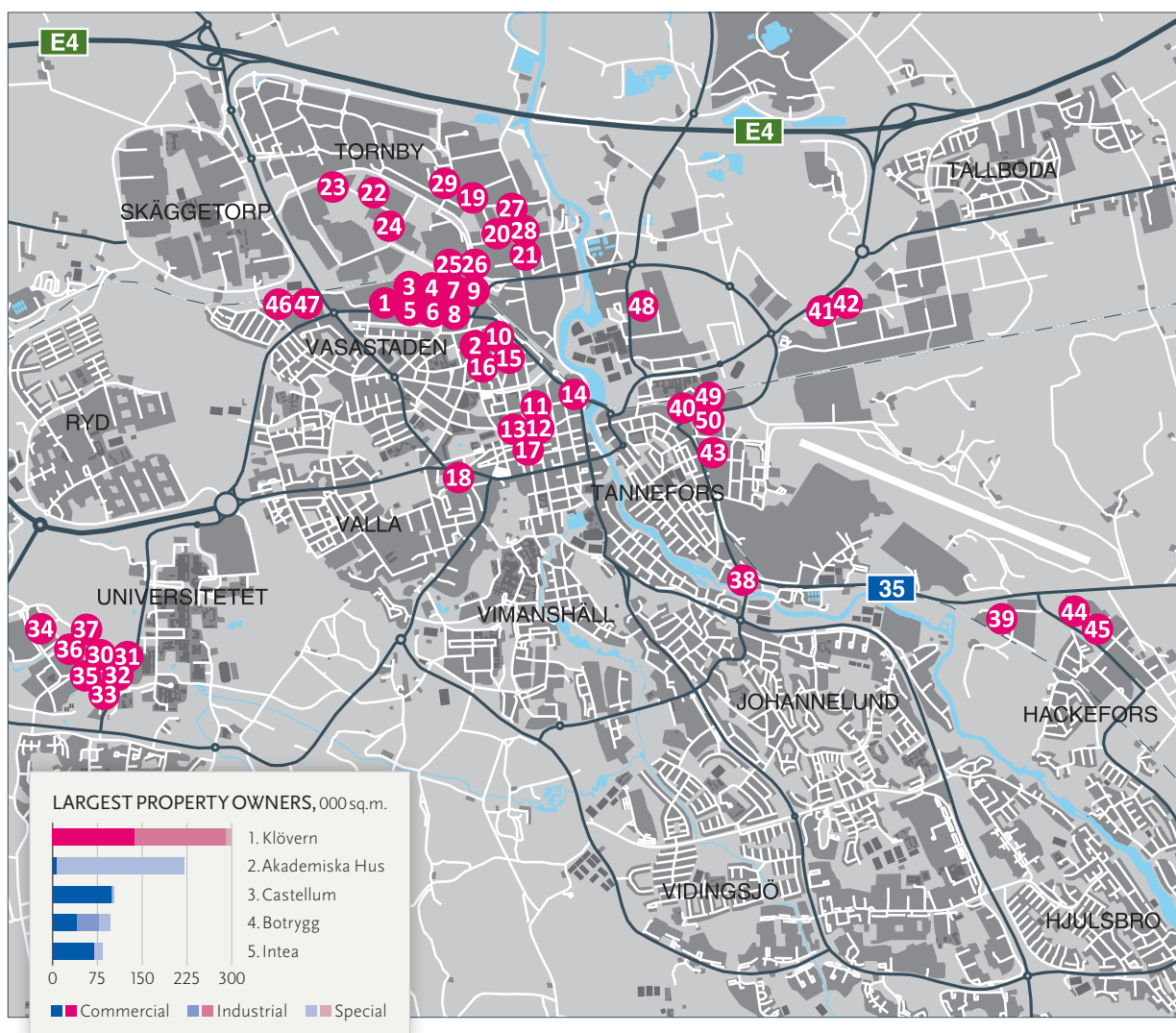


KALMAR

No.	Property	Address	Site leasehold	Building year/value year	Type of property	Area, sq.m.				Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*			
1	Apotekaren 20	Storg. 28, 30, V. Sjög. 13, Kalmar		1965/1965	Handel	771	101	817	182	1,871	3.2	21.0
2	Borret 10	Dösebackev. 5, Kalmar		1976/1976	Warehouse/logistics	1,035	9,863			10,898	6.8	21.7
3	Elefanten 3	Torsåsg. 9, Kalmar		1970/1971	Office	3,923	2,000	2,500		8,423	6.8	22.7
4	Fredriksdal 1	Lorensbergsleden 1, 3, Kalmar		1975/1975	Other*	750	913		1,835	3,498	2.5	100
5	Guldfisken 2	Postg. 2, Kalmar		1947/1947	Other*	396	404		2,229	3,029	2.4	97
6-10	Gumsen 31	Verkstadsg. 3, Kalmar		1950/1960	Warehouse/logistics	6,302	10,864	1,153	6,545	24,864	16.0	97
11	Gumsen 41	Torsåsg. 16, Kalmar		1975/1975	Office	2,042				2,042	1.4	100
12	Koljan 24	N. V. 18, S. Malmg. 7, Kalmar		1967/1967	Other*	1,614	526	615	3,171	5,925	6.9	100
13	Korpen 18	Fabriksg. 31, Kalmar		1976/1976	Office	2,397	669		600	3,666	4.1	89
14	Korpen 20	Fabriksg. 29, Nyg. 30, Kalmar		1979/1979	Other*	2,351	121		3,818	6,290	7.4	98
15	Lärlingen 5	Kaggensg. 40, 42, 44, Strömg. 7, Kalmar		1960/1960	Office	2,586	265	375	1,387	4,612	5.4	89
16	Matrosen 1	Tjärhovsg. 1, 3, 5, 7, Kalmar	S	1995/1995	Other*	971			1,288	2,259	3.5	100
17	Mästaren 28	Kaggensg. 30, Fiskareg. 20, Kalmar		1962/1962	Handel	568	57	712		1,337	2.1	100
18	Rybsen 1	Dagöv. 18, Kalmar		2000/2000	Office	1,112				1,112	1.3	100
19	Tenngjutaren 1	Strömg. 2, Larng. 40, Kalmar		1974/1979	Office	1,199	92		297	1,588	2.1	99
20	Timotejen 1	Öselv. 1, Kalmar		1991/1991	Office	902		650		1,552	1.5	100
-	Fläkten 11	Kvarnv. 2, Växjö		1982/1982	Office	8,200				8,200	8.4	100
-	Fläkten 14	Kvarnv. 26, 28, Växjö		1982/1982	Warehouse/logistics		5,300			5,300	3.4	100
TOTAL KALMAR						37,118	31,174	6,822	21,352	96,465	85.1	98

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Linköping

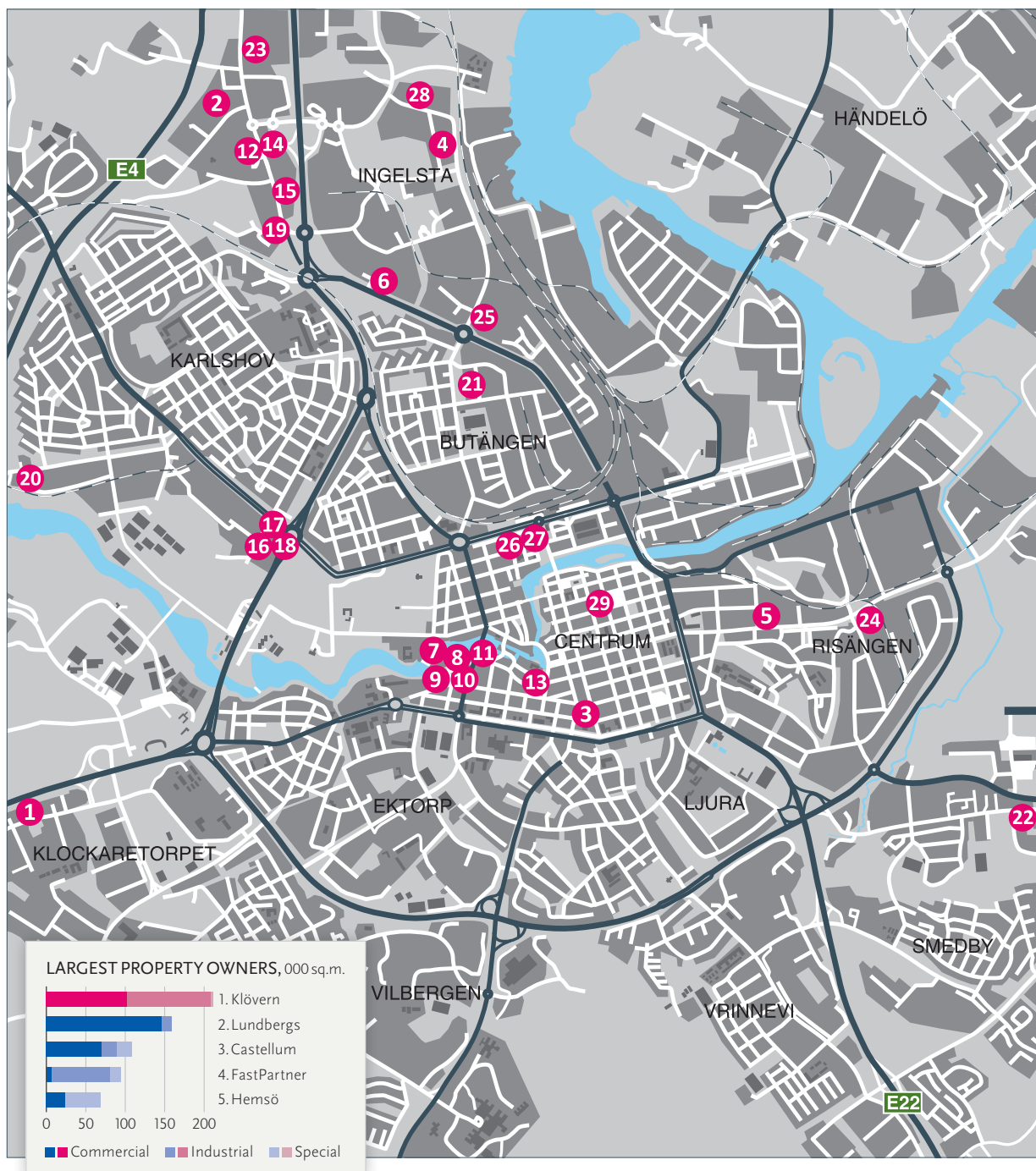


LINKÖPING

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	Ware-house/logistics	Retail	Other*	Total			
1	Ackordet 10	Industrig. 15, Linköping		1954/1954	Handel	604	199	3,206	363	4,372	4.5	88	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	6.2	82	56.9
4	Antennen 16	Bangårdsg. 6, Linköping		1986/1986	Office					–	–	–	–
5	Antennen 23	Industrig. 11A–C, Linköping		1986/1986	Office					–	–	–	–
6	Antennen 24	Industrig. 11A–C, Linköping		1947/1972	Office					–	–	–	–
7	Antennen 5	Bangårdsg. 4, Linköping		1954/1988	Warehouse/logistics	928	1,016			1,944	1.1	100	8.2
8	Antennen 6	Industrig. 9, Linköping		1954/1988	Warehouse/logistics					–	–	–	–
9	Antennen 9	Alkag. 4–6, Linköping		1948/1988	Warehouse/logistics	847	2,356		2,057	5,260	6.3	90	11.5
10	Beridaren 12	Platensg. 29, Hertig Karlsg. 5A–D, Linköping		1929/1959	Office	3,996	361		112	4,469	7.1	97	27.4
11	Brevduvan 17	Kungsg. 20, S:t Larsg. 18, 20, Linköping		1916/1978	Office	7,391	391		130	7,912	13.1	99	57.9
12	Brevduvan 20	Åg. 31, S:t Larsg. 24, Linköping		1990/1990	Office	3,298	223	509	38	4,068	6.2	91	46.4
13	Brevduvan 21	Klosterg. 19, Åg. 33–37, Linköping		1991/1991	Office	8,661	68	348	511	9,588	12.9	100	100.0
14	Bromsaren 4	Stureg. 1, S:t Larsg. 1–3, Linköping		1958/1992	Other*	4,641	201		5,641	10,483	15.9	94	96.0
15	Bävern 13	Hertig Karlsg. 2 A–C, 4 A–B, Linköping		1981/1981	Office	5,468	399		55	5,922	8.1	97	44.2
16	Bävern 2	Platensg. 25, Linköping		1940/1940	Other*				996	996	0.8	98	–
17	Dahlian 18	S:t Larsg. 30, Storg. 38, Linköping		1963/1963	Handel	1,828	319	2,249	298	4,694	8.5	97	52.8
18	Elefanten 17	Barnhemsg. 2, Storg. 80, 82, Linköping		1978/1985	Office	6,310				6,310	9.5	100	43.8
19	Galgen 3	Gillbergag. 23, 25, Linköping		1975/1975	Warehouse/logistics	715	1,916	648	625	3,904	2.7	93	16.8
20	Ganymeden 7	Roxeng. 9, 11, Linköping		1963/1973	Warehouse/logistics	3,130	9,710	440	2,079	15,359	6.8	85	41.1
21	Garvaren 9	Florag. 10, Norra Oskarsg. 27A–D, Roxeng. 18, Linköping		1946/1960	Office	3,640	710			4,350	3.5	81	21.0
22	Glasberget 1	Attorpsg. 7–23, Linköping		1989/1992	Office	6,883	730		1,995	9,608	9.0	93	43.5
23	Glasbiten 1	Attorpsg. 2, Linköping		1977/1977	Warehouse/logistics		4,160			4,160	4.2	100	16.4
24	Glasbiten 7	Roxtorpsg. 9, Linköping		1973/1989	Warehouse/logistics	1,085	10,527			11,612	13.1	96	42.2
25–26	Glasblåsaren 7	Tornbyv. 1, Linköping		1929/1929	Handel	3,527	744	5,454	264	9,989	11.3	84	72.4
27	Guvernören 13	N Oskarsg. 18, Linköping		1968/1971	Handel	340	1,027	1,064	750	3,181	1.7	97	10.0
28	Gymnasten 2	Roxeng. 7, Linköping		1977/1977	Office	1,442		310	330	2,082	2.0	91	10.8
29	Gården 1	Gottorpsg. 1, Linköping		1987/1987	Office	1,140	332			1,472	1.9	100	10.9
30	Idégivaren 1	Teknikringen 4, Linköping		1989/1989	Office	3,946	66			4,012	4.7	98	27.0
31–33	Idéläran 1	Teknikringen 2, Teknikringen 6, 6A, Diskettg. 11, Linköping		1986/1999	Office	15,477	934		231	16,642	23.9	99	127.3
34	Idéskaparen 2	Datalinjen 4, Linköping		1999/2002	Office	23,650				23,650	24.2	100	150.6
35	Idéskissen 1	Teknikringen 3, Linköping		1984/1984	Other*				4,726	4,726	5.4	100	0.0
36–37	Idétävlingen 4	Wallenbergsg. 4, Teknikringen 8, Linköping		1990/2001	Office	21,208	105	670	620	22,603	29.4	96	160.8
38	Kvarnen 4	Nya Tanneforsv. 96, 96A–B, Linköping		1935/1955	Handel	2,036	985	2,084		5,105	3.9	89	19.6
39	Kättaren 7	Låskolvsg. 4, Linköping		1971/1972	Warehouse/logistics	200	13,292	400	998	14,890	4.7	95	32.3
40	Magasinet 1	Hagalundsv. 3A, Linköping		1929/1929	Warehouse/logistics		635			635	–	–	2.9
41	Magneten 2	Finnög. 12, Linköping	S	1980/1980	Warehouse/logistics	54	6,175			6,229	3.7	94	20.5
42	Megafonen 4	Finnög. 10, Linköping	S	1980/1980	Warehouse/logistics						0.0		0.0
43	Mekanikern 22	G Tanneforsv. 17A, Vimarkg. 1, 3, 5, 7, 9, Linköping		1947/1998	Warehouse/logistics	1,745	14,025	312	4,874	20,956	13.6	95	44.4
44	Navbössan 1	Låsblecksg. 7, 9, Linköping		1980/1983	Warehouse/logistics	655	10,535		21	11,212	6.0	66	30.1
45	Navhålet 3	Låsblecksg. 5, Linköping		1991/1991	Warehouse/logistics	1,683	4,779			6,462	3.5	66	19.8
46–47	Oboisten 2	Barhällsg. 1, 10, Linköping		1952/1952	Warehouse/logistics	1,373	7,693	568		9,634	2.8	99	21.1
48	Paletten 1	Gumpekullav. 8, Ottarg. 3, Linköping		1980/1980	Office	5,343	341		8	5,692	6.1	97	26.6
49	Tannefors 1:89	Hagalundsv. 3B, Linköping		1986/1986	Warehouse/logistics		1,071			1,071	0.4	–	4.4
50	Tannefors 1:90	Hagalundsv. 3B, Linköping	Site		Other*					–	–	–	–
TOTAL LINKÖPING						153,441	97,694	19,239	29,636	300,010	295.8	94	1,580.7

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Norrköping



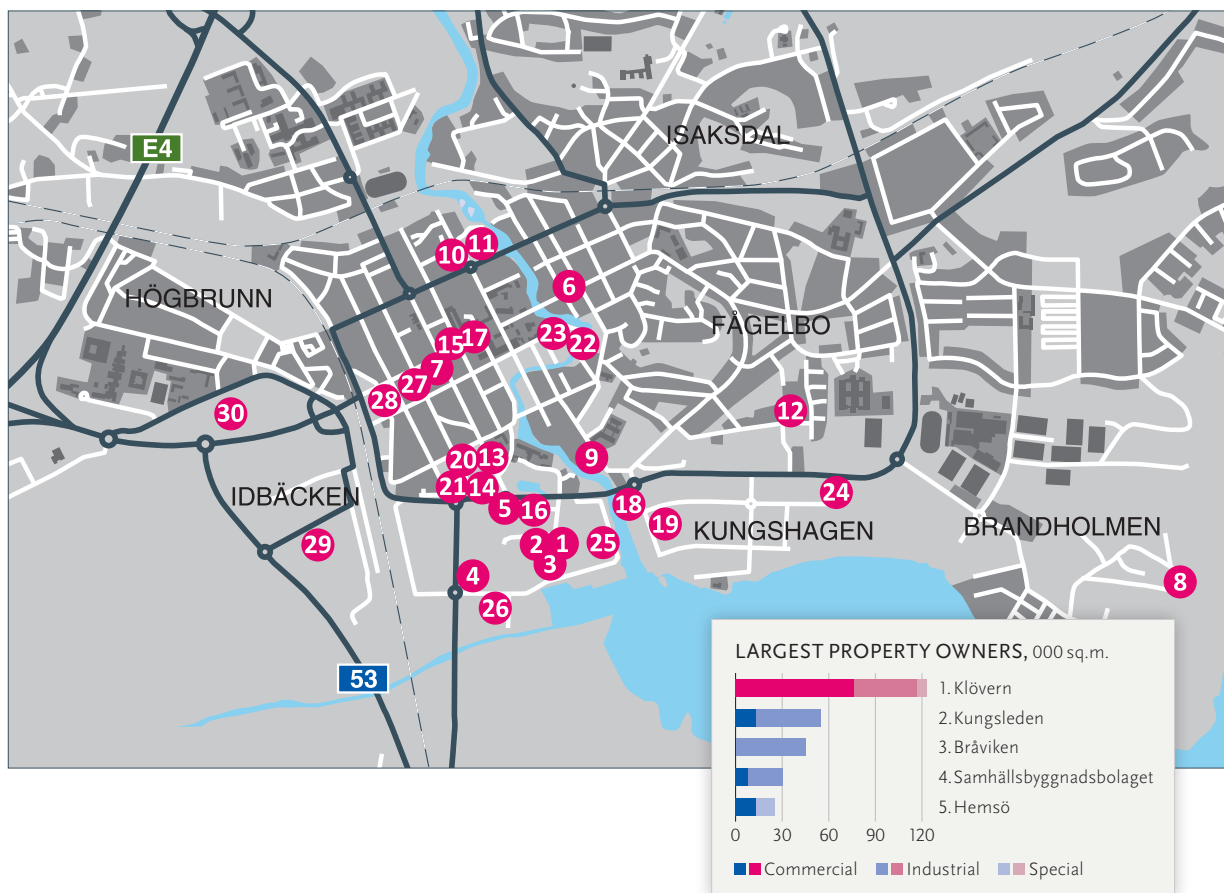
NORRKÖPING

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*			
1	Basfiolen 9	Moa Martinsons g. 10b, Norrköping	S	1983/1983	Office	1,146	58			1,204	1.2	3.6
2	Bronsen 2	Tenng. 4, Norrköping		1971/1971	Warehouse/logistics	3,935	3,949	1,803	273	9,960	6.9	37.9
3	Diket 10	Drottningg. 66, Nyg. 93, Norrköping		1968/1968	Office	2,369	164	1,364	1,016	4,913	8.4	51.8
4	Järnet 5	Malmg. 39, 41. Blyg. 4, Norrköping		1976/1976	Handel			14,510	465	14,975	16.4	86.6
5	Kabeln 1	Bangårdsg. 5, Lindöv. 25, 27, Växthusg. 2, 4, Norrköping		1940/1993	Office	2,634	2,253			4,887	4.6	12.6
6	Kondensatorn 1			1960/1993	Warehouse/logistics	5,539	22,069	1,621	2,901	32,130	19.3	82.7
7-10	Kopparhammaren 2	N Grytsg. 8, 10, 14, Norrköping		1929/1999	Office	28,166	1,354		9,375	38,895	49.9	184.3
11	Kopparhammaren 7	Kungsg. 56, N Grytsg. 2, 4, 6, Norrköping		1929/1929	Office	3,377	113		990	4,480	9.0	–
12	Kopparn 10	Kopparg. 11, Norrköping		1980/1989	Office	3,956	3,234			7,190	6.2	42.3
13	Kvarnholmen 4	Dalsg. 7, Norrköping		1993/1993	Office	8,149			1,616	9,765	15.7	82.0
14	Malmen 5	Kopparg. 18, Norrköping		1969/1982	Warehouse/logistics	755	2,623	610		3,988	2.8	15.9
15	Malmen 8	Kopparg. 10, Norrköping		Site	Other*					–	0.9	2.0
16-18	Omformaren 7	Hagag. 10, Norrköping		1951/1968	Warehouse/logistics		4,960	4,178	3,065	12,203	7.9	21.3
19	Platinan 1	Platinag. 1, Norrköping		1988/1988	Handel			4,375		4,375	2.9	14.4
20	Regulatorn 3	Kabelv. 15, Norrköping		1996/1996	Warehouse/logistics	1,365	2,287	580	473	4,705	2.8	14.9
21	Ritsaren 10	Industrig. 7-9, Masking. 23, Norrköping		1964/1986	Handel		151	4,851	696	5,698	5.2	17.3
22	Rotfjärilen 1	Svärmareg. 1, 3, Norrköping		1992/1993	Office	5,473	1,654			7,127	7.4	28.7
23	Silvret 2	Kopparg. 28, Norrköping		1988/1988	Warehouse/logistics		6,866			6,866	2.8	31.8
24	Slakthuset 14	Lindöv. 70, Norrköping		1985/1985	Warehouse/logistics		2,805			2,805	1.2	7.3
25	Statorn 10	Malmg. 4, Norrköping		1938/1978	Warehouse/logistics	1,747	1,758	1,085	61	4,651	4.0	16.6
26	Stjärnan 15	Slottsg. 114, 116, Norrköping		1958/1958	Office	8,586	243	2,878	810	12,517	16.9	78.0
27	Stjärnan 16	Slottsg. 114, 116, Norrköping		1958/1958	Office							–
28	Stålet 3	Malmg. 18, Norrköping		1976/1976	Warehouse/logistics	1,047	9,328		253	10,628	6.3	–
29	Svärdet 8	Hospitalsg. 17 mfl, Norrköping		1967/1976	Office	7,638	15	365		8,018	12.7	61.4
TOTAL NORRKÖPING						85,882	65,884	38,220	21,994	211,980	211.5	893.4

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2017. A property can consist of a number of jointly administered properties or several large buildings.



Nyköping



NYKÖPING

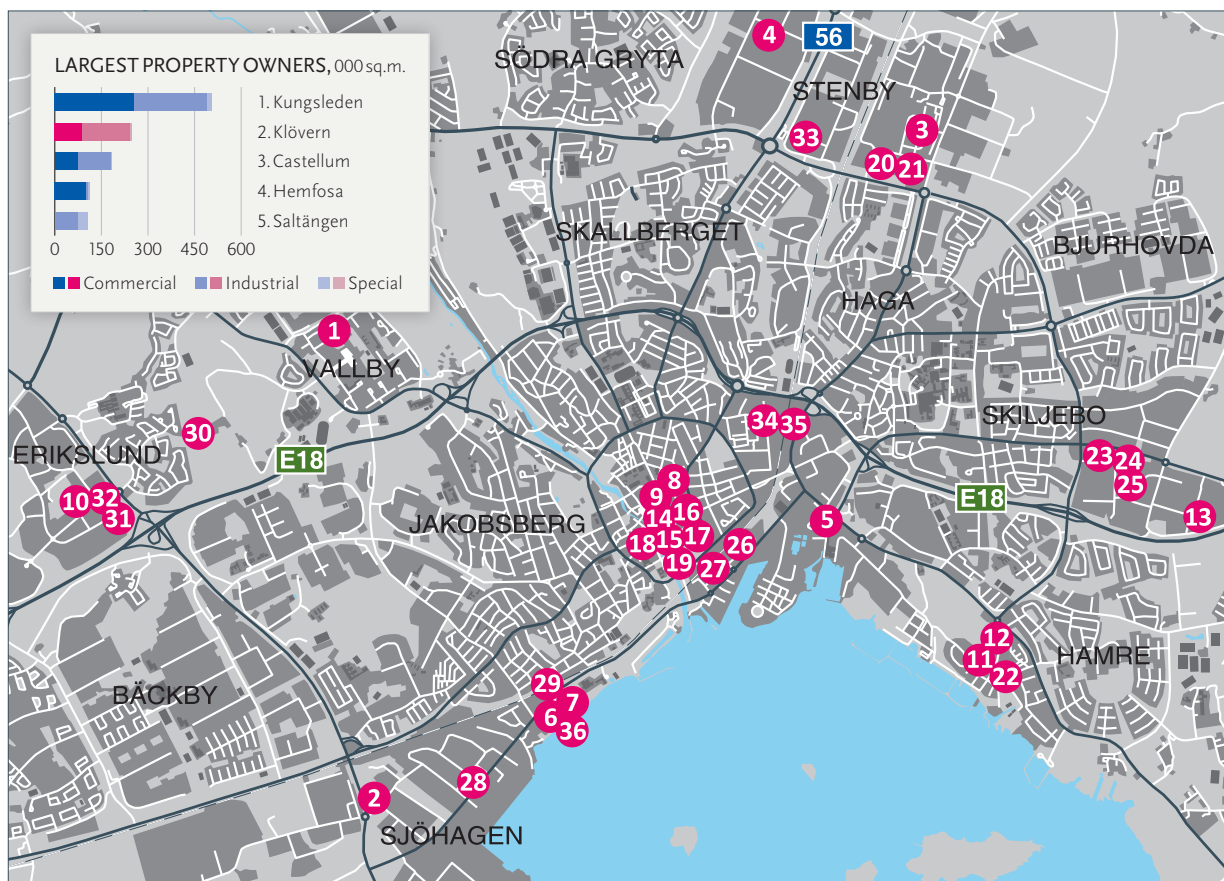
					Area, sq.m.					Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Warehouse/ logistics	Retail	Other*				Total
1–3	Ana 11	Gästabudsv. 2 m fl, Spelhagsv. 3 mfl, Nyköping		1940/1978	Office	13,251	12,685		5,457	31,393	22.5	72	91.3
4	Ana 12	Spelhagsvägen 1, Nyköping		1984/1984	Warehouse/ logistics		2,710	520	10	3,240	3.1	96	9.6
5	Ana 13	Nyckelv. 14, Nyköping		Site	Other*					–	–	–	0.9
6	Bagaren 20	Ö Storg. 5, S:t Anneg. 6, Nyköping		1962/1962	Handel	400		802	681	1,883	2.3	98	15.2
7	Biografen 19	V Storg. 18, 20, Brunnsg. 29, Nyköping		1929/1987	Other*	175	19	1,091	1,296	2,581	4.0	100	25.8
8	Brandholmen 1:9	Pontong. 11, Nyköping		1962/1970	Warehouse/ logistics	251	7,464		97	7,812	3.9	85	23.2
9	Brädgården 3	Folkkungav. 1, Nyköping		Site	Other*					–	0.3	95	–
10–11	Fors 11	Repslagareg. 43, Nyköping		1929/1987	Office	9,007	2,010	506		11,523	14.1	89	53.0
12	Furan 2	Domänv. 11, Nyköping		2001/2001	Other*		17		3,807	3,824	4.9	100	0.0
13	Glödlampen 16	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Handel	229		570		799	1.0	99	4.3
14	Glödlampen 17	Bagareg. 2, 4, Hamnv. 6, Nyköping		1929/1929	Office	535				535	1.0	100	3.9
15	Gripen 1	V Storg. 25, Nyköping		1929/1986	Handel	475		691		1,166	1.7	98	11.5
16	Jarlen 1	Nyckelv. 14, Nyköping		1899/2003	Office	680				680	0.9	100	4.7
17	Klädes-handlaren 15	Brunnsg. 36, 38, 40, V Storg. 24, 26, 28, V Trädgårdsg. 39, 41, Nyköping		1962/1972	Handel	4,205	459	7,079	645	12,388	18.6	94	112.0
18	Kungshagen 1:6	Ö Skeppsbron 1, Ö Längdg 4, 6, Nyköping		1929/1989	Office	1,143		450		1,593	2.3	87	11.4
19	Lansen 13	Gasverksv. 2, Ö Längdg. 5, 7, Nyköping		1977/1991	Office	4,003	150	2,120		6,273	7.3	88	36.9
20–21	Mjölklaskan 8	Bagareg. 3 A–C, Fruängsg. 4, Kungsg. 16, Nyköping		1929/1940	Other*	3,752	334	157	3,792	8,035	10.6	97	–
22	Nyköpings Bruk 1	V Kvarng. 64, Nyköping		1929/1983	Office	1,854	20	270		2,144	3.1	100	14.5
23	Nyköpings Bruk 7	V Kvarng. 62, Nyköping		1910/1991	Office	1,443	274			1,717	1.8	92	11.1
24	Skölden 2	Gasverksv. 15, Nyköping		1989/1989	Office	1,927	73			2,000	1.8	100	8.5
25	Spelhagen 1:7	V Skeppsbron 6, Nyköping		1929/1929	Warehouse/ logistics	190	4,613		1,200	6,003	1.6	35	7.8
26	Spånten 7	Spelhagsv. 4, 6, 8, Nyköping		2009/2009	Handel			1,280		1,280	1.3	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	97	60.5
29	Stensötan 5	Idbäcksv. 8 B, Nyköping		1971/1985	Handel	173	1,460	3,285		4,918	3.7	100	13.4
30	Säven 4	Norrköpingsv. 9, Nyköping		1987/1987	Other*				1,853	1,853	2.0	100	–
–	Fabrikatet 1	Materialv. 3, Nyköping		1980/1980	Warehouse/ logistics	497	1,865	644	1,423	4,429	3.8	75	13.7
–	Fabrikatet 4	Materialv. 3, Nyköping		Site	Warehouse/ logistics					–	–	–	0.5
–	Fabrikatet 5	Materialv. 3, Nyköping		Site	Warehouse/ logistics					–	–	–	0.3
TOTAL NYKÖPING						47,247	34,197	22,440	20,811	124,695	127.8	89	544.5

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	Area, sq.m.					Hyresvärde, mkr	Economic occupancy rate, %	Tax value, SEKm
	Office	Warehouse/logistics	Retail	Other*	Total			
TOTAL EAST REGION	323,688	228,948	86,721	93,792	733,149	720.2	93	3,328.6
TOTAL KLÖVERN	1,395,595	876,834	262,994	364,564	2,899,987	3,507.2	89	17,452.3

CENTRAL REGION

Västerås

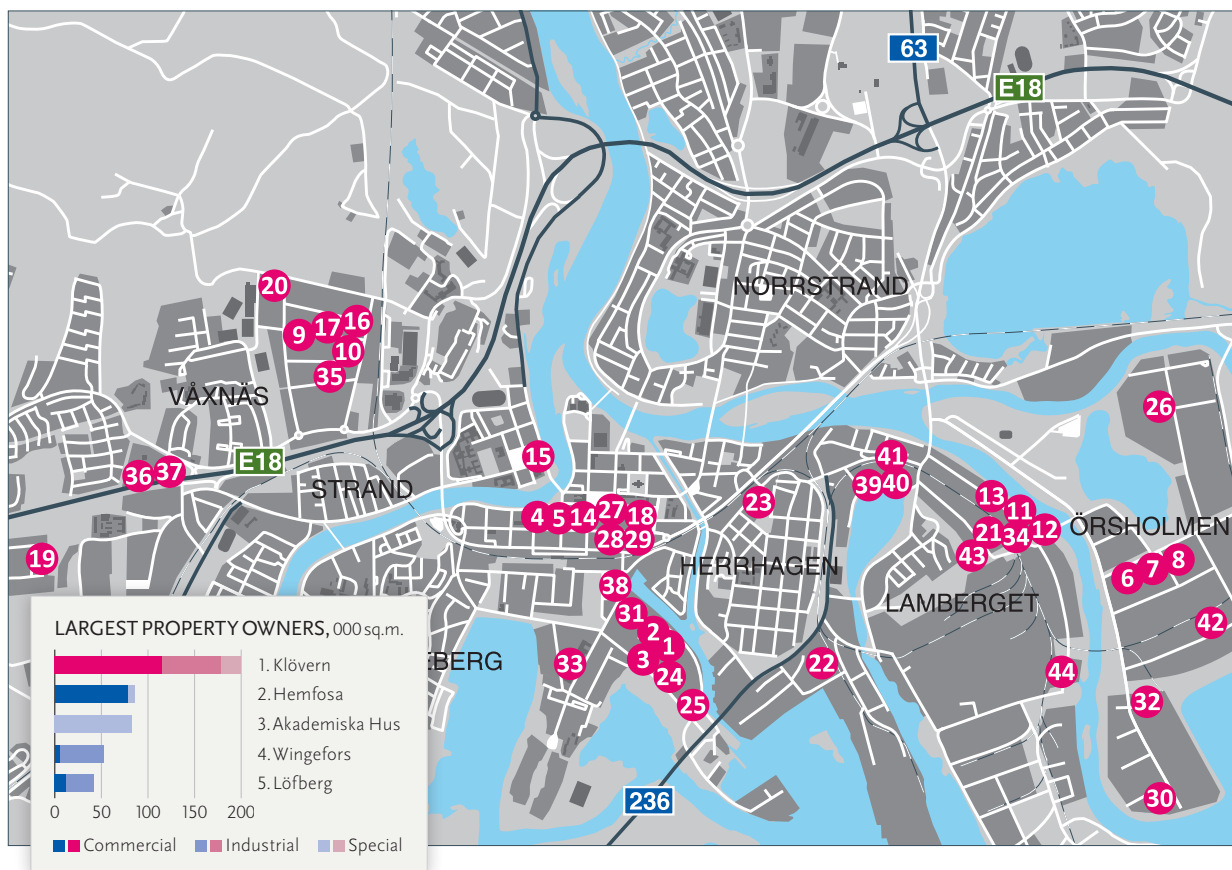


VÄSTERÅS

						Area, sq.m.				Rental value, SEKm	Economic occupancy rate, %	Tax value, SEKm	
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Office	Ware-house/ logistics	Retail	Other*				Total
1	Allmogekulturen 5	Svalgången, Västerås		1966/1991	Other*	5,338	620		8,974	14,932	13.0	81	64.6
2	Bogserbåten 1	Saltängsv. 22, Västerås		Site	Other*					–	–	–	1.0
3	Finnslätten 2	Hydrov. 1, 3, 5, 7, 9, Turbov. 2, 4, 6, Västerås		1966/1990	Office	4,328			1,617	5,945	5.7	100	25.6
4	Friedningen 18	Elledningsg. 5B, Västerås		1988/1988	Warehouse/ logistics		940			940	0.4	100	4.2
5	Gastuben 5	Björnv. 8, Västerås		1943/1943	Handel			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	18.2	82	72.8
7	Icander 1	Stensborgsg. 1, Västerås		1987/1987	Other*				3,000	3,000	0.9	2	–
8	Inge 10	Smedjeg. 8, Västerås		1939/1960	Other*	530	263	2,347	2,735	5,875	6.9	90	48.5
9	Klas 8	Smedjeg. 13, Västerås		1956/1956	Handel	1,309	196	2,196	1,774	5,475	8.9	99	48.4
10	Kranlinan 1	Traversg. 13, Västerås		2009/2009	Warehouse/ logistics		2,582	2,423		5,005	5.8	100	27.5
11–12	Kryssen 3	Regattag. 7–31, 33–53, Västerås		1940/1980	Warehouse/ logistics	5,198	9,853	220	4,193	19,464	12.6	79	44.3
13	Köpmannen 5	Hällag. 10, Stockholmsv. 136, Västerås		1984/1984	Handel			14,442	2,300	16,742	19.1	87	77.7
14–17	Leif 19	Hantverkarg. 2, Västerås		1929/1964	Handel	5,367	878	8,329	6,464	21,038	33.7	92	216.7
18	Livia 16	Skomakarg. 2, Västerås		1992/1992	Office	4,970	378	595		5,943	12.6	99	66.2
19	Manfred 6	Erik Hahrs gata 2, Västerås		1929/1987	Other*	2,016	183		2,076	4,275	5.6	95	40.9
20–21	Omformaren 6	Betongg. 1, Wijkmansg. 7, Västerås		1962/1985	Office	5,729	4,032			9,761	5.5	50	33.6
22	Regattan 46	Regattag. 8–28 etc, Västerås		1940/1970	Warehouse/ logistics	3,087	8,418	111		11,616	6.9	89	40.7
23	Ringborren 13	Tallmätarg. 7, Västerås	S	1930/1962	Office	1,627				1,627	1.2	100	6.5
24–25	Ringborren 15	Tallmätarg. 8, Ringborreg. 1, Västerås		1960/1990	Warehouse/ logistics	8,302	9,860	1,069	378	19,609	16.0	90	60.3
26	Sigurd 3	Sigurdsg. 27, 29, 31, 33, 35, 37, Västerås		1932/1989	Handel	2,322	2,640	3,417	1,743	10,122	10.0	82	34.2
27	Sigurd 7	Sigurdsg. 23, Västerås		1929/1929	Warehouse/ logistics		3,213			3,213	0.5	0	47.4
28	Sjöhagen 12	Sjöhagsv. 14, Västerås		1952/1980	Warehouse/ logistics	329	6,729			7,058	4.8	96	17.3
29	Stensborg 2	Sjöhagsv. 2, Västerås		1957/1977	Office	756	134			890	1.0	83	3.9
30	Stensborg 4	Sjöhagsv. 4, Västerås		1989/1989	Other*		18		1,526	1,544	1.1	–	–
31	Travers-föraren 1	Traversg. 2, Västerås		1988/1996	Handel			2,500		2,500	2.5	68	20.6
32	Travers-föraren 3	Traversg. 4, Västerås		1990/1990	Handel			2,572		2,572	3.5	100	22.8
33	Turbinen 1	Stenbyg. 2–4, Västerås		1968/1986	Warehouse/ logistics		17,757			17,757	5.3	–	54.0
34–35	Verkstaden 11	Metallverksg. 19, 21, Pressverksg. 4, Västerås		1929/1956	Warehouse/ logistics	3,728	13,293	2,660	778	20,459	16.0	88	37.5
36	Västerås 2:5	Stensborgsg. 4, Västerås		1982/1989	Office	1,450				1,450	1.5	86	7.5
TOTAL VÄSTERÅS						69,257	93,469	45,773	42,611	251,110	221.3	85	1,137.6

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Karlstad

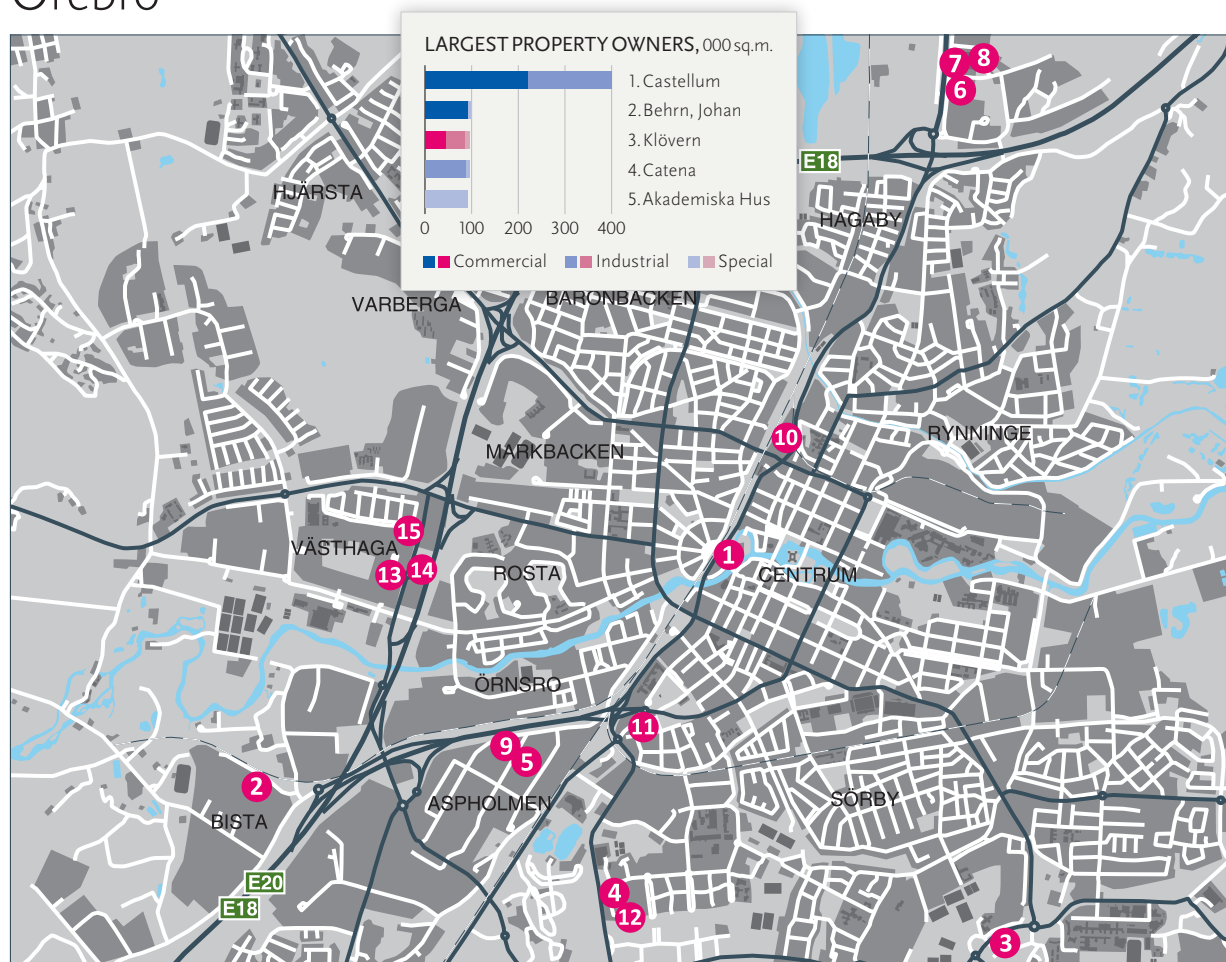


KARLSTAD

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*			
1-2	Barkassen 7	Lagergrens g. 2, 4, Karlstad		1990/1990	Office	11,685	83	569		12,337	17.5	106.4
3	Barkassen 9	Lagergrens g. 8, Karlstad		1991/1991	Office	6,876	169			7,045	10.9	58.8
4	Björnen 13	Fredsg. 10, Karlstad		1906/1962	Office	3,741	3,672		40	7,453	7.5	34.2
5	Björnen 7	Järnvägs g. 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	1,936	405			2,341	1.2	5.4
8	Brisen 4	Sunnanvindsg. 8, Karlstad		1973/1978	Office	1,045				1,045	1.1	5.4
9	Bromsen 1	Blockg. 6, Karlstad		1967/1967	Handel	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 10	Sågverksg. 35, Karlstad		1959/1988	Office					–	–	–
12	Bälgen 11	Elverumsg. 7, Karlstad		1959/1991	Office					–	–	11.6
13	Bälgen 9	Sågverksg. 33, Karlstad		1959/1988	Office	2,822				2,822	2.2	3.2
14	Druvan 13	Tingvallag. 17, Karlstad		1947/1947	Handel	1,755	44	2,105	348	4,252	6.6	51.3
15	Ekorren 11	Malmåtorosg. 6, Karlstad		1929/1992	Office	4,431	121		2,068	6,620	8.9	43.2
16	Fjäders 14	Kolvig. 1, Karlstad		1966/1971	Handel	1,267		2,380	400	4,047	3.5	9.1
17	Fjäders 16	Bromsg. 4, Karlstad		1991/1991	Office	2,679		1,653		4,332	3.9	24.6
18	Freja 13	Drottningg. 6, Karlstad		1965/1976	Office	3,317	492	2,059	958	6,826	9.1	62.8
19	Grästen 2	Stråg. 3, Karlstad		1990/1990	Office	2,515	24			2,539	2.4	13.9
20	Gångjärnet 2	Blockg. 29, Karlstad	S	1964/1974	Warehouse/logistics	255	2,459	355		3,069	2.1	7.6
21	Hammaren 21	Gjuterig. 27, 29, Karlstad		1990/1990	Warehouse/logistics	774	1,172			1,946	1.3	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	3.1	–
24	Kanoten 10	Lagergrens g. 7, Karlstad		1989/1989	Office	8,719	771	477	111	10,078	11.0	102.0
25	Vänersnipan 1	Kanikenäsbanken 12, Karlstad		1990/1990	Office	8,894				8,894	5.4	66.6
26	Kulingen 4	Östrevindsg. 17, Karlstad		1976/1976	Warehouse/logistics		7,715	450		8,165	4.8	15.5
27-28	Mercurius 3	V Torgg. 10-12, Karlstad		1929/1939	Handel	711	102	1,792		2,605	4.8	30.6
29	Monitorn 9	Ö Torgg. 2A, Karlstad		1993/1993	Office	3,013	104	344		3,461	6.6	37.2
30	Passadvinden 3	Regnvindsg. 17, Karlstad		1990/1990	Warehouse/logistics	309	3,375			3,684	2.8	8.6
31	Pinassen 2	Tullhusg., Karlstad		2017/2017	Office	9,988	10	1,565	996	12,559	27.5	133.0
32	Regnvinden 1	Dagvindsg. 7, Karlstad		1981/2005	Warehouse/logistics	3,966	6,017			9,983	7.0	33.9
33	Skepparen 15	Orrholmsg. 4, 6, Tullhusg. 6, Sjömansg. 1, Karlstad		1954/1954	Other*	2,989	430	570	18,060	22,049	20.3	6.9
34	Släggan 13	Sågverksg. 20, Karlstad		1981/1981	Warehouse/logistics	302	882	566		1,750	0.9	5.0
35	Spärren 7	Rattg. 6, Karlstad		1968/1968	Office	834	598	476		1,908	1.5	4.9
36	Stolpen 1	Ventilg. 5, Karlstad		1964/1964	Office	4,049	73			4,122	4.1	18.9
37	Stolpen 6	Ventilg. 1, Karlstad		1991/1991	Office	598				598	0.8	3.4
38	Styrmannen 5	Hamntorget 1-3, Karlstad		1991/1991	Office	6,889	548			7,437	9.2	63.0
39	Sågen 1	Faktorig. 13, Industrig. 1, Karlstad	S	1986/1986	Office	3,213				3,213	2.9	15.5
40	Sågen 2	Faktorig. 15, Karlstad		1988/1988	Office	1,611				1,611	1.5	8.4
41	Sågen 9	Lantvårsg. 8, Karlstad		1972/1972	Office	1,214	1,087			2,301	2.2	3.9
42	Tornadon 2	Blekeg. 9, Karlstad		1975/1975	Warehouse/logistics	303	12,854			13,157	7.3	20.1
43	Tången 15	Gjuterig. 28, Karlstad		1991/1991	Office	984	490	500		1,974	1.5	5.8
44	Ugnen 1	Sågverksg. 32, Karlstad		1989/1989	Office	880	807			1,687	1.2	3.9
TOTAL KARLSTAD						111,259	48,650	17,324	25,351	202,584	217.4	1,088.1

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Örebro

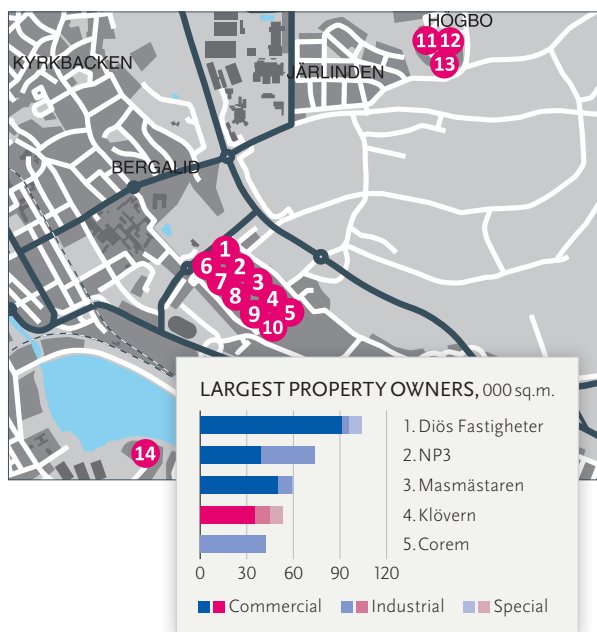


ÖREBRO

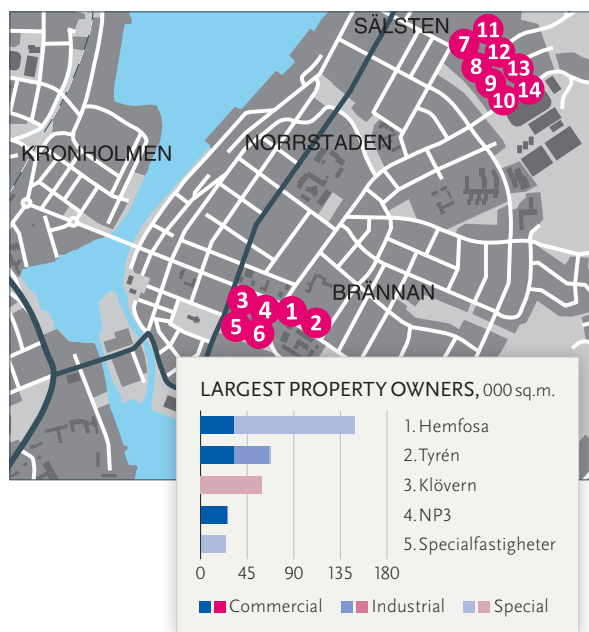
No.	Property	Address	Site lease-hold	Building year/value year	Type of property	Area, sq.m.					Rental value, SEK/m	Economic occupancy rate, %	Tax value, SEK/m
						Office	Warehouse/logistics	Retail	Other*	Total			
1	Barkenlund 11	Vasastrand 11, Örebro		1934/1989	Office	2,517	302			2,819	4.2	91	24.5
2	Blecksagaren 3	Handelsg. 5, Örebro		1969/2007	Warehouse/logistics		18,842			18,842	10.9	100	53.9
3	Forskarbyn 2	Forskarv. 1, 3, Örebro		1998/1998	Office	5,202	47	136		5,385	7.6	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	1.1	7	7.4
6	Karossen 19	Bettorpsg. 10, Örebro		1975/2006	Warehouse/logistics	3,935	4,359	1,037	3,388	12,719	11.2	86	38.8
7	Karossen 32	Bettorpsg. 10, Örebro		Site	Other*					-	-	-	-
8	Karossen 5	Bettorpsg. 12 B-C, Örebro		2004/2009	Office	2,768	206		2,153	5,127	7.0	100	20.3
9	Lantmannen 2	Radiatorv. 7, Skvadronv. 2, Örebro		1972/1974	Warehouse/logistics	1,222	4,898	3,036	1,324	10,480	6.7	88	27.1
10	Olaus Petri 3:234	Ö Bang. 7, Örebro		1979/1979	Other*	2,034	2,437	9	4,421	8,901	8.1	74	-
11	Oxbacken 7	Krontorpsg. 1, Örebro		1981/1988	Office	2,942				2,942	4.6	100	17.8
12	Pigan 1	Riag. 53, Örebro		1992/1992	Office	931				931	1.0	100	0.0
13	Vindhjulet 3	Tunnlandsg. 1, 3, 5, Örebro		1970/1970	Office	18,522	875		18	19,415	29.2	98	85.6
14	Vindrutan 1	Västahagag. 3, Örebro		1975/1992	Handel		85	1,230		1,315	2.3	100	10.2
15	Vindtunneln 1	Skäpplandsg. 1A-C, Örebro		1989/1989	Office	3,318	37			3,355	3.4	69	17.1
TOTAL ÖREBRO						46,637	33,603	5,448	12,056	97,744	101.0	91	358.6

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

Falun



Härnösand



FALUN

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	Ware-house/logistics	Retail	Other*			
1-10	Falun 8:9	Bataljonsv., Soldatv. m.fl., Falun		1908 m.fl.	Office	15,840	7,575	1,209	10,256	34,881	29.4	97.6
11-13	Högbo 1:22	Högbo 5, 6, 11, 13, 15, Falun		1929/1929	Other*		202		5,497	5,699	5.6	28.6
14	Kvarnberget 1:6	Pelle Bergs Backe 3, Falun		1977/1977	Office	8,692	3,001	568	245	12,506	8.8	33.1
TOTAL FALUN						24,532	10,778	1,777	15,998	53,086	43.8	159.3

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2017.
A property can consist of a number of jointly administered properties or several large buildings.

HÄRNÖSAND/SOLLEFTEÅ

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	Ware-house/logistics	Retail	Other*			
1-2	Seminariet 16	Kastellg., Gånsviksv., Härnösand		1912/1960	Other*	1,796	53		2,503	4,352	2.3	–
3-6	Ädelstenen 6	Brunnshusg., Nybrog, Trädgårdsg., Gånsviksv., Härnösand		1912/1947	Other*	8,909	2,159		14,362	25,430	22.5	–
7-14	Ön 2:41	Kusthöjden, Sälstensgränd, Officersgränd, Härnösand		1944/1975	Office	20,592	7,431	315	1,276	29,614	25.0	33.1
–	Remsle 13:64	Nipan, Sollefteå		1929/1929	Office	14,805	9,081	751	4,684	29,321	21.1	47.2
TOTAL HÄRNÖSAND/SOLLEFTEÅ						46,102	18,724	1,066	22,825	88,717	71.0	80.2

* Consists of education, health care, gym/leisure, residential, land and other space such as laboratory, fair, post centre and technical facilities. Acquisitions during 2017.
A property can consist of a number of jointly administered properties or several large buildings.

	Area, sq.m.					Hyresvärde, mkr	Economic occupancy rate, %	Tax value, SEK/m
	Office	Ware-house/logistics	Retail	Other*	Total			
TOTAL CENTRAL REGION	297,787	205,224	71,388	118,841	693,241	654.5	87	2,823.8
TOTAL KLÖVERN	1,395,595	876,834	262,994	364,564	2,899,987	3,507.2	89	17,452.3

HISTORICAL OVERVIEW AND KEY RATIOS

Statement of Income, SEKm	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Income	3,029	2,876	2,718	2,521	2,220	1,948	1,364	1,243	1,254	1,220
Property costs	-1,023	-985	-952	-878	-828	-733	-507	-498	-474	-462
Operating surplus	2,006	1,891	1,766	1,643	1,392	1,215	857	745	780	758
Central administration	-108	-100	-92	-84	-78	-86	-71	-64	-66	-57
Net financial income	-635	-611	-631	-770	-678	-605	-358	-242	-221	-346
Profit from property management	1,263	1,180	1,043	789	636	524	428	439	493	355
Shares of profit in associated companies	-	-	171	-126	5	-	-	-	-	-
Change in value, properties	1,913	1,709	1,252	1,207	-28	-33	435	298	-231	-760
Change in value, derivatives	100	-114	91	-565	337	-175	-225	23	34	-155
Change in value, financial assets	-15	-19	-4	-	71	10	-	-	-	-
Impairment of goodwill	-50	0	-12	-10	-34	-95	-	-	-	-
Profit before tax	3,211	2,756	2,541	1,295	987	231	638	760	296	-560
Current tax	-8	-24	-2	-2	-1	-2	0	-4	-9	0
Deferred tax	-592	-473	-531	-129	-178	110	-173	-151	-50	84
Net profit	2,611	2,259	2,008	1,164	808	339	465	605	237	-476
Other comprehensive income	-	-	-2	4	-2	-	-	-	-	-
Net comprehensive income	2,611	2,259	2,006	1,168	806	339	465	605	237	-476

Balance Sheet, SEKm	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Goodwill	183	233	233	245	255	289	-	-	-	-
Investment properties	42,961	39,234	35,032	30,208	24,059	22,624	14,880	13,493	12,032	11,895
Machinery and equipment	16	18	12	12	12	14	8	9	10	12
Deferred tax asset	-	-	-	-	-	-	-	-	48	98
Participation rights in associated companies	-	-	-	448	488	-	-	-	-	-
Financial assets at fair value via statement of income	113	99	112	35	30	330	-	-	-	-
Other receivables	945	814	482	424	302	163	94	129	83	116
Liquid funds	39	129	12	286	84	375	11	36	24	67
Total assets	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667	12,197	12,188
Shareholders' equity	14,505	12,999	11,390	9,988	7,198	6,696	4,740	4,516	4,112	4,035
Deferred tax liability	2,550	1,978	1,503	978	861	681	276	103	-	-
Interest-bearing liabilities	25,529	23,869	21,486	18,870	16,163	15,229	9,345	8,517	7,646	7,645
Derivatives	367	482	467	709	144	432	242	13	31	62
Accounts payable	368	259	250	197	193	158	49	157	104	132
Other liabilities	403	251	188	206	132	140	34	53	15	32
Accrued expenses and prepaid income	535	689	599	710	539	459	307	308	289	282
Total shareholders' equity and liabilities	44,257	40,527	35,883	31,658	25,230	23,795	14,993	13,667	12,197	12,188

	2017	2016	2015	2014	2013
Property					
Number of properties	405	431	415	408	402
Lettable area, 000 sq.m.	2,900	2,943	2,872	2,792	2,624
Rental value, SEKm	3,507	3,386	3,182	2,983	2,570
Rental value per lettable area, SEK/sq.m.	1,209	1,151	1,108	1,068	979
Fair value of properties, SEKmYi	42,961	39,234	35,032	30,208	24,059
Yield requirement, valuation, SEKm	5.9	6.2	6.5	6.9	7.2
Operating margin, %	66	66	65	65	63
Economic occupancy rate, %	89	89	91	90	90
Area-based occupancy rate, %	81	82	83	81	82
Average lease contract period, years	3.6	3.7	3.5	3.3	3.5
Financial					
Return on equity, %	18.9	18.6	18.9	14.5	11.6
Equity ratio, %	32.8	32.1	31.7	31.5	28.5
Adjusted equity ratio, %	38.5	36.7	35.8	35.9	31.4
Leverage, %	58	60	61	60	65
Leverage, properties, %	42	44	47	51	57
Interest coverage ratio	2.9	2.9	2.6	2.0	1.9
Average interest, %	2.5	2.5	2.7	3.5	4.3
Average period of fixed interest, years	2.8	2.6	2.1	2.1	2.7
Average period of tied-up capital, years	3.0	3.0	2.8	2.1	2.0
Interest-bearing liabilities, SEKm [	25,529	23,869	21,486	18,870	16,163
Share¹					
Equity per ordinary share, SEK	10.74	9.01	7.38	5.20	4.83
EPRA NAV, SEK	14.07	11.70	9.53	7.05	5.93
Equity per preference share, SEK	309.60	288.50	281.50	317.50	300.00
Profit from property management per ordinary share, SEK	1.03	0.93	0.78	0.61	0.49
Earnings per ordinary share, SEK	2.53	2.11	1.83	1.02	0.68
Share price, ordinary share Class A at end of period, SEK	10.87	9.38	9.45	8.20	5.18
Share price ordinary share Class B at end of period, SEK	10.72	9.55	9.50	7.60	–
Share price preference share at end of period, SEK	309.60	288.50	281.50	317.50	300.00
Market capitalization, SEKm	14,922	13,479	13,327	12,232	7,527
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	876.6	916.0	916.0	916.0	916.0
Number of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	9.3
Number of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	9.3
Dividend per ordinary share, SEK	0.44 ²	0.40	0.35	0.30	0.27
Dividend per preference share, SEK	20.00 ²	20.00	20.00	20.00	20.00
Dividend ordinary and preference shares in relation to profit from property management, %	57 ²	59	62	77	68
Dividend preference shares in relation to profit from property management, %	26 ²	28	32	42	29

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

2) Proposed dividend

DEFINITIONS

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

Reported shareholders' 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 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 equity.

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

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

EQUITY PER ORDINARY SHARE

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

EQUITY PER PREFERENCE SHARE

Based on the share price of the preference share at the end of each period.

PROFIT FROM PROPERTY MANAGEMENT PER ORDINARY SHARE

Profit from property management after deduction of earnings to preference shares, in relation to the average number of outstanding ordinary shares.

TURNOVER RATE

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

TOTAL RETURN

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

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 2017 decided to authorize the Board to, at the longest until the next Annual General Meeting, decide to acquire and transfer Klövern's own shares.

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

2018 ANNUAL GENERAL MEETING

Shareholders of Klövern AB are welcome to the Annual General Meeting at 11 am on Thursday, 26 April 2018 at Solna Gate, Hemvärnsgatan 9 in Solna. The notice of the meeting, proposed dividend and information about notification of participation is available on Klövern's website, www.klovern.se.

CALENDAR

Interim report Jan – March Thursday, 26 April 2018
Interim report Jan – June Thursday, 12 July 2018
Interim report Jan – Sep Friday, 19 October 2018
Year-end report 2018 Wednesday, 13 February 2019

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Cover pictures:

Front page. The property Kungsängen 10:1 and Kungsängen 10:2, Uppsala Gate, Uppsala
Back page. The property Pinassen 2, Skeppet, Karlstad

Klövern's annual report has been produced by Klövern in collaboration with Intellecta Corporate. The photographs have been taken by Per-Erik Adamsson with the exception of page 26–27 and page 121 which were taken by Marcus Karlsson Säll.



- 2017** During the year, Klövern acquired 27 properties for SEK 2,116 million and divested 54 properties for SEK 1,796 million. Among others, the divestments included the whole portfolios 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** During the year, Klövern 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. Klövern announced that it intended to expand its property portfolio with residential projects and launched the concept under the name Klövern Living. Property value: SEK 39,234 million.
- 2015** During the year, 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** Klövern acquired 19 properties during the year for a total of SEK 4,452 million. Among other properties, Klövern acquired and took possession of Globen City, encompassing 115,000 sq.m. During the year, Klövern launched its business centre operations under the brand name of First Office. The self-storage operations were also launched: Big Pink. During the year, 13 properties were sold for a total of SEK 531 million. The property value was SEK 30,208 million.
- 2013** During the year, Klövern took possession of 23 properties for a total of SEK 1,020 million, and sold 12 properties for SEK 387 million. The property value was SEK 24,059 million.
- 2012** During the year, Klövern acquired a total of 137 properties for SEK 7,459 million, of which 124 came through the acquisition of Dagon. Through the acquisition, Klövern became established in new expansive markets. Eleven properties were divested for a total of SEK 543 million. The property value was SEK 22,624 million.
- 2011** During the year, Klövern acquired eight properties for SEK 315 million and sold five properties for a total of SEK 48 million. At the beginning of December, a public offer was made to purchase all shares in Dagon AB (publ). The property value was SEK 14,880 million.
- 2010** Klövern 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. Klövern sold a total of nine properties to a value of SEK 368 million. The property value was SEK 13,493 million.
- 2009** Kistamässan was completed and the first sod was cut for the adjacent Victoria Tower. Klövern sold four properties in for SEK 162 million and acquired five properties, as well as 17 site leaseholds for a total of SEK 179 million. The property value was SEK 12,032 million.
- 2008** Three properties in Karlstad, Kista and Nyköping were sold for SEK 327 million. Three properties were acquired in Kista for a total of SEK 135 million. The property value was SEK 11,895 million.
- 2007** Klövern concluded an agreement to construct the new Kistamässan and renegotiated and signed new leases with Ericsson for around 50,000 sq.m. Acquisitions of a total of 47 properties in, inter alia, Karlstad, Västerås and Nyköping for SEK 989 million. The property value was SEK 12,154 million.
- 2006** Klövern's investment in Science and Business Parks was reinforced by acquisition of Pfizer's head office in Uppsala for SEK 235 million. In June, seven properties were acquired in Nyköping for SEK 245 million. At the end of 2006, Klövern acquired 46 properties in Kista and Täby for over SEK 4 billion. The property value was SEK 10,701 million.
- 2005** A total of 36 properties were sold for SEK 557 million. Klövern acquired properties, mainly in Linköping and Norrköping for SEK 1,700 million. The property value was SEK 5,968 million.
- 2004** In January, Klövern 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. The property value was SEK 4,193 million.
- 2003** Klövern was listed on the stock exchange's O list. In August, properties were acquired in Kalmar, Karlstad, Linköping, Norrköping, Örebro and Kumla for SEK 1,107 million. During the year, 15 properties were sold at unprioritized locations for SEK 185 million. The property value was SEK 2,890 million.
- 2002** The then IT company Adcore's business was split up and Adcore AB's name was changed to Klövern AB with the focus on real estate. Klövern acquired its first portfolio consisting of Post properties for SEK 1.3 billion. During the year, properties were acquired in Nyköping and Norrköping. In December, The property value was SEK 1,876 million.



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