

- » Income increased by 9 per cent to SEK 587 million (541).
- » The operating surplus increased by 15 per cent to SEK 368 million (321).
- » Profit from property management increased by 15 per cent to SEK 163 million (142).
- » Changes in value of properties amounted to SEK 157 million (-56), of derivatives to SEK -156 million (157) and share in earnings of associated companies amounted to SEK -45 million (-).
- » Net profit amounted to SEK 87 million (200), corresponding to SEK 0.24 (0.92) per common share.
- » Taking possession of 2 properties for SEK 276 million and sale of 3 properties for SEK 33 million.
- » Globen City was acquired and taken possession of at the beginning of the second quarter.

Profit

SEKm	2014 Q1	2013 Q1	2013 Rolling 12 months Jan–Dec
Income	587	541	2,220
Property costs	–219	–220	–828
Operating surplus	368	321	1,392
Central administration	–19	–18	–78
Net financial items	–186	–161	–678
Profit from property management	163	142	636
Share in earnings of associated companies	–45	—	5
Changes in value properties	157	–56	–28
Changes in value derivatives	–156	157	337
Changes in value financial assets	—	35	71
Write-down of goodwill	–1	–12	–34
Profit before tax	118	266	987
Current tax	0	0	–1
Deferred tax	–31	–66	–178
Net profit	87	200	808
Other comprehensive income, items which may later be reversed in the income statement	–1	—	–2
Net comprehensive income	86	200	806

Key ratios

	31.03.2014 Q1	31.12.2013 Q4	30.09.2013 Q3	30.06.2013 Q2	31.03.2013 Q1	31.12.2012 Q4	30.09.2012 Q3	30.06.2012 Q2
Operating margin, %	63	61	66	65	59	53	69	67
Return on equity, %	1.2	2.5	2.7	3.5	2.8	–0.6	1.2	2.3
Adjusted equity, ratio, %	31.1	31.4	31.5	31.4	33.2	31.9	30.6	30.3
Leverage, %	65	65	65	65	64	64	66	67
Leverage properties, %	55	57	57	57	57	59	62	60
Interest coverage ratio, multiples	1.9	1.9	2.0	2.0	1.9	1.5	2.0	1.9
Average interest, %	4.2	4.3	4.3	4.4	4.3	4.3	4.4	4.5
Average fixed-interest period, years	2.5	2.7	3.0	3.2	3.4	3.0	2.4	2.8
Average period of tied-up capital, years	1.9	2.0	1.9	2.2	2.0	2.2	1.8	2.0
Occupancy rate economic, %	90	90	89	88	88	88	88	88
Occupancy rate area %	81	82	81	80	80	81	80	80

A good first quarter

Klövern reported a strong profit from property management for the first quarter of the year. This was partly due to a mild winter but also a result of successful letting work and good cost control. The quarter was otherwise characterized by continued transaction activity, not least in the form of intensive work with the acquisition of Globen City.

Income continued to develop well, partly due to the high level of moving in at the end of 2013. Moving-in continued to be high during the first quarter of 2014 with a contract value of almost SEK 50 million per year.

We are also happy that we, after the end of the first quarter, have signed a 12-year lease with Tele2 regarding 20,000 sq. m. of office space in Kista. The premises will be part of a newly constructed 27,000 sq. m. office building and clearly illustrate the attractiveness of Kista.

A general focus on cost management, in combination with the mild winter, has allowed Klövern to produce a strong operating surplus. The operating margin in the first quarter was 63 per cent, compared to 59 per cent for the same period in 2013.

The market for property transactions has stayed strong. This is partly because of a greater willingness to lend among banks but also because of an increasing amount of new investors in the property market. Properties today provide a, in many cases, far better return on investment than for example the bond market.

The largest transaction of the past quarter was Globen City, but since the acquisition occurred on 11 April, the transaction is not included in the accounts for the period. The transaction includes the properties Arenan 2, 3, 6 and 8 in Stockholm as well as Startboxen 3 in Solna. Total lettable area amounts to around 140,000 sq.m. and mainly consists of offices. We believe that the Globen district will have an even more central status in the expanding Söderstaden area and that it will form one of the truly attractive office locations south of Stockholm's city.

During the quarter we completed the acquisition of the property Idéskaparen 2 in Linköping. It is a modern office property of 23,600 sq.m., wholly rented on a 10 year lease contract. Klövern also signed a contract for the acquisition of the property Köpmannen 5 in Västerås from IKEA Fastigheter. The property is being completely refurbished and will consist of almost 17,000 sq.m. of retail space with, among others, Systembolaget, Willys and Rusta as tenants.

With a view to securing financing for above all the Globen acquisition, Klövern issued an uncovered bond loan in February with a duration of four years. The bond loan has a variable interest rate of three-month Stibor + 2.25 per cent. In comparison with Klövern's October 2012 uncovered bond issue with a duration of four years and three months at three-month Stibor + 4.00 per cent, it is clear that the bond market has matured. Although bank loans are normally the cheapest form of financing, the cost for bonds are now almost on par with bank loans.

In conclusion, the result of the first quarter of the year is positive as regards both operating activities and attractive acquisitions.

Rutger Arnhult
CEO Klövern



Klövern is a real estate company offering, with closeness and commitment, customers efficient premises in selected growth regions. Klöver is one of the larger listed real estate companies in Sweden specializing in commercial premises. The income statement items refer to the period January–March and are compared with the corresponding period last year. The balance sheet items refer to the position at the end of the period and are compared with the preceding year-end. The quarter refers to January–March and the year to January–December.

PROFIT

Profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 163 million (142) during the period January–March and profit amounted to SEK 87 million (200). Besides the effect of net acquisition of properties, profit from property management was affected positively by net moving-in and the mild winter. Net profit was affected by SEK 157 million (–56) as regards changes in value of properties, SEK –156 million (157) for derivatives and SEK –45 million (–) share in earnings of the associated company Tribona. The operating margin was 63 per cent (59).

Operating surplus for a comparable portfolio rose by 7 per cent to SEK 340 million (318). Income rose by 2 per cent to SEK 549 million (536), which is mainly attributable to strong net moving-in. Property costs decreased by 4 per cent to SEK 209 million (218), among other things due to milder weather at the beginning of the year. The fair value of a comparable portfolio increased by SEK 850 million, or 4 per cent, compared to the end of March 2013, mainly due to investments in connection with new lettings and lower yield requirements.

INCOME AND COSTS

Income during the period increased to SEK 587 million (541). Income includes a non-recurring item for insurance indemnity of SEK 13 million. The increase in income is attributable to net acquisitions and net moving-in. Property costs were virtually unchanged at SEK 219 million

(220). The mild winter has had a positive effect on costs and balanced the cost of a larger property portfolio. The property costs include rent losses of SEK 0 million (0). Central administration costs amounted to SEK xx million (18).

Net moving-in during the period amounted to SEK 5 million (0). Some of the largest tenants moving in are OHB Sweden, with 2,855 sq.m. offices in Kista and Otto Bock Scandinavia, 1,520 sq.m. retail space in Malmö. The largest vacating tenants are CompuGroup Medical in Uppsala and Bring Express in Malmö.

The average remaining contract period was 3.6 years (3.4). The economic occupancy rate for all properties amounted to 90 per cent (88) and 81 per cent (80) measured as area. The economic occupancy rate for investment properties was 93 per cent (91) and it was 55 per cent (60) for development properties.

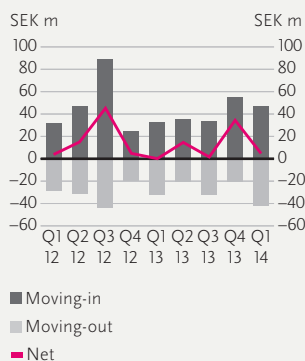
The major lease contracts, which have been signed during the period but where the tenant has not yet moved in, include a 5-year lease with Inflight Service Europe to let 1,860 sq.m. in Kista.

SHAREHOLDINGS

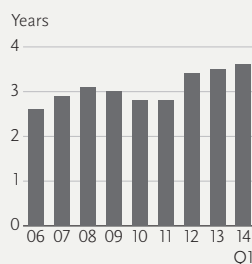
Klövern's shareholding in Tribona AB (publ), amounts to 11,614,399 shares corresponding to 29.8 per cent of the total number of outstanding shares. Tribona is reported as an associated company from 7 June 2013. Klöver's share of profit for the period amounted to SEK –45 million (–). During the first quarter of 2013, the unrealized change in value for the shareholding in Tribona at that time amounted to SEK 13 million.

Tribona specialises in modern and strategically located logistics properties. The portfolio consists of 21 properties in Sweden and one in Denmark. The lettable area amounts to 711,000 sq.m. and the property value to SEK 5,452 million. After the end of the period, Tribona decided to carry out a new issue, totalling SEK 292 million. Klöver intends to subscribe to its part of the issue, corresponding to maximum SEK 87 million.

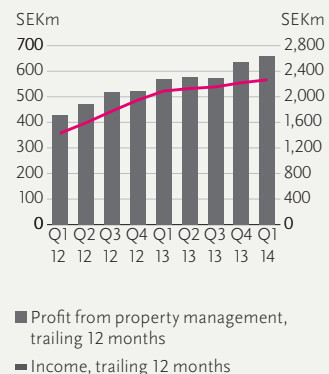
NET MOVING-IN



AVERAGE LEASE TERM



INCOME & PROFIT



CASH FLOW

The cash flow from current operations was SEK 117 million (139) and income tax paid amounted to SEK 0 million (0). Investment operations have affected the cash flow by SEK –422 million (–53) net, through a combination of property acquisitions and investments in existing properties. The cash flow from financing activities has affected cash flow for the period by SEK 1,019 million (–346). Altogether, the cash flow for the period totals SEK 714 million (–260). Liquid funds at the end of the period amounted to SEK 798 million, compared to SEK 115 million per the end of March 2013. Furthermore, Klöver's has unutilized credit volumes of SEK 1,289 million (1,306).

FINANCING

At the end of the period, the interest-bearing liabilities amounted to SEK 17,181 million (16,163) and the average financial interest rate for the whole of the financial portfolio was 4.2 per cent (4.3). Net financial income for the period amounted to SEK –186 million (–161), of which financial income was SEK 1 million (0). The average fixed-interest term was 2.5 years (2.7) as at 31 March. Credit volumes with swap agreements are treated as having fixed interest. At the end of the period, Klöver's had interest rate swaps totalling SEK 8,317 million (8,317) and interest rate caps of SEK 855 million (855), of which SEK 855 million mature in 2014. The interest rate caps have redemption rates of 4.25–5.00 per cent. The average remaining term of derivatives was 4.3 years.

The average period of tied-up capital amounted to 1.9 years (2.0) at the end of the period. Unutilized credit volumes, including unused credit facilities of SEK 400 million (390), amounted to SEK 1,289 million (1,306).

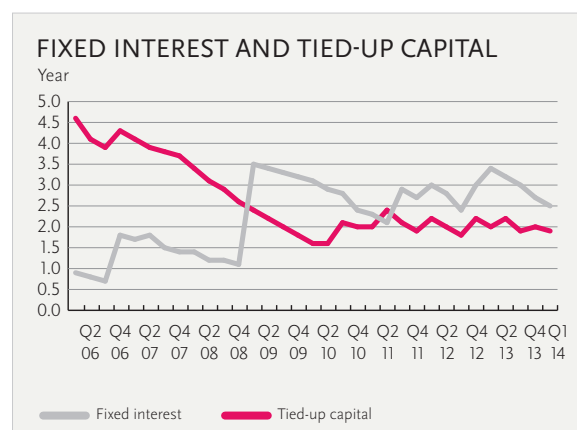
Klöver's interest rate swaps and interest rate caps effectively limit the interest rate risk. An increase in the short market rates of one percentage point would increase

Klöver's average borrowing rate by 0.5 percentage points and Klöver's financial costs by SEK 88 million. Changes in value of derivatives during the period amounted to SEK 0 million (0) realized and SEK –156 million (157) unrealized. On 31 March, the value was SEK –300 million (–144).

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

During the period, Klöver's has issued an uncovered bond loan of SEK 1,100 million, within a framework of SEK 2,000 million, with final maturity in March 2018. The value of unencumbered properties was around SEK 0.8 billion at the end of the period.

Klöver's also carried out a cash issue of 300,000 preference shares during the period, with departure from the shareholders' preferential rights. The issue was made at a share price of SEK 157 per preference share, corresponding to issue proceeds of SEK 47 million.



FIXED INTEREST AND TIED-UP CAPITAL

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Unutilized, SEKm
Floating	8,678	3.3	—	—	—
2014	330	5.6	6,078	5,376	702
2015	1,501	5.1	8,201	7,614	587
2016	600	4.8	—	—	—
2017	1,075	4.7	1,150	1,150	—
2018	1,197	5.2	2,840	2,840	—
2019	900	5.1	—	—	—
2020	500	4.6	—	—	—
2021	500	4.8	—	—	—
2022	800	5.6	—	—	—
2023	1,100	4.7	—	—	—
Later	—	—	201	201	—
Total	17,181	4.2	18,470	17,181	1,289



Interior picture of the property Startboxen 3 in Solna, which was acquired during the quarter.

PROPERTY TRANSACTIONS

Two properties (3) have been acquired during the period for a total purchase price of SEK 276 million (27). Klöver has sold and handed over 3 properties (2) during the period at a price of SEK 33 million (37).

INVESTMENTS AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernizing the premises and thus increasing the rental value. During the quarter, SEK 178 million (149) was invested. In all, 291 projects (281) are in process and SEK 962 million (632) remains to be invested in these projects. Total estimated expenditure for the same projects amounts to SEK 1,943 million (1,517).

At the end of the year, assessed building rights and building rights with local plans totalled SEK 1,421,000 sq.m. (1,397,000). 587,000 sq.m. (587,000) of the building rights are included in local plans. Over half of the building rights included in local plans consist of offices and almost a third of housing. The building rights are valued at SEK 969 million (972), corresponding to SEK 682 per sq.m. (695).

FAIR VALUE

SEKm	2014 Jan–Mar	2013 Jan–Dec
Fair value, as per January 1	24,059	22,624
Aquisitions	276	1,020
Investments	178	830
Sales	–33	–387
Change in value	157	–28
Fair value at the end of the period	24,637	24,059

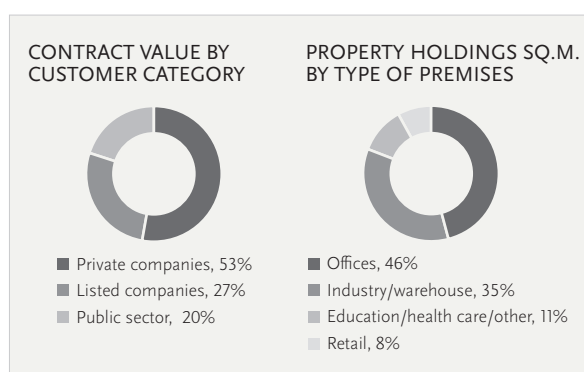
PROPERTIES AND CHANGES IN VALUE

As at 31 March 2014, Klöver's portfolio consisted of 401 properties (402). The rental value amounted to SEK 2,592 million (2,570) and the fair value of the properties was SEK 24,637 million (24,059).

The total lettable area amounted to 2,644,000 sq.m. (2,624,000). The changes in value of the properties amounted to SEK 157 million (–56) during the quarter. The changes in value include realized changes in value of SEK 4 million (–1) and unrealized changes in value of SEK 153

KLÖVERN'S LARGEST PROJECTS IN PROGRESS

City	Property	Project type	Lettable area property, sq.m.	Project area, sq.m.	Economic occupancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value after project, SEKm	Rental value after project, SEKm	Estimated completion, year
Uppsala	Kungsängen 10:1, 10:2	Office	11,376	11,376	100	250	235	15	21	2016
Örebro	Vindhjulet 3	Office	19,343	19,343	100	154	143	11	28	2016
Norrköping	Kopparhammaren 2	Education	36,613	5,130	84	96	40	8	46	2014
Alingsås	Fodret 14	Retail	7,700	7,700	100	87	55	10	10	2014
Malmö	Dragör 1	Office	2,322	2,322	100	63	21	5	5	2014
Linköping	Brevduvan 17	Office	7,603	4,998	90	49	14	3	11	2014
Uppsala	Fyrislund 6:6	Warehouse	62,835	2,700	87	44	40	5	102	2014
Linköping	Amor 1	Office	3,292	3,292	100	32	1	2	7	2014
Halmstad	Halmstad 2:49	Office	3,330	3,330	100	31	29	4	6	2015
Kista/Stockholm	Gullfoss 5	Office/warehouse	3,477	2,886	93	23	6	3	5	2014
Total			157,891	63,077		829	584	66	241	



million (–55). The unrealized changes in value do not affect the cash flow. On average, Klöverns property portfolio, as at 31 March, has been valued with a yield requirement of 7.1 per cent (7.2). The value of the properties has increased, mainly due to positive net moving-in and lower yield requirements.

Klövern values 100 per cent of the property portfolio each quarter, 20 to 30 per cent of which are valued externally. External valuations have been performed by DTZ Sweden and Savills. Every property in the portfolio is valued externally at least once during a rolling 12-month period. DTZ has served as advisor when the yield requirements have been determined in most of the internal valuations. All properties are classified at level 3 according to IFRS 13. No properties have changed classification during the period. See Klöverns annual report for 2013 for a detailed description.

SHARES

As at 31 March, the total number of registered shares in the company was 185,380,698, of which 166,544,360 were common shares and 18,836,338 preference shares. A com-

SHAREHOLDERS 31.03.2014

	No. common shares, thousands	No. preference shares, thousands	Share of capital, %	Share of votes, %
Corem Property Group	32,200	—	17.4	19.1
Arvid Svensson Invest	26,599	1,180	15.0	15.9
Rutger Arnhult via companies	18,200	43	9.8	10.8
Länsförsäkringar funds	16,217	—	8.7	9.6
Handelsbanken funds	6,613	—	3.6	3.9
JPM Chase NA	4,936	105	2.7	2.9
Swedbank Robur funds	4,822	84	2.6	2.9
SEB Investment Management	2,230	1	1.2	1.3
Mellon AAM Omnibus	1,803	—	1.0	1.1
Robur Försäkring	1,215	813	1.1	0.8
Aktie-Ansvar funds	1,200	78	0.7	0.7
Client OMI for Ishare Europe	1,090	—	0.6	0.6
SSB Client Omnibus AC OM03	1,054	51	0.6	0.6
Avanza Pension	926	589	0.8	0.6
JPMorgan Chase NA	965	—	0.5	0.6
SIX SIS AG, W8IMY	911	6	0.5	0.5
State Street Bank and Trust	886	3	0.5	0.5
Skandia fonder	880	16	0.5	0.5
Invus Investment	871	22	0.5	0.5
Alfred Berg	822	—	0.4	0.5
Total largest shareholders	124,440	2,991	68.7	73.9
Other shareholders	42,104	15,845	31.3	26.1
Total outstanding shares	166,544	18,836	100.0	100.0
Repurchased own shares	—	—		
Total registered shares	166,544	18,836		

DEVELOPMENT OF SHARE CAPITAL

Date	Event	Change no. common shares	Total no. common shares	Change no. preference shares	Total no. preference shares	Acc. share capital, SEK
01.01.2012	Opening balance		166,544,326		—	832,721,630
13.01.2012	Cash new issue	34	166,544,360			832,721,800
13.01.2012	Bonus issue			4,163,609	4,163,609	853,539,845
06.03.2012	New issue			7,544,531	11,708,140	891,262,500
10.04.2012	New issue			66,638	11,774,778	891,595,690
19.04.2012	New issue			585	11,775,363	891,598,615
29.06.2012	New issue			463,000	12,238,363	893,913,615
09.07.2012	New issue			448,000	12,686,363	896,153,615
14.09.2012	New issue			912,500	13,598,863	900,716,115
17.09.2012	New issue			132,475	13,731,338	901,378,490
08.10.2012	New issue			3,583,350	17,314,688	919,295,240
08.10.2012	New issue			1,105,000	18,419,688	924,820,240
17.10.2012	New issue			116,650	18,536,338	925,403,490
24.03.2014	New issue			300,000	18,836,338	926,903,490
31.03.2014	Closing balance		166,544,360		18,836,338	926,903,490

mon share confers entitlement to one vote and a preference share to a tenth of a vote. Klöver's shares are listed on NASDAQ OMX Stockholm Mid Cap. On 31 March, the share price was SEK 34.60 per common share (28.50) and SEK 153.50 per preference share (150.00), corresponding to a total capitalization of SEK 8,654 million (7,527). At the end of the period, the number of shareholders was around 36,100 (35,800). 81 per cent (83) of the total number of shares are Swedish-owned. Klöver does not hold any common shares or preference shares.

By virtue of the authorization granted by Klöver's Annual General Meeting on 17 April 2013, with departure from the shareholders' preferential rights, a cash issue of 300,000 preference shares was completed.

PROFIT AND KEY RATIOS

The tables below show income statement items and key ratios broken down according to Klöver's regions. For the group as a whole, figures are also broken down according to investment and development properties. Investment properties mean properties being actively managed. Development properties refer to properties where conversion or extension projects are in process or planned, leading to a higher standard or changed use of premises. The current operating surplus is affected by projects or restrictions on letting before development of the property. The income statement table shows current operations, including properties sold during the period and investments made. The table with key ratios shows the situation at the end of the respective quarter and the two tables are accordingly not wholly comparable.

PROFIT PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2014 Jan–Mar	2013 Jan–Mar	2014 Jan–Mar	2013 Jan–Mar	2014 Jan–Mar	2013 Jan–Mar	2014 Jan–Mar	2013 Jan–Mar	2014 Jan–Mar	2013 Jan–Mar
South	83	74	–35	–31	48	43	58	58	50	26
East	162	146	–57	–60	105	86	65	59	48	67
Stockholm	197	183	–70	–71	127	112	64	61	37	36
Middle/North	145	138	–57	–58	88	80	61	58	43	20
Investment	557	506	–194	–193	363	313	65	62	124	112
Development	30	35	–25	–27	5	8	17	23	54	37
Total	587	541	–219	–220	368	321	63	59	178	149

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Required yield ¹⁾ , %		Area, 000 sq.m.		Rental value, SEKm		Ec. occupancy rate, %	
	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar	Jan–Mar
South	3,752	3,215	7.4	7.6	527	494	371	348	89	86
East	5,994	5,533	7.2	7.4	746	732	684	652	91	89
Stockholm	9,597	9,007	6.7	6.9	647	616	891	865	89	87
Middle/North	5,294	4,952	7.4	7.5	724	685	646	613	90	89
Investment	22,366	20,282	7.1	7.2	2,322	2,141	2,407	2,226	93	91
Development	2,271	2,425	7.0	7.7	322	386	185	252	55	60
Total	24,637	22,707	7.1	7.2	2,644	2,527	2,592	2,478	90	88

¹⁾ Required yield are estimated excluding building rights.

South: Borås, Göteborg, Halmstad and Öresund. East: Kalmar, Karlskrona, Linköping, Norrköping and Nyköping.

Stockholm: Kista, Storstockholm and Uppsala. Middle/North: Karlstad, Västerås, Örebro, Falun/Säter and Härnösand/Sollefteå.

Comparable figures for 2013 have been recalculated in line with the new structure, where Kalmar and Karlskrona now belong to Region East instead of Region South.



ORGANIZATION AND ENVIRONMENT

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

At the end of the period, Klövern had 195 employees (189). The average age was 46 years (46) and the proportion of women amounted to 40 per cent (40). Since 2011, the company has been certified in accordance with the Swedish Environmental Standard (Svensk Miljöbas).

THE TAX SITUATION

Deferred tax of SEK –7 million (–6) has been charged to profit on current real estate operations. Furthermore, among other things, the change in the difference between fair value and residual value for tax purposes of properties, derivatives and financial assets has entailed an effect on deferred tax of SEK –24 million (–60). In total, an effect on deferred tax of SEK –31 million (–66) and on current tax of SEK 0 million

(0) are included. During the quarter, the Administrative Court of Appeal has decided in Klövern's favour on the Tax Agency's increase in Klövern's taxation of approximately SEK 77 million for the 2008 income year. The Tax Agency has requested leave to appeal to the Supreme Administrative Court.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

A real estate company is exposed to various risks and opportunities in its business activities. Internal regulations and policies limit exposure to different risks. Klövern's significant risks and exposure and their management are described on pages 64–67 of the 2013 annual report.

DISPUTES

Klövern has an ongoing larger rent dispute. The tenant has deposited SEK 60 million for the period January–December 2013, SEK 15 million for January–March 2014 and SEK 15 million for 2012 with the County Administrative Board. Klövern has, by reduction of rental income, reserved SEK 15 million for 2013 and SEK 15 million for 2012.

ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and, in the case of the Parent Company, the Annual Accounts Act.

Since 1 January 2013, Klöver has made increased disclosures on items valued at fair value in compliance with IFRS 13, in which properties are classified at Level 3 and derivatives at Level 2. Other accounting policies applied in this interim report are in essential parts those described in note 1 of Klöver's Annual Report for 2013.

On 31 March, Klöver's shareholding in Tribona AB (publ) amounted to 29.8 per cent. Shareholdings which exceed 20 per cent but are less than 50 per cent of the votes, are reported as participation rights in an associated company and Klöver are therefore reporting the shareholding in Tribona AB (publ) as participation rights in an associated company from 7 June 2013. The holding is reported in accordance with IAS 28 "Investments in associates" and with the equity method. This means that the book value for the Group of the portfolio is adjusted downwards by Klöver's share of the net profit for the period and other comprehensive income with the exception of any dividend received. The associated company is reported at acquisition value in the parent company. The participation rights in Tribona have previously been reported as financial assets valued in the statement of income. This means that the participation rights have been valued at fair value as at 7 June 2013 when the company became an associated company. The holding in Tribona has affected Klöver's statement of income in the following way:

- Dividend is reported in the net financial income.
- Change of value to 7 June is reported as Change in value, financial assets.
- Klöver's share of Tribona's net profit for the period is reported as Shares of profit in an associated company.
- Klöver's share of Tribona's other comprehensive income is reported as Other comprehensive income.

The new interpretation of IFRIC 21:Levies has not been applied since it is not yet approved by the EU.

DIVIDEND

The Board of Directors are proposing a dividend of SEK 1.50 (1.50) per common share and SEK 10.00 (10.00) per preference share for the 2013 financial year. Dividend on the preference share is paid quarterly at SEK 2.50 per quarter. It is proposed that the record date for dividend to common shareholders be 28 April 2014 and estimated payment date 2 May 2014. The record date for dividend to preference shareholders is the last weekday of each quarter and the payment date is around three banking days later. During the first quarter 2014, dividend of SEK 2.50 (2.50) per preference share has been paid, totalling SEK 46 million (46).

EVENTS AFTER THE END OF THE PERIOD

On 11 April, Klöver acquired the properties Arenan 2,3,6 and 8 in Stockholm (Globen City) as well as Startboxen 3 in Solna. Total lettable area amounts to around 140,000 sq.m. and mainly consists of offices.

On 11 April, Klöver carried out a cash issue of 987,468 preference shares with departure from the shareholders' preferential rights. The issue took place at a price of SEK 154.50 per preference share, corresponding to issue proceeds of SEK 153 million.

During the period Klöver has also signed a 12-year lease contract with Tele2 for 20,000 sq.m. of newly produced office premises in Kista with estimated moving in after mid-year 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting will take place at Kistamässan in Kista, Stockholm, on 23 April 2014 at 4 pm.

Nyköping, 23 April 2014

The Board of Directors of Klöver AB (publ)

This interim report has not been reviewed by Klöver's auditors.

Consolidated Statement of Income

SEKm	2014 3 months Jan–Mar	2013 3 months Jan–Mar	2013 12 months Jan–Dec	Rolling 12 months Apr–Mar
Income	587	541	2,220	2,266
Property costs	–219	–220	–828	–827
Operating surplus	368	321	1,392	1,439
Central administration	–19	–18	–78	–79
Net financial items	–186	–161	–678	–703
Profit from property management	163	142	636	657
Share in earnings of associated companies	–45	—	5	–40
Changes in value, properties	157	–56	–28	185
Changes in value, derivatives	–156	157	337	24
Changes in value, financial assets	—	35	71	36
Write-down of goodwill	–1	–12	–34	–23
Profit before tax	118	266	987	839
Current tax	0	0	–1	–1
Deferred tax	–31	–66	–178	–143
Net profit for the period	87	200	808	695
Other comprehensive income, items which may later be reversed in the income sheet	–1	—	–2	–3
Comprehensive income for the period	86	200	806	694
Earnings per common share, SEK	0.24	0.92	3.75	3.06
Earnings per preference share, SEK	2.5	2.50	10.00	10.00
No. of common shares outstanding at the end of the period, million	166.5	166.5	166.5	166.5
No. of preference shares outstanding at the end of the period, million	18.8	18.5	18.5	18.8
Average no. of outstanding common shares, million	166.5	165.7	166.3	166.5
Average no. of outstanding preference shares, million	18.6	18.5	18.5	18.5

There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

SEKm	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Goodwill	254	278	255
Investment properties	24,637	22,707	24,059
Machinery and equipment	12	13	12
Participation rights in associated companies	443	—	488
Financial assets at fair value through statement of income	32	280	32
Other receivables	358	193	300
Liquid funds	798	115	84
TOTAL ASSETS	26,534	23,586	25,230
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	7,331	7,027	7,198
Minority interest	0	0	0
Deferred tax liability	892	749	861
Interest-bearing liabilities	17,181	14,798	16,163
Derivatives	300	275	144
Accounts payable	104	110	193
Other liabilities	59	116	132
Accrued expenses and prepaid income	667	511	539
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	26,534	23,586	25,230

Change in Consolidated Shareholders' Equity

SEKm	
Shareholders' equity 31.12.2013	6,696
Repurchase/sale of own shares	131
Dividend	-435
Other comprehensive income	-2
Net profit for the period	808
Shareholders' equity 31.12.2013	7,198
New issue of shares	47
Other comprehensive income	-1
Net profit for the period	87
Shareholders' equity 31.03.2014	7,331

Consolidated Statement of Cash Flow

SEKm	2014 3 months Jan–Mar	2013 3 months Jan–Mar	2013 12 months Jan–Dec
Current operations			
Profit from property management	163	142	636
Adjustment for items not included in the cash flow	1	1	3
Income tax paid	—	—	-1
Cash flow from current operations before change in working capital	164	143	638
Changes in working capital			
Change in operating receivables	-53	-31	-93
Change in operating liabilities	6	27	112
Total change in working capital	-47	-4	19
Cash flow from current operations	117	139	657
Investment operations			
Divestment of properties	33	37	346
Acquisition of and investment in properties	-454	-175	-1,850
Acquisition of machinery and equipment	-1	0	-1
Change in financial assets	—	63	-142
Realized change in value, financial assets	—	22	22
Cash flow from investment operations	-422	-53	-1,625
Financing operations			
Change in interest-bearing liabilities	1,018	-431	934
Realized change in value, derivatives	—	—	47
Sale of own shares	—	131	131
New issue of preference shares	47	—	—
Dividend	-46	-46	-435
Cash flow from financing operations	1,019	-346	677
Total cash flow for the period	714	-260	-291
Liquid funds at the beginning of the period	84	375	375
Liquid funds at the end of the period	798	115	84

Parent Company Statement of Income

SEKm	2014,3 mån jan–mar	2013,3 mån jan–mar	2013,12 mån jan–dec
Net sales	40	44	185
Cost of services sold	–38	–38	–143
Gross profit	2	6	42
Central administration	–19	–18	–78
Operating profit	–17	–12	–36
Financial income	–88	–14	634
Profit after financial items	–105	–26	598
Current tax	—	—	—
Deferred tax	—	–6	–7
Net profit for the period	–105	–32	591
Other comprehensive income	—	—	—
Comprehensive income for the period	–105	–32	591

Parent Company Balance Sheet

SEKm	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Machinery and equipment	3	3	3
Participation in group companies	1,850	1,839	1,850
Participation in other companies	435	236	435
Receivables from group companies	11,419	7,957	11,338
Deferred tax assets	339	339	339
Accounts receivables	39	31	33
Liquid funds	806	176	97
TOTAL ASSETS	14,891	10,581	14,095
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	5,316	5,184	5,373
Interest-bearing liabilities	6,095	3,813	5,066
Liabilities to group companies	3,321	1,448	3,471
Accounts payable	3	4	8
Other liabilities	66	99	108
Accrued expenses and prepaid income	90	33	69
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,891	10,581	14,095

Key ratios

	31.03.2014 3 months Jan–Mar	31.03.2013 3 months Jan–Mar	31.03.2014 rolling 12 months Apr–Mar	2013	2012	2011	2010	2009
Property								
Number of properties	401	388	401	402	387	255	250	217
Lettable area, 000 sq.m.	2,644	2,527	2,644	2,624	2,529	1,561	1,528	1,392
Rental value, SEKm	2,592	2,478	2,592	2,570	2,468	1,554	1,486	1,385
Fair value properties, SEKm	24,637	22,707	24,637	24,059	22,624	14,880	13,493	12,032
Direct yield requirement valuation, %	7.1	7.2	7.1	7.2	7.2	7.1	7.2	7.2
Operating margin, %	63	59	64	63	62	63	60	62
Occupancy rate, economic, %	90	88	90	90	88	89	89	89
Occupancy rate, area, %	81	80	81	82	81	80	79	80
Average lease term, years	3.6	3.4	3.6	3.5	3.4	2.8	2.8	3.0
Financial								
Return on equity, %	1.2	2.8	9.8	11.6	5.8	10.1	14.0	5.8
Adjusted equity ratio, %	31.1	33.2	31.1	31.4	31.9	35.8	35.1	35.4
Leverage, %	65	64	65	65	64	63	63	63
Leverage properties, %	55	57	55	57	59	63	63	64
Interest coverage ratio, multiples	1.9	1.9	1.9	1.9	1.9	2.2	2.8	3.2
Average interest, %	4.2	4.3	4.2	4.3	4.3	4.2	3.6	2.7
Average fixed-interest period, years	2.5	3.4	2.5	2.7	3.0	2.7	2.4	3.2
Average period of tied-up capital, years	1.9	2.0	1.9	2.0	2.2	1.9	2.0	1.8
Interest-bearing liabilities, SEKm	17,181	14,798	17,181	16,163	15,229	9,345	8,517	7,646
Share								
Earnings per common share, SEK	0.24	0.92	3.06	3.75	1.24	2.89	3.76	1.48
Earnings per preference share, SEK	2.50	2.50	10.00	10.00	7.52	—	—	—
Equity per share, SEK	39.55	37.97	39.55	38.90	37.18	29.48	28.08	25.57
Share price common share at end of period, SEK	34.60	28.20	34.60	28.50	25.60	25.90	34.00	22.90
Share price preference share at end of period, SEK	153.50	136.25	153.50	150.00	136.75	—	—	—
Market capitalization, SEKm	8,654	7,222	8,654	7,527	6,670	4,165	5,467	3,682
Total no. of registered common shares at end of period, million	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5
Total no. of outstanding common shares at end of period, million	166.5	166.5	166.5	166.5	161.5	160.8	160.8	160.8
Total no. of registered preference shares at end of period, million	18.8	18.5	18.8	18.5	18.5	—	—	—
Total no. of outstanding preference shares at end of period, million	18.8	18.5	18.8	18.5	18.5	—	—	—
Dividend per common share, SEK	—	—	—	1.50*	1.50	1.25	1.50	1.25
Dividend per preference share, SEK	—	—	—	10.00*	10.00	10.00	—	—
Dividend in relation to profit from property management, %	—	—	—	68*	83	79	55	41

* Proposed dividend.

Definitions

PROPERTY

AREA-BASED OCCUPANCY RATE

Let area in relation to total lettable area.

DEVELOPMENT PROPERTIES

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

ECONOMIC OCCUPANCY RATE

Lease value in relation to rental value at the end of the period.

INVESTMENT PROPERTIES

Properties currently being actively managed.

LEASE VALUE

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

NET MOVING-IN

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

OPERATING MARGIN

Operating surplus in per cent of total income.

OPERATING SURPLUS

Total income less rent losses, operating and maintenance costs, property administration, site leasehold charges and property tax.

PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax.

REALIZED CHANGE IN VALUE

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

RENTAL VALUE

Lease value plus assessed market value for space not rented at end of period.

REQUIRED YIELD, VALUATION

The required yield of property valuations on the residual value.

UNREALIZED CHANGE IN VALUE

Change in fair value of the property portfolio after deduction of investments made.

FINANCE

EQUITY RATIO

Reported equity in relation to reported total assets at the end of the period.

EQUITY RATIO, ADJUSTED

Reported equity adjusted for the value of derivatives, goodwill and deferred tax liabilities exceeding 5 per cent of the difference between taxable value and fair value of the properties in relation to reported total assets at the end of the period.

INTEREST COVERAGE RATIO

Profit from property management plus financial costs in relation to financial costs.

LEVERAGE

Interest-bearing liabilities after deduction of the market value of the listed share portfolio and liquid funds in relation to the fair value of the properties at the end of the period.

LEVERAGE PROPERTIES

Interest-bearing liabilities with secured financing in properties in relation to the fair value of the properties at the end of the period.

RETURN ON EQUITY

Profit for the period in relation to average equity.

SHARE

EARNINGS PER COMMON SHARE

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

EARNINGS PER PREFERENCE SHARE

The periods accumulated share of yearly dividend of SEK 10 per preference share calculated on outstanding preference shares at the end of each quarter.

EQUITY PER SHARE

Shareholders' equity in relation to outstanding common and preference shares at balance sheet date. Preference shares in connection with the liquidation of the Company, preferential rights to SEK 150 of equity plus the period's share of accumulated entitlement to annual dividend of SEK 10.



Calendar

Annual General Meeting 2014	23 April 2014
Final day for trading conferring right to dividend to preference shareholders	25 June 2014
Record date for dividend to preference shareholders	30 June 2014
Expected date for dividend to preference shareholders from Euroclear	3 July 2014
Interim report, Jan–Jun 2014	10 July 2014
Interim report, Jan–Sep 2014	22 Oct 2014
Year-end report 2014	11 Feb 2015

Contact persons

Rutger Arnhult, CEO

+46 70-458 24 70, rutger.arnhult@klovern.se

Lars Norrby, IR

+46 76-777 38 00, lars.norrby@klovern.se

This information in the interim report is such that Klöver AB (publ) is obliged to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was made available for publication on 23 April 2014.

KLÖVERN