

- » Income increased by 14 per cent to SEK 1,863 million (1,630).
- » The operating surplus increased by 20 per cent to SEK 1,238 million (1,033).
- » Profit from property management increased by 25 per cent to SEK 594 million (476).
- » Changes in value of properties amounted to SEK 880 million (–96), of derivatives to SEK –424 million (345) and share of profits in associated companies amounted to SEK –79 million (3).
- » Net profit amounted to SEK 892 million (632), corresponding to SEK 4.46 (2.96) per common share.
- » Taking possession of 14 properties for SEK 4,183 million and sale of 10 properties for SEK 389 million.
- » The Board of directors of Klöver has called for an extraordinary general meeting on 22 October 2014 at which the agenda will include resolutions regarding the introduction of class B common shares through a bonus issue and authorization for the board to decide on new issues of preference shares.

## Income Statement

SEKm	2014 Jul–Sep	2013 Jul–Sep	2014 Jan–Sep	2013 Jan–Sep	2013 Jan–Dec	Rolling 12 month Oct–Sep
Income	641	549	1,863	1,630	2,220	2,453
Property costs	–197	–186	–625	–597	–828	–856
<b>Operating surplus</b>	<b>444</b>	<b>363</b>	<b>1,238</b>	<b>1,033</b>	<b>1,392</b>	<b>1,597</b>
Central administration	–20	–17	–59	–57	–78	–80
Net financial items	–199	–175	–585	–500	–678	–763
<b>Profit from property management</b>	<b>225</b>	<b>171</b>	<b>594</b>	<b>476</b>	<b>636</b>	<b>754</b>
Share of profit in associated companies	–23	–5	–79	3	5	–77
Changes in value, properties	152	18	880	–96	–28	948
Changes in value, derivatives	–105	28	–424	345	337	–432
Changes in value, financial assets	—	—	—	71	71	—
Write-down of goodwill	–1	–7	–10	–33	–34	–11
<b>Profit before tax</b>	<b>248</b>	<b>205</b>	<b>961</b>	<b>766</b>	<b>987</b>	<b>1,182</b>
Current tax	0	–	0	0	–1	–1
Deferred tax	–27	–14	–69	–134	–178	–113
<b>Profit for the period</b>	<b>221</b>	<b>191</b>	<b>892</b>	<b>632</b>	<b>808</b>	<b>1,068</b>
Other comprehensive income	2	–10	2	–2	–2	2
<b>Comprehensive income for the period</b>	<b>223</b>	<b>181</b>	<b>894</b>	<b>630</b>	<b>806</b>	<b>1,070</b>

## Key ratios, quarterly

	30.09.2014 Q3	30.06.2014 Q2	31.03.2014 Q1	31.12.2013 Q4	30.09.2013 Q3	30.06.2013 Q2	31.03.2013 Q1	31.12.2012 Q4
Operating margin, %	69	67	63	61	66	65	59	53
Return on equity, %	2.8	7.8	1.2	2.5	2.7	3.5	2.8	–0.6
Equity ratio, adjusted, %	29.7	28.8	31.1	31.4	31.5	31.4	33.2	31.9
Leverage, %	67	68	65	65	65	65	64	64
Leverage properties, %	57	57	55	57	57	57	57	59
Interest coverage ratio	2.1	2.0	1.9	1.9	2.0	2.0	1.9	1.5
Average interest, %	3.7	3.9	4.2	4.3	4.3	4.4	4.3	4.3
Average fixed-interest period, years	2.0	2.1	2.5	2.7	3.0	3.2	3.4	3.0
Average period of tied-up capital, years	2.3	2.3	1.9	2.0	1.9	2.2	2.0	2.2
Occupancy rate economic, %	90	90	90	90	89	88	88	88
Occupancy rate area, %	82	82	81	82	81	80	80	81

## Continued good profit development

Traditionally the third quarter is the strongest quarter of the year and this year was no exception. Klöverner can once again show good profitability with the highest earnings from property management and the highest operating margin ever for a single quarter.

Klöverner's income for the third quarter rose 17 per cent, primarily driven by acquisitions. Even more gratifying is that the operating margin of 69 per cent was a record high. Falling interest rates also contribute through lower financing costs and declining yield requirements, which has a positive effect on valuation of the property portfolio.

At the global level we are still seeing a diverging development. The global economy is continuing its recovery but there is negative impact from geopolitical conflicts and deflationary tendencies in the Eurozone. One ray of light is that the USA is increasingly beginning to function as a motor for growth for the world around it. Unfortunately prospects for the Eurozone are not as bright, not least for its largest economies. Germany has lost some of its momentum, the French economy has stagnated and faces considerable structural problems, while at the same time Italy is in recession. Finland's economic growth is slow and is now also affected by sanctions against Russia. There is an impending threat of deflation in the Eurozone, where the ECB has lowered its benchmark interest rate to a record low of 0.05 per cent. But in Sweden, the picture is a bit brighter.

So far this year the market for office premises in Stockholm and Göteborg has shown signs of a positive development with lower vacancy rates and rising rental levels. The vacancy rate in the office market in Stockholm is just over 9 per cent, the lowest level since 2001. Relatively few properties coming on to the market have been built speculatively, which is a sign of health.

As the supply of historically cheap finance is good, yield requirements are declining for most kinds of assets, and property is no exception. That is the case also for well-situated office properties outside CBD, where there is often a great demand for newly built offices. A higher degree of institutional buyers, who will often accept lower required yields than other potential buyers, contribute to pushing yields down.

During the first six months of the year, about 70 property transactions took place in the Stockholm market to a value of SEK 22 billion. Klöverner's acquisition of Globen City for a price of SEK 3.8 billion was the largest single transaction. In addition to acquisitions, Klöverner focuses on developing its project portfolio. At the moment construction is in full spate at Kista, where Tele2's new head office will be ready by the summer of 2016. Another example is the old post office in Uppsala, situated close to the central station, where we are undertaking a major refurbishing and extension project.

At an extraordinary general meeting on 22 October, the board directors of Klöverner intends to seek shareholder approval for an authorization to issue more preference shares as well to introduce Class B common shares. Those two steps would provide Klöverner with improved conditions to continue to develop both its current project portfolio and also make further acquisitions.

Downward pressure in the interest rate market continues to have a positive impact on Klöverner's financial costs. The average interest charge has now declined to 3.7 per cent compared to 4.3 per cent a year ago and this development is expected to continue. Because of interest rate reductions there is a natural inertia in shifts in interest charges because of market movements.

In a world that is otherwise fairly full of challenges, I can note that Klöverner continues to deliver good results and I view developments in the final quarter of this year positively.

Rutger Arnhult  
CEO, Klöverner



*Klöver 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–September 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 period refers to January–September, the quarter refers to July–September and the year to January–December.*

## PROFIT

Profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 594 million (476) during the period January–September and profit amounted to SEK 892 million (632). 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 880 million (–96) related to changes in the value of properties, SEK –424 million (345) for derivatives and SEK –79 million (3) for Klöver's share of profit in the associated company Tribona. The operating margin was SEK 66 per cent (63).

Operating surplus for a comparable portfolio rose by 4 per cent to SEK 1,059 million (1,016). Income rose by 1 per cent to SEK 1,611 million (1,594). Property costs decreased by 4 per cent to SEK 552 million (578), due among other things to the mild winter at the beginning of the year. The fair value of a comparable portfolio increased by SEK 1 082 million, or 5 per cent, compared with 30 September 2013, mainly due to investments in connection with new lettings, rising market rents and reduced required yield.

## INCOME AND COSTS

Income during the period increased to SEK 1,863 million (1,630). The increase in income is mainly attributable to net acquisitions and net moving-in as well as a one-off item for insurance indemnity of SEK 13 million. The property costs rose to SEK 625 million (597). The mild winter has had a positive effect on costs and to some extent counterbalanced the larger property portfolio. The property costs include rent losses of SEK 2 million (2). Central administration costs amounted to SEK 59 million (57).

Net moving-in amounted to SEK 13 million (2) during the quarter and during the period the corresponding figure totalled SEK 19 million (16). The largest tenants to move in were Linköping University in the recently renovated property Kopparhammaren 2 in Norrköping with 5,500 sq.m. and Inflight Service Europe at the property Helgafjäll 5 in Kista with 1,900 sq.m.. The largest to move out were the municipality of Karlstad at the property Skepparen 15 in Karlstad with 5,600 sq.m. and Praktiska Sverige AB at the property Ön 2:41 in Härnösand with 4,600 sq.m..

The average remaining contract period was 3.5 years (3.5). The economic occupancy rate for all properties amounted to 90 per cent (89) and 82 per cent (81) measured as area. The economic occupancy rate for investment properties was 92 per cent (92) and it was 56 per cent (65) for development properties.

Major lease contracts signed during the period in which the tenants have not yet moved in, include a 6-year lease with Pensionsmyndigheten in Karlstad comprising 1,900 sq.m.

## SHAREHOLDINGS

Klöver's shareholding in Tribona amounts to 14,517,998 shares corresponding to 29.8 per cent of the total number of outstanding shares. Tribona has been reported as an associated company since 7 June 2013. Klöver's share of profit for the period amounted to SEK –79 million (3). During 2013, the unrealized change in value up to the time of classification as shares in an associated company totalled SEK 49 million for the holding in Tribona at that time.

Tribona specializes in modern and strategically located logistics properties. The property portfolio consists of 24 properties in Sweden and one in Denmark. The lettable area totals 741,000 sq.m. and the property value SEK 5,646 million.

## CASH FLOW

The cash flow from current operations was SEK 528 million (474) and income tax paid amounted to SEK 0 million (0). Investment operations have affected the cash flow by SEK –4,549 million (–800) 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 3,942 million (146). Altogether, the cash flow for the period totals SEK –79 million (–180). Liquid funds at the end of the period amounted to SEK 5 million, compared with SEK 195 million on 30 September 2013.

## FINANCING

At the end of the period, the interest-bearing liabilities amounted to SEK 20,212 million (16,163) and the average financial interest rate for the whole of the financial portfolio was 3.7 per cent (4.3). Net financial income for the period amounted to SEK –585 million (–500), of which financial income was SEK 2 million (7). The average fixed-interest term was 2.0 years (2.7) as of 30 September. Credit volumes with swap agreements are treated as having fixed interest. At the end of the period, Klöver had interest rate swaps totalling SEK 8,168 million (8,317). The average remaining term of derivatives was 4.4 years.

The average period of tied-up capital amounted to 2.3 years (2.0) at the end of the period. Unutilized credit volumes, including unused credit facilities of SEK 361 million (390), totalled SEK 1,254 million (1,306).

Klöver's interest rate swaps and interest rate caps effectively limit the interest rate risk. An increase in short market rates of one percentage point would affect Klöver's average borrowing rate by 0.6 percentage points and Klöver's financial costs by SEK 122 million. Changes in value of derivatives, all of them unrealized, amounted during the period to SEK –424 million (345). On 30 September, the value was SEK –568 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.

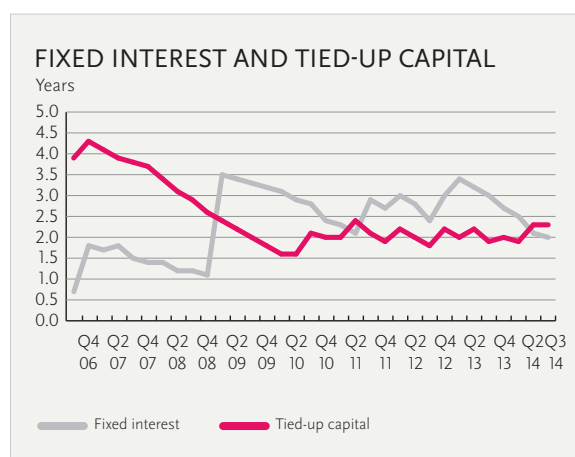
## PROPERTY TRANSACTIONS

During the period, 14 properties (11) have been acquired for a total purchase price of SEK 4,183 million (469). Klöver has sold and handed over 10 properties (11) during the period at a price of SEK 389 million (364).

## 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 period, SEK 654 million (537) was invested. In all, 326 projects (281) are in process and SEK 1,507 million (632) remains to be invested in these projects. Total estimated expenditure for the projects amounts to SEK 2,729 million (1,517).

At the end of the period, assessed building rights and planned building rights totalled 1,432,000 sq.m.(1,397,000). 594,000 sq.m. (587,000) of the building rights are included in local plans. Over half of the building rights included in local plans comprise offices and almost a third housing. The building rights are valued at SEK 884 million (972), corresponding to SEK 617 per sq.m. (695).



## FIXED INTEREST AND TIED-UP CAPITAL

Floating	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Unutilized, SEKm
Floating	12,043	2.8	—	—	—
2014	—	—	934	573	361
2015	1,501	5.1	8,115	7,452	663
2016	600	4.7	1,676	1,606	70
2017	1,075	4.7	7,711	7,551	160
2018	1,193	5.2	2,833	2,833	—
2019	900	5.0	—	—	—
2020	500	4.6	—	—	—
2021	500	4.8	—	—	—
2022	800	5.6	—	—	—
2023	1,100	4.7	—	—	—
Later	—	—	197	197	—
<b>Total</b>	<b>20,212</b>	<b>3.7</b>	<b>21,466</b>	<b>20,212</b>	<b>1,254</b>



## PROPERTIES AND CHANGES IN VALUE

As of 30 September 2014, Klöverns portfolio consisted of 406 properties (402). The rental value amounted to SEK 2,942 million (2,570) and the fair value of the properties was SEK 29,387 million (24,059).

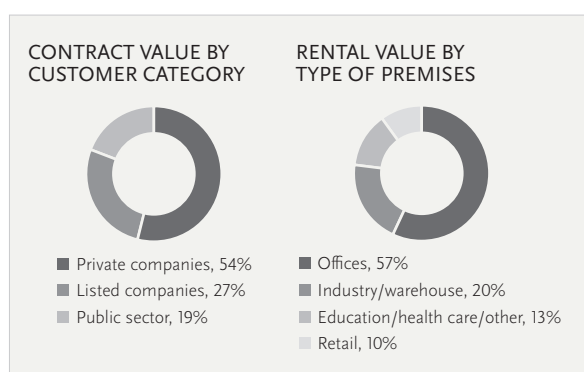
The total lettable area amounted to 2,765,000 sq.m. (2,624,000). The changes in value of the properties amounted to SEK 880 million (–96) during the period. The changes in value include realized changes in value of SEK 8 million (23) and unrealized changes in value of SEK 872 million (–119). The unrealized changes in value do not affect the cash flow. On average, Klöverns property portfolio, as of 30 Septem-

### FAIR VALUE

SEKm	2014 Jan–Sep	2013 Jan–Dec
Fair value, as per January 1	24,059	22,624
Aquisitions	4,183	1,020
Investments	654	830
Sales	–389	–387
Change in value	880	–28
Fair value at the end of the period	29,387	24,059

### 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 due to project, SEKm	Rental value after project, SEKm	Estimated completion, year
Kista/Stockholm	Isafjord 1	Office	26,112	26,112	100	700	644	62	202	2016
Uppsala	Kungsängen 10:1,10:2	Office	11,376	11,376	100	250	178	15	21	2016
Örebro	Vindhjulet 3	Office	19,343	19,343	100	154	112	11	28	2016
Norrköping	Kopparhamaren 2	Education	36,613	5,130	84	99	4	8	46	2014
Alingsås	Fodret 14	Retail	7,700	7,700	100	88	14	10	10	2014
Malmö	Dragör 1	Office	2,322	2,322	100	66	3	5	5	2014
Linköping	Brevduvan 17	Office	7,603	4,998	90	49	4	3	11	2014
Uppsala	Fyrislund 6:6	Warehouse	62,835	2,700	87	44	5	5	102	2014
Karlskrona	Skeppsbron 3	Office	1,980	1,980	100	42	40	5	5	2015
Halmstad	Halmstad 2:49	Office	3,330	3,330	100	32	14	4	6	2015
<b>Total</b>			<b>179,214</b>	<b>84,991</b>		<b>1,524</b>	<b>1,018</b>	<b>128</b>	<b>436</b>	



ber, has been valued with a yield requirement of 6.9 per cent (7.2). The value of the properties has increased, mainly due to investments in connection with new lettings, rising market rents and reduced required yield.

Klövern values 100 per cent of the property portfolio each quarter, normally 20 to 30 per cent of it 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 of valuation principles.

## THE SHARE

As of 30 September, the total number of registered shares in the company was 186,932,360, of which 166,544,360 were common shares and 20,388,000 preference shares. A common share confers entitlement to one vote and a prefer-

## SHAREHOLDERS 30.09.2014

	No. common preference shares, thousands	No. preference shares, thousands	Share of capital, %	Share of votes, %
Corem Property Group	32,200	—	17.2	19.1
Arvid Svensson Invest	26,599	1,180	14.9	15.8
Rutger Arnhult via bolag	18,300	43	9.8	10.9
Länsförsäkringar funds	15,827	—	8.5	9.4
Handelsbanken funds	6,798	—	3.6	4.0
JPM Chase NA	4,936	122	2.7	2.9
Swedbank Robur funds	4,492	84	2.4	2.7
JPMorgan Chase NA	1,293	—	0.7	0.8
Robur Försäkring	1,167	775	1.0	0.7
Client OMI for Ishare Europe	1,163	—	0.6	0.7
SEB Investment Management	1,116	0	0.6	0.7
Aktie-Ansvar funds	1,000	96	0.6	0.6
Avanza Pension	900	661	0.8	0.6
Klöverns Vinstandelsstiftelse	962	30	0.5	0.6
Invus Investment	871	22	0.5	0.5
Skandia funds	794	16	0.4	0.5
JPM Chase NA	785	0	0.4	0.5
State Street BK-West	776	—	0.4	0.5
SSB Client Omnibus ACOM03	769	43	0.4	0.5
JP Morgan Europe Limited	754	—	0.4	0.4
<b>Total largest shareholders</b>	<b>121,502</b>	<b>3,072</b>	<b>66.4</b>	<b>72.4</b>
Other shareholders	45,042	17,316	33.6	27.6
<b>Total outstanding shares</b>	<b>166,544</b>	<b>20,388</b>	<b>100.0</b>	<b>100.0</b>
Repurchased own shares	—	—		
<b>Total registered shares</b>	<b>166,544</b>	<b>20,388</b>		

## 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
11.04.2014	New issue			987,468	19,823,806	931,840,830
28.05.2014	New issue			564,194	20,388,000	934,661,800
30.09.2014	Closing balance		166,544,360		20,388,000	934,661,800

ence share to a tenth of a vote. Klöver's shares are listed on NASDAQ OMX Stockholm Mid Cap. On 30 September, the share price was SEK 34.80 per common share (28.50) and SEK 163.50 per preference share (150.00), corresponding to a total capitalization of SEK 9,129 million (7,527). At the end of the period, the number of shareholders was around 36,200 (35,800). 80 per cent (83) of the total number of shares are Swedish-owned. Klöver does not hold any common shares or preference shares.

During the period new issues of preference shares have taken place on three occasions comprising 1,851,662 preference shares. The issues have been made with departure from the shareholders' preferential rights.

On 23 September Klöver sent out a notice to attend an extraordinary general meeting at which the agenda will include resolutions regarding the introduction of class B common shares through a bonus issue and authorization for the board to decide on new issues of preference shares.

## 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 are properties under current and active management. Development properties are 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–Sep	2013 Jan–Sep	2014 Jan–Sep	2013 Jan–Sep	2014 Jan–Sep	2013 Jan–Sep	2014 Jan–Sep	2013 Jan–Sep	2014 Jan–Sep	2013 Jan–Sep
South	247	228	–92	–82	154	146	63	64	139	94
East	474	437	–157	–166	317	271	67	62	145	215
Stockholm	713	554	–223	–191	490	363	69	66	236	125
Central/North	429	411	–153	–158	277	253	64	62	134	103
Investment	1,783	1,524	–564	–533	1,218	991	68	65	482	444
Development	80	106	–61	–64	20	42	25	40	172	93
<b>Total</b>	<b>1,863</b>	<b>1,630</b>	<b>–625</b>	<b>–597</b>	<b>1,238</b>	<b>1,033</b>	<b>66</b>	<b>63</b>	<b>654</b>	<b>537</b>

### KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Required yield <sup>1)</sup> , %		Area, 000 sq.m.		Rental value, SEKm		Ec. occupancy rate, %	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013
South	3,851	3,460	7.4	7.6	521	502	366	349	90	90
East	6,268	5,502	7.2	7.4	762	712	712	649	91	90
Stockholm	13,915	9,263	6.5	6.9	766	637	1,228	865	90	89
Central/North	5,353	4,945	7.5	7.5	716	689	636	622	89	89
Investment	27,288	20,766	6.9	7.2	2,447	2,182	2,759	2,264	92	92
Development	2,099	2,404	7.7	7.5	318	358	183	221	56	65
<b>Total</b>	<b>29,387</b>	<b>23,170</b>	<b>6.9</b>	<b>7.2</b>	<b>2,765</b>	<b>2,540</b>	<b>2,942</b>	<b>2,485</b>	<b>90</b>	<b>89</b>

<sup>1)</sup> Required yield are estimated excluding building rights.

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

Stockholm: Kista, Globen, Greater Stockholm and Uppsala. Central/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.



Kopparhammaren 2  
in Norrköping.

## ORGANIZATION AND ENVIRONMENT

Klövern's business model entails closeness to the customer by having our own local staff at all 18 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, Globen, Greater Stockholm and Uppsala) and Centre/North (Karlstad, Västerås, Örebro, Falun/Säter and Härnösand/Sollefteå).

At the end of the period, Klöver had 192 employees (189). Their average age was 45 (46) and the proportion of women amounted to 42 per cent (40). Since 2011, the company has been certified in accordance with the Swedish Environmental Standard (Svensk Miljöbas).

## TAX

Deferred tax of SEK –32 million (–13) 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 –81 million (–121). The deferred tax liability has risen by SEK 44 million because of deficits in acquired companies. In total an effect on deferred tax is included with SEK –69 million (–134) and on current tax with SEK 0 million (0).

During the second quarter, the Supreme Administrative Court has granted leave to appeal as regards the tax surcharge of SEK 77 million imposed on Klöver by the Tax Agency for the taxation year of 2008. Klöver has won in lower instances.

## SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

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

## DISPUTES

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

## 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 AB 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 all essentials those described in note 1 of Klöver AB's Annual Report for 2013.

On 30 September, Klöver AB's shareholding in Tribona AB (publ.) amounted to 29.8 per cent. Holdings which exceed 20 per cent, but is less than 50 per cent of the votes, is reported as participation rights in associated companies and Klöver AB is therefore reporting the shareholding in Tribona AB (publ.) as participation rights in associated companies from 7 June 2013. The holding is reported in accordance with the equity method. This means that the book value for the group of the holding is adjusted downwards by Klöver AB'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 of 7 June 2013 when the company became an associated company. The holding in Tribona has affected Klöver AB's statement of income in the following way:

- Dividend during 2013 is reported in the net financial income.
- Change of value up until 7 June 2013 is reported as Change in value, financial assets.
- Klöver AB's share of Tribona's net profit for the period is reported as Shares of profit in an associated company.
- Klöver AB's share of Tribona's other comprehensive income is reported as Other comprehensive income.

The new interpretation of IFRIC 21: Levies will be applied from the accounting year of 2015.

## DIVIDEND

During the second quarter, a dividend of SEK 1.50 (1.50) per common share, totalling SEK 250 million, has been paid. During each quarter of the period, a dividend of SEK 2.50 (2.50) per preference share has been paid, totalling SEK 144 million.

Nyköping, 22 October 2014

The Board of Directors of Klöver AB (publ.)

## AUDITOR'S REPORT

To the Board of Klöver AB (publ.)

Reg. No. 556482-5833

### Introduction

We have conducted a review of the financial information presented in summary form (interim report) by Klöver AB as of 30 September 2014 and the nine-month period that ended on that date. The Board and the CEO are responsible for drawing up and presenting this interim report pursuant to IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

### The focus and extent of the review

We have conducted our review in compliance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review involves posing questions, primarily to those responsible for financial and accounting matters, undertaking an analytical review and applying other review procedures. A review has a different focus and is substantially less extensive than the focus and extent that would otherwise apply to an audit pursuant to the International Standards on Auditing and sound auditing practice.

The auditing procedures adopted during a review do not enable us to acquire a degree of certainty that we are aware of all the important circumstances that could have been identified if an audit had been undertaken. The opinion expressed on the basis of a review does not therefore have the certainty that characterizes an opinion expressed on the basis of an audit.

### Conclusion

On the basis of our review no circumstances have come to light that give us reason to consider that the interim report has not in all material respects been drawn up for the group in compliance with IAS 34 and the Annual Accounts Act and, where the parent company is concerned, as laid down in the Annual Accounts Act.

Stockholm, 22 October 2014

Ernst & Young AB

Fredric Hävrén

Chartered Accountant

## Consolidated Income Statement

SEKm	2014 3 months Jul-Sep	2013 3 months Jul-Sep	2014 9 months Jan-Sep	2013 9 months Jan-Sep	2013 12 months Jan-Dec	Rolling 12 months Oct-Sep
Income	641	549	1,863	1,630	2,220	2,453
Property costs	-197	-186	-625	-597	-828	-856
<b>Operating surplus</b>	<b>444</b>	<b>363</b>	<b>1,238</b>	<b>1,033</b>	<b>1,392</b>	<b>1,597</b>
Central administration	-20	-17	-59	-57	-78	-80
Net financial items	-199	-175	-585	-500	-678	-763
<b>Profit from property management</b>	<b>225</b>	<b>171</b>	<b>594</b>	<b>476</b>	<b>636</b>	<b>754</b>
Share in earnings of associated companies	-23	-5	-79	3	5	-77
Changes in value, properties	152	18	880	-96	-28	948
Changes in value, derivatives	-105	28	-424	345	337	-432
Changes in value, financial assets	—	0	—	71	71	—
Write-down of goodwill	-1	-7	-10	-33	-34	-11
<b>Profit before tax</b>	<b>248</b>	<b>205</b>	<b>961</b>	<b>766</b>	<b>987</b>	<b>1,182</b>
Current tax	0	—	0	0	-1	-1
Deferred tax	-27	-14	-69	-134	-178	-113
<b>Net profit for the period</b>	<b>221</b>	<b>191</b>	<b>892</b>	<b>632</b>	<b>808</b>	<b>1,068</b>
Other comprehensive income, items which may later be reversed in the income statement	2	-10	2	-2	-2	2
<b>Comprehensive income for the period</b>	<b>223</b>	<b>181</b>	<b>894</b>	<b>630</b>	<b>806</b>	<b>1,070</b>
Earnings per common share, SEK	1.02	0.87	4.46	2.96	3.75	5.24
Earnings per preference share, SEK	2.50	2.50	7.31	7.50	10.00	9.58
No. of common shares outstanding at the end of the period, million	166.5	166.5	166.5	166.5	166.5	166.5
No. of preference shares outstanding at the end of the period, million	20.4	18.5	20.4	18.5	18.5	20.4
Average no. of outstanding common shares, million	166.4	166.5	166.5	166.3	166.3	166.5
Average no. of outstanding preference shares, million	20.4	18.5	19.6	18.5	18.5	19.4

There are no outstanding warrants or convertibles.

## Consolidated Balance Sheet

SEKm	30.09.2014	30.09.2013	31.12.2013
<b>ASSETS</b>			
Goodwill	245	257	255
Investment properties	29,387	23,170	24,059
Machinery and equipment	12	12	12
Participation rights in associated companies	492	478	488
Financial assets at fair value through statement of income	38	—	32
Other receivables	363	270	300
Liquid funds	5	195	84
<b>TOTAL ASSETS</b>	<b>30,542</b>	<b>24,382</b>	<b>25,230</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	7,925	7,022	7,198
Minority interest	0	0	0
Deferred tax liability	929	813	861
Interest-bearing liabilities	20,212	15,634	16,163
Derivatives	568	88	144
Accounts payable	111	90	193
Other liabilities	141	156	132
Accrued expenses and prepaid income	656	579	539
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>30,542</b>	<b>24,382</b>	<b>25,230</b>

## Change in Consolidated Shareholders' Equity

SEKm	
Shareholders' equity 31.12.2012	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	287
Dividend	-454
Other comprehensive income	2
Net profit for the period	892
Shareholders' equity 30.09.2014	7,925

## Consolidated Cash Flow Statement

SEKm	2014 3 months Jul-Sep	2013 3 months Jul-Sep	2014 9 months Jan-Sep	2013 9 months Jan-Sep	2013 12 months Jan-Dec
<b>Current operations</b>					
Profit from property management	225	171	594	476	636
Adjustment for items not included in the cash flow	1	1	3	3	3
Income tax paid	0	0	0	0	-1
Cash flow from current operations before change in working capital	226	172	597	479	638
<b>Changes in working capital</b>					
Change in operating receivables	157	19	-55	-34	-93
Change in operating liabilities	-109	18	-14	29	112
Total change in working capital	48	37	-69	-5	19
Cash flow from current operations	274	209	528	474	657
<b>Investment operations</b>					
Divestment of properties	59	156	389	324	346
Acquisition of and investment in properties	-340	-436	-4,837	-1,008	-1,850
Acquisition of machinery and equipment	-1	-1	-3	-1	-1
Change in financial assets	-3	-38	-98	-137	-142
Realized change in value, financial assets	—	—	—	22	22
Cash flow from investment operations	-285	-319	-4,549	-800	-1,625
<b>Financing operations</b>					
Change in interest-bearing liabilities	56	274	4,049	404	934
Realized change in value, derivatives	—	—	—	—	47
Sale of own shares	—	—	—	131	131
New issue of preference shares	—	—	287	—	—
Dividend	-51	-46	-394	-389	-435
Cash flow from financing operations	5	228	3,942	146	677
Total cash flow	-6	118	-79	-180	-291
Liquid funds at the beginning of the period	11	77	84	375	375
Liquid funds at the end of the period	5	195	5	195	84

## Parent Company Income Statement

SEKm	2014 3 months Jul–Sep	2013 3 months Jul–Sep	2014 9 months Jan–Sep	2013 9 months Jan–Sep	2013 12 months Jan–Dec
Net sales	46	41	132	132	185
Cost of services sold	–33	–30	–104	–103	–143
<b>Gross profit</b>	<b>13</b>	<b>11</b>	<b>28</b>	<b>29</b>	<b>42</b>
Central administration	–20	–17	–59	–57	–78
<b>Operating profit</b>	<b>–7</b>	<b>–6</b>	<b>–31</b>	<b>–28</b>	<b>–36</b>
Net financial items	–109	–68	–282	–133	634
<b>Profit before tax</b>	<b>–116</b>	<b>–74</b>	<b>–313</b>	<b>–161</b>	<b>598</b>
Current tax	—	—	—	—	—
Deferred tax	—	–9	—	–21	–7
<b>Net profit for the period</b>	<b>–116</b>	<b>–83</b>	<b>–313</b>	<b>–182</b>	<b>591</b>
Other comprehensive income	—	—	—	—	—
<b>Comprehensive income for the period</b>	<b>–116</b>	<b>–83</b>	<b>–313</b>	<b>–182</b>	<b>591</b>

## Parent Company Balance Sheet

SEKm	30.09.2014	30.09.2013	31.12.2013
<b>ASSETS</b>			
Machinery and equipment	4	3	3
Participation rights in group companies	1,875	1,839	1,850
Participation rights in other companies	522	429	435
Receivables from group companies	17,818	10,245	11,338
Deferred tax assets	339	325	339
Accounts receivables	41	37	33
Liquid funds	146	1	97
<b>TOTAL ASSETS</b>	<b>20,745</b>	<b>12,879</b>	<b>14,095</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	4,893	4,600	5,373
Interest-bearing liabilities	8,869	4,901	5,066
Liabilities to group companies	6,734	3,158	3,471
Accounts payable	4	3	8
Other liabilities	168	151	108
Accrued expenses and prepaid income	77	66	69
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,745</b>	<b>12,879</b>	<b>14,095</b>

## Key ratios

	30.09.2014 3 months Jul–Sep	30.09.2013 3 months Jul–Sep	30.09. 2014 9 months Jan–Sep	30.09. 2013 9 months Jan–Sep	30.09.2014 12 months Oct–Sep	2013	2012	2011	2010
<b>Property</b>									
Number of properties	406	390	406	390	406	402	387	255	250
Lettable area, 000 sq.m.	2,765	2,540	2,765	2,540	2,765	2,624	2,529	1,561	1,528
Rental value, SEKm	2,942	2,485	2,942	2,485	2,942	2,570	2,468	1,554	1,486
Fair value properties, SEKm	29,387	23,170	29,387	23,170	29,387	24,059	22,624	14,880	13,493
Yield requirement valuation, %	6.9	7.2	6.9	7.2	6.9	7.2	7.2	7.1	7.2
Operating margin, %	69	66	66	63	65	63	62	63	60
Occupancy rate, economic, %	90	89	90	89	90	90	88	89	89
Occupancy rate, area, %	82	81	82	81	82	82	81	80	79
Average lease term, years	3.5	3.5	3.5	3.5	3.5	3.5	3.4	2.8	2.8
<b>Financial</b>									
Return on equity, %	2.8	2.7	11.8	9.1	14.4	11.6	5.8	10.1	14.0
Equity ratio, %	25.9	28.8	25.9	28.8	25.9	28.5	28.1	31.6	33.0
Equity ratio, adjusted, %	29.7	31.5	29.7	31.5	29.7	31.4	31.9	35.8	35.1
Leverage, %	67	65	67	65	67	65	64	63	63
Leverage properties, %	57	57	57	57	57	57	59	63	63
Interest coverage ratio	2.1	2.0	2.0	1.9	2.0	1.9	1.9	2.2	2.8
Average interest, %	3.7	4.3	3.7	4.3	3.7	4.3	4.3	4.2	3.6
Average fixed-interest period, years	2.0	3.0	2.0	3.0	2.0	2.7	3.0	2.7	2.4
Average period of tied-up capital, years	2.3	1.9	2.3	1.9	2.3	2.0	2.2	1.9	2.0
Interest-bearing liabilities, SEKm	20,212	15,634	20,212	15,634	20,212	16,163	15,229	9,345	8,517
<b>Share</b>									
Earnings per common share, SEK	1.02	0.87	4.46	2.96	5.24	3.75	1.24	2.89	3.76
Earnings per preference share, SEK	2.50	2.50	7.31	7.50	9.58	10.00	7.52	—	—
Equity per share, SEK	42.40	37.94	42.40	37.94	42.40	38.90	37.18	29.48	28.08
Share price common share at end of period, SEK	34.80	28.00	34.80	28.00	34.80	28.50	25.60	25.90	34.00
Share price preference share at end of period, SEK	163.50	147.75	163.50	147.75	163.50	150.00	136.75	—	—
Market capitalization, SEKm	9,129	7,402	9,129	7,402	9,129	7,527	6,670	4,165	5,467
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	166.5
Total no. of outstanding common shares at end of period, million	166.5	166.5	166.5	166.5	166.5	166.5	161.5	160.8	160.8
Total no. of registered preference shares at end of period, million	20.4	18.5	20.4	18.5	20.4	18.5	18.5	—	—
Total no. of outstanding preference shares at end of period, million	20.4	18.5	20.4	18.5	20.4	18.5	18.5	—	—
Dividend per common share, SEK	—	—	—	—	—	1.50	1.50	1.25	1.50
Dividend per preference share, SEK	—	—	—	—	—	10.00	10.00	10.00	—
Dividend in relation to profit from property management, %	—	—	—	—	—	68	83	79	55

## 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 adjusted for goodwill 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

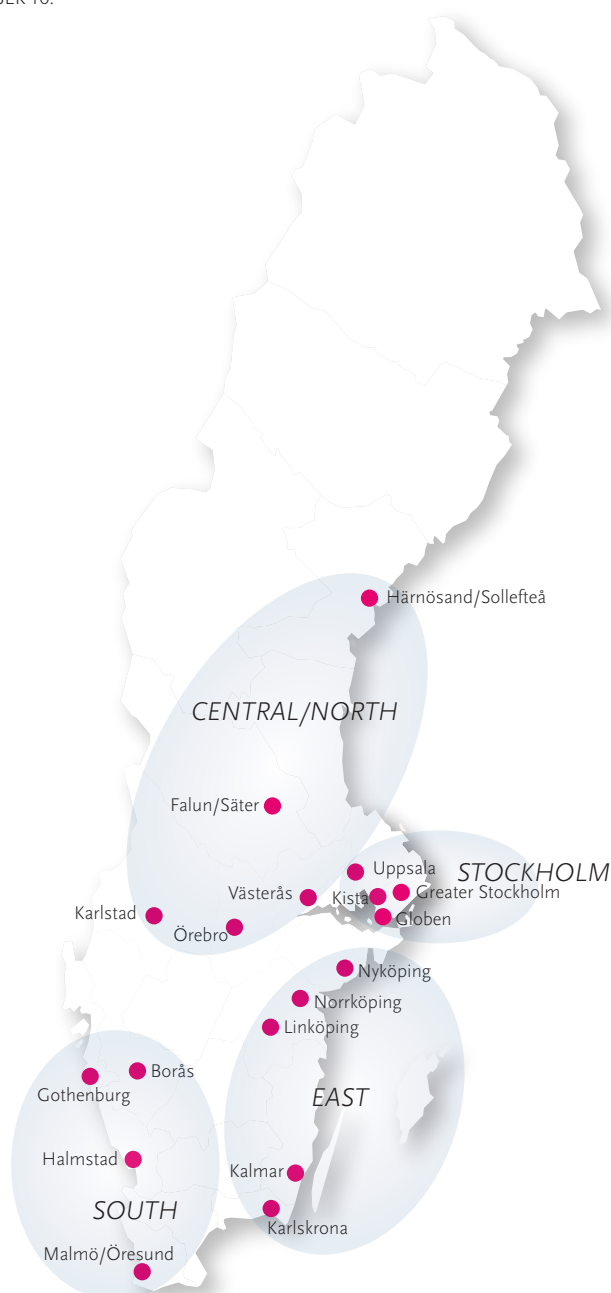
Profit for the period, after deduction for earnings to preference shares, in relation to average number of outstanding shares.

#### 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

Extraordinary general meeting	22 Oct 2014
Final day for trading conferring right to dividend to preference shareholders	23 Dec 2014
Record date for dividend to preference shareholders	30 Dec 2014
Expected date for dividend to preference shareholders from Euroclear	7 Jan 2015
Year-end report, 2014	11 Feb 2015
Final day for trading conferring right to dividend to preference shareholders	27 March 2015
Record date for dividend to preference shareholders	31 March 2015
Expected date for dividend to preference shareholders from Euroclear	7 April 2015
Interim report Jan–March 2015	23 April 2015
Annual General Meeting	23 April 2015

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This information is such that Klöver AB (publ) is obliged to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was made available for publication on 22 October 2014.

# KLÖVERN