

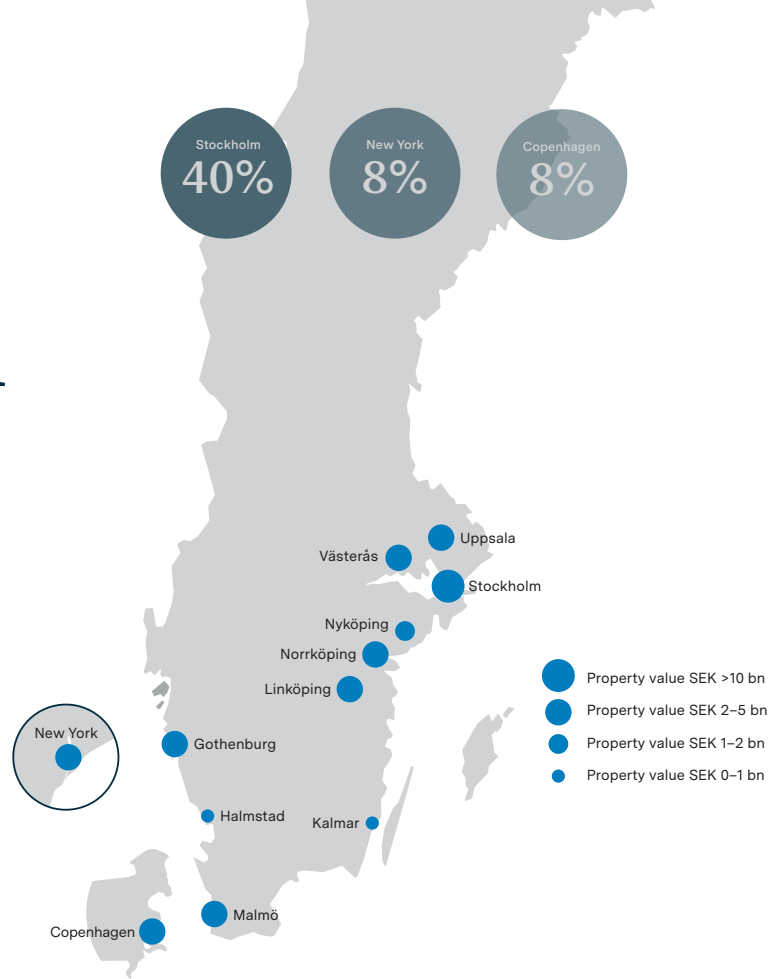
# Interim Report January–September 2020



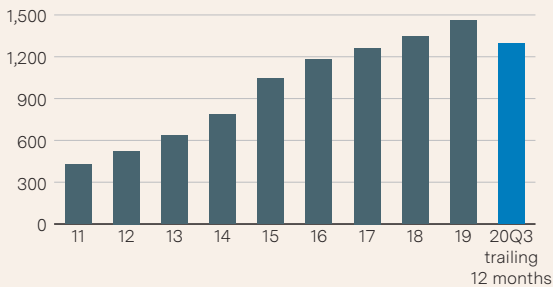
KLÖVERN

# This is Klöver

Klöver is one of Sweden's largest listed real estate companies, mainly focusing on commercial properties.



PROFIT FROM PROPERTY MANAGEMENT, SEKm

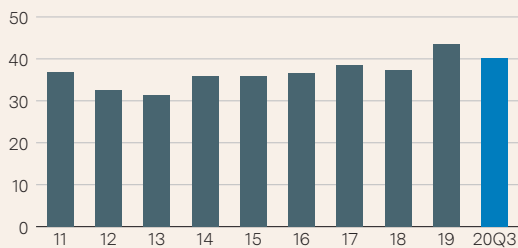


PROPERTY VALUE BY TYPE OF PROPERTY, %

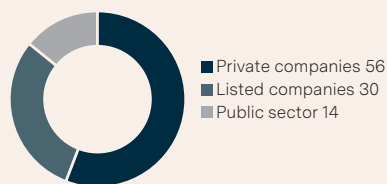


\*) Including education, health care, other.

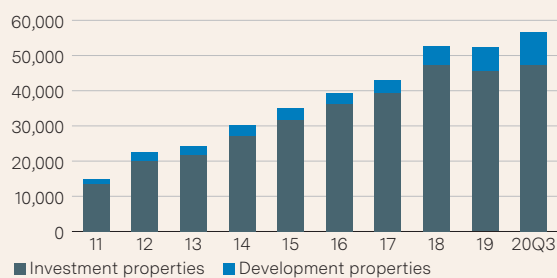
EQUITY RATIO, adjusted, %



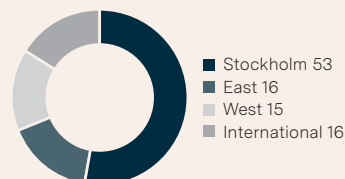
CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE, SEKm



PROPERTY VALUE BY REGION, %



# January–September 2020

- » Income amounted to SEK 2,457 million (2,738). The decline is due to divestment of properties during 2019, including the whole portfolio in Karlstad and all investment properties in Örebro. For a comparable portfolio, i.e. properties owned for the whole of 2019 and 2020, income amounted to SEK 2,350 million (2,357).
- » The operating surplus amounted to SEK 1,664 million (1,894). For a comparable portfolio the operating surplus amounted to SEK 1,615 million (1,615).
- » Profit from property management amounted to SEK 982 million (1,149).
- » Profit before tax amounted to SEK 1,661 million (2,140) and net profit, attributable to the parent company's shareholders, totalled SEK 1,299 million (1,688), corresponding to SEK 1.20 (1.68) per ordinary share.
- » Changes in value of properties totalled SEK 818 million (1,097).
- » Project development, including development of building rights, contributed to increases in value of properties of SEK 246 million (241).
- » After taking possession of 6 properties for SEK 2,334 million, transfer of possession of 3 properties for SEK 379 million and investments of SEK 1,710 million, the value of the property portfolio amounted to SEK 56,619 million.
- » The interest coverage ratio amounted to 2.6 (2.7), leverage to 53 per cent (50) and the adjusted equity ratio to 40.2 per cent (43.5).
- » The net asset value (NRV) per ordinary share amounted to SEK 22.10 (21.17).

347

Number  
of properties

56.6

Value of  
properties,  
SEKbn

3.8

Rental value,  
SEKbn

40.2

Equity ratio,  
adjusted, %

# Good earnings in a recovering market

The year 2020, due to covid-19, is a year like no other. We can, however, see that Klöver's business is long-term, stable and is delivering good results completely according to plan in a market which is now recovering. We are favoured by our contracted rental income and also by the composition of our tenants, who have generally succeeded in dealing with the current market conditions without too great an impact.



## GOOD EARNINGS

Kløvern's earnings for the first nine months of the year are in line with our expectations. Earnings were positively affected by efficient property management. For a comparable portfolio, both income and the operating surplus were on the same level as the corresponding period in 2019.

Profit from property management amounted to SEK 982 million and after positive changes in value of properties of SEK 818 million, profit before tax was SEK 1,661 million. The return on equity during the past 12 months amounted to 13 per cent.

## MARKET RECOVERY

It is gratifying to see that a number of macroeconomic indicators now show that the economy is recovering. This is, of course, taking place from the second quarter's depressed levels but everything indicates that the sharp drop in business activity during the spring is now behind us. We can also see that the market is recovering by higher demand in the rental and transaction markets and by improving financing prospects in the capital market. We can also note that our tenants are to an increasing extent back in their offices.

## NET MOVING-IN REFLECTS THE SLOWDOWN IN THE FIRST HALF

In total, external net moving-in amounted to SEK -46 million during the third quarter, which is a direct effect of the slowdown of the letting market in the first half of the year. The single largest explanation for the negative net moving-in is a hotel vacation which has had an impact of SEK -16 million. However, from October onwards, the hotel is operating again. Despite a weaker business climate during the spring, we have also welcomed a number of new tenants during the third quarter such as the Municipality of Kalmar, Linköping University and the Swedish Transport Administration.

## PROJECT DEVELOPMENT CREATES VALUE

Project development has a key role in our business model and also positions Klöver as a long-term urban developer.

## ”I look forward to a good conclusion to 2020”

On 30 September, development properties accounted for 16 per cent of our total property value and during the first nine months of the year investments amounted to SEK 1,710 million. The ongoing projects are expected to have a big positive effect on net-moving in during the coming two years.

Our two largest ongoing commercial projects, both in New York, are continuing according to plan and are expected to be completed in the second quarter of 2021 and the first quarter of 2022, respectively. The residential market has continued to be stable in recent months, which is gratifying. In October, construction was started of the first phase – consisting of 60 apartments – of the Nacka Strand 1 project.

In total, project development, including development of building rights, contributed to increases in value of properties of SEK 246 million during the first three quarters of 2020.

### INCREASED FINANCIAL STRENGTH

During 2020, we placed particular emphasis on securing good long-term financing and on further reinforcing our financial strength. During the second quarter, Klöverner financed SEK 5 billion in existing bank loans and secured bonds. We also obtained new loans and credit decisions for new loans of over SEK 4 billion. In June, Klöverner subsequently obtained an investment grade rating (BBB- with stable outlook) from Scope Ratings which is positive for future financing.

With a view to making use of the opportunities that we see for continued value creation by refinement and development of the building rights portfolio, selective acquisitions and to maintain a balance between equity and debt, Klöverner's board resolved at the beginning of October, subject to approval at an Extraordinary General Meeting on 13 November 2020, to carry out a fully covered rights issue of approximately SEK 2 billion with preferential rights for existing holders of ordinary shares. In October, we also announced that SEK 2 billion of green bonds, with maturity in 2024, had been issued.

The financial key figures – for example equity ratio, leverage and interest coverage ratio – will be further strengthened by these measures.

### FOCUSED PROPERTY PORTFOLIO

Through persistent effort over many years, we have in accordance with our strategy focused the property portfolio on the growth locations and markets where we wish to be long-term owners. In October, we have taken possession of a couple of smaller, but strategically important acquisitions at Fiskhamnen in Gothenburg and at Uppsala Business Park. At the end of the third quarter, the total value of the property portfolio was SEK 57 billion, of which the foreign portfolio in Copenhagen and New York accounted for 16 per cent.

### A CLOSE DIALOGUE WITH TENANTS

Klöverner's tenants have, in general, been affected to a relatively small extent by the pandemic. A limited part of the customer base, not least in the hotel, restaurant and fairs sectors, has for natural reasons faced greater challenges. We have a very close dialogue with the tenants who have requested some form of rent relief and an assessment has been made in each particular case whether there are prerequisites, for, for example, discounts and respite in combination with the rental assistance provided by the government. A number of tenants have at an early stage been offered the possibility of paying rents on a monthly basis instead of quarterly.

Adjusted for the tenants who pay on a monthly basis, the rental payments received by Klöverner and those assessed as secure totalled as at 19 October 2020 98 per cent of the invoiced rents for the fourth quarter. At the corresponding time in 2019, 99 per cent of the rents had been received.

In summary, it can be noted that we deliver good earnings despite conditions in 2020 being special and challenging. The development of the pandemic in recent weeks in Europe may affect the pace of the economic recovery. But with a reservation for this uncertainty factor, I still look forward to a good conclusion to this peculiar year.

Rutger Arnhult, CEO Klöverner

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

### INCOME AND EXPENSES

Income amounted to SEK 808 million (921) during the third quarter of the year. Income was positively affected by rising rental levels but negatively affected by net divestment of properties during 2019, including the whole portfolio in Karlstad and all investment properties in Örebro. Discounts related to covid-19 had a negative effect amounting to SEK 1 million during the quarter. For a comparable portfolio, i.e. properties owned for the whole of 2019 and 2020, income amounted to SEK 774 million (787).

Property costs totalled SEK 228 million (270). Provision for and actual rent losses amounted to SEK 1 million in the third quarter. For a comparable portfolio property costs amounted to SEK 220 million (231). Central administration costs amounted to SEK 30 million (29).

### PROFIT

The operating surplus amounted to SEK 580 million (651) during the quarter. The operating surplus for a comparable portfolio amounted to SEK 554 million (556). The operating margin amounted to 72 per cent (71). The profit from property management amounted to SEK 365 million (395).

Profit before tax amounted to SEK 393 million (728) and was affected, among other things, by SEK 33 million (327) relating to changes in value of properties. During the

12-month period up to and including 30 September 2020, the return on equity amounted to 12.9 per cent (18.1).

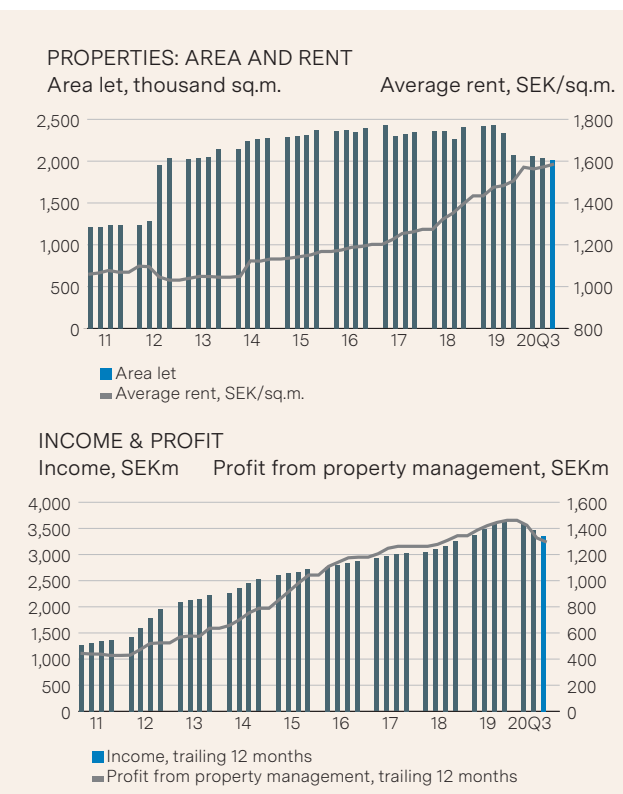
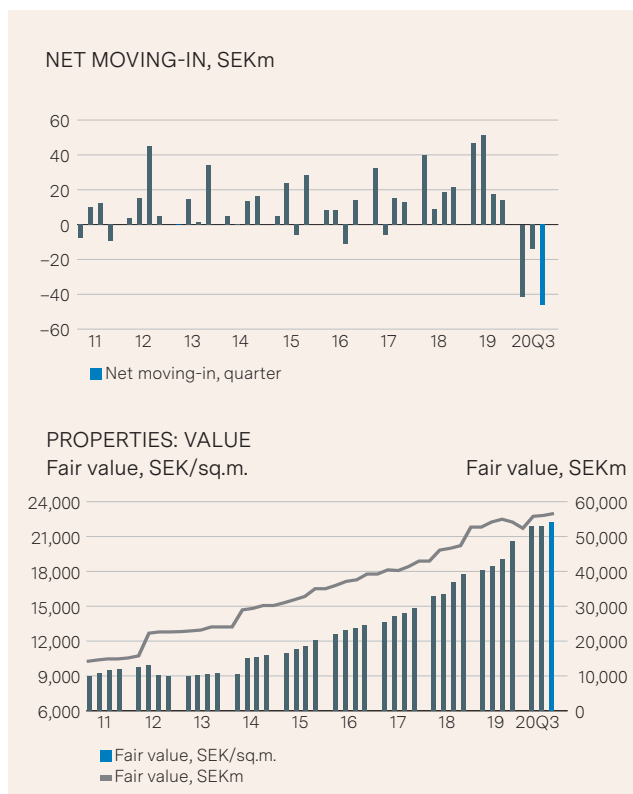
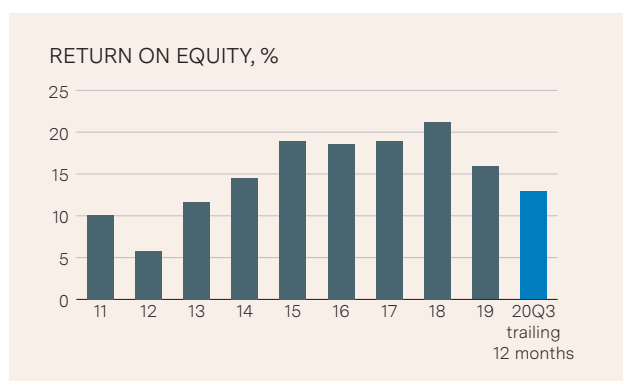
### EXTERNAL NET MOVING-IN AND THE OCCUPANCY RATE

External net moving-in amounted to SEK –46 million (17) during the third quarter.

Among the largest tenants moving in during the quarter were the Municipality of Kalmar with 3,029 sq.m. in Kalmar and Svenska Handelsbanken with 1,082 sq.m. in Västerås.

Two of the largest tenants moving out during the quarter were Fairway Center on 2,639 sq.m. and Sund og Bælt Holding on 973 sq.m, both in Copenhagen.

Among the larger contracts that were signed during the third quarter, where the tenant has not yet moved in, are a 5-year lease with NetOnNet for 2,878 sq.m. in Norrköping



and a 5-year lease with Increment Security Group Gothia for 889 sq.m. in Gothenburg.

The average remaining lease contract period as at 30 September was 3.5 years (3.6). The economic occupancy rate for all properties amounted to 88 per cent (90) and the area-based occupancy rate was 79 per cent (81). The economic occupancy rate for investment properties was 90 per cent (92) and for development properties 67 per cent (71).

## CASH FLOW

The cash flow from current operations amounted during the quarter to SEK 393 million (424). Investment operations have affected the cash flow by a net SEK –642 million (1,145), mainly by a combination of property transactions and investments in existing properties. Financing operations have affected the cash flow by SEK –198 million (–1,842). In total, the cash flow amounted to SEK –447 million (–273). Liquid assets at the end of the quarter amounted to SEK 649 million, compared with SEK 425 million as at 30 September 2019.

## FINANCING

On 30 September 2020, the interest-bearing liabilities amounted to SEK 34,955 million (31,653). Accrued borrowing overheads totalled SEK 119 million, which means that the reported interest-bearing liabilities in the balance sheet total SEK 34,836 million (31,538). The average financing rate for the whole financial portfolio was 2.4 per cent (2.3). Net financial income, including residential development, amounted during the quarter to SEK –196 million (–216), of which financial income accounted for SEK 0 million (2) and site leasehold expenses amounted to SEK –12 million (–11). The interest coverage ratio during the quarter amounted to 2.9 (2.9) and to 2.5 (2.6) during the 12-month period up to and including 30 September 2020.

The average period of fixed interest at the end of the quarter was 3.1 years (2.5). Credit volumes with swap agreements or interest rate caps are treated as having fixed interest. At the end of the period, Klöver had interest rate swaps totalling SEK 6,500 million (4,415) and interest rate caps totalling SEK 24,000 million (24,000). The average

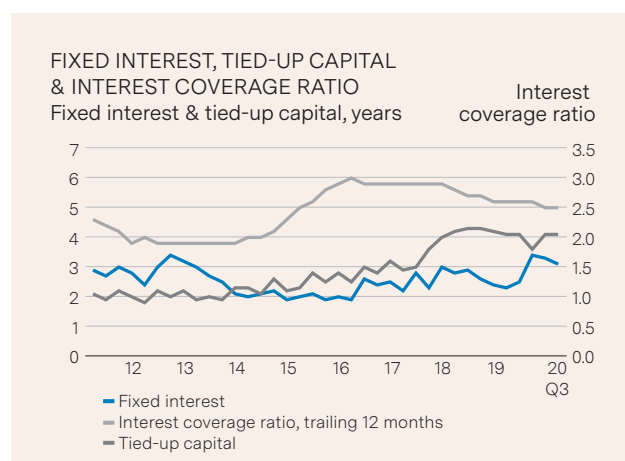
remaining term of derivatives amounted to 3.3 years. The share of credit volume that is hedged or at a fixed rate amounted to 90 per cent.

The average period of tied-up capital was 4.1 years (4.1) as at 30 September. Unutilized credit volumes, including unutilized overdraft facilities of SEK 558 million (558), amounted to SEK 2,159 million (3,760).

Klöver's interest-bearing liabilities are mainly secured by mortgages in properties. Unsecured interest-bearing liabilities consist of outstanding commercial paper and unsecured bonds, SEK 1,840 million (2,472) and SEK 6,000 million (6,950) respectively at the end of the period and utilized overdraft facilities of SEK 0 million (0). The commercial paper programme has a framework amount of SEK 4,000 million.

Klöver has a secured Medium-Term Note programme (MTN) with a framework amount of SEK 10,000 million, secured by a property as underlying asset and fully covered by property mortgage certificates. On 30 September, SEK 450 million had been issued within the framework amount.

Derivatives effectively limit the interest rate risk. An increase in short market rates of one percentage point normally affects Klöver's average borrowing rate by 0.8 percentage points. The effect of larger interest rate increases is



## FIXED INTEREST AND TIED-UP CAPITAL

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unutilized, SEKm
Floating <sup>1</sup>	27,481	—	—	—	—
2020	—	2,998 <sup>2</sup>	2,990	1,500	8
2021	51	8,920	7,595	1,750	1,325
2022	14	8,540	7,714	2,500	826
2023	—	6,315	6,315	700	—
2024	909	832	832	—	—
2025	—	5,150	5,150	—	—
Later	6,500	4,359	4,359	—	—
<b>TOTAL</b>	<b>34,955</b>	<b>37,114</b>	<b>34,955</b>	<b>6,450</b>	<b>2,159</b>

1) SEK 24,000 million of Floating volume is covered by interest-rate caps.

2) Adjusted for the refinancing of a bond in October, and commercial paper with back-up facilities, SEK 75 million remains.

significantly limited by interest rate caps. Changes in value of derivatives totalled SEK –1 million (6) during the quarter. As of 30 September, the value was SEK –135 million (–65).

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

At the end of the quarter, the adjusted equity ratio was 40.2 per cent (43.5).

### COMPULSORY REDEMPTION OF TOBIN PROPERTIES

The housing developer Tobin Properties is consolidated in Klöver from 4 April 2018.

At the start of 2019, Klöver's shareholding in Tobin Properties amounted to 34,018,591 ordinary shares and 18,378 Class A preference shares, corresponding to 81.2 per cent of the share capital and 82.9 per cent of the voting rights. Subsequently, ownership has changed as follows.

In February 2019, Klöver acquired 1,423,260 ordinary shares. Ownership then amounted to 35,441,851 ordinary shares and 18,378 Class A preference shares, corresponding to 84.6 per cent of the share capital and 86.4 per cent of the voting rights.

In May 2019, Klöver acquired 869,374 ordinary shares and subsequently subscribed to 77,974,320 ordinary shares through a rights issue. After registration of the rights issue, the ownership amounted to 114,285,545 ordinary shares and 18,378 Class A preference shares, corresponding to 92.4 per cent of the share capital and 93.0 per cent of the voting rights. In June 2019, Klöver requested compulsory redemption of all remaining shares in Tobin Properties. At the end of the same month, Tobin Properties was delisted from Nasdaq First North.

In accordance with the redemption clause in Tobin Properties' articles of association, Tobin Properties decided in November on compulsory redemption of all 1,000,242 Class A preference shares for SEK 110 per share. Redemption of the preference shares was completed in December 2019.

During the third and fourth quarters of 2019, Klöver acquired an additional 325,811 and 128,393 ordinary shares. Ownership as of 31 December 2019 then amounted to 114,739,749 ordinary shares, corresponding to 93.5 per cent of the share capital and 93.5 per cent of the voting rights.

During the first and second quarter of 2020, Klöver acquired an additional 242,715 and 8,622 ordinary shares. The ownership as of 30 September 2020 amounted to 114,991,086 ordinary shares corresponding to 93.7 per cent of the share capital and the voting rights.

### LISTED SHAREHOLDINGS

Klöver's holding of its own shares amounted on 30 September 2020 to 90,956,740 class B ordinary shares, corresponding to 9.8 per cent of the total number of registered shares. The shares were acquired for a net total of SEK 984 million, corresponding to SEK 10.82 per share. As of 30 Sep-

tember, Klöver's holding of its own shares was worth SEK 1,504 million.

On 30 September, Klöver's holding in the property company SBB amounted to 2,670,621 Class D shares. The holding is reported as a financial asset valued at fair value through the statement of income.

### PROJECT DEVELOPMENT AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernizing the premises and thus increasing the rental value. SEK 1,710 million (958) was invested in the period January–September. As of 30 September 2020, 372 projects (332) were in process and SEK 2,040 million (2,309) remained to be invested. Total estimated expenditure for the same projects amounts to SEK 4,806 million (4,074).

All large ongoing commercial projects are proceeding according to plan. The two ongoing projects in New York, 1245 Broadway and 28&7 (322–326 7th Ave) continue to be planned to be completed in the second quarter of 2021 and the first quarter of 2022, respectively. Interest expenses attributable to the projects in New York are capitalized from and including the second quarter of 2020.

At the end of the period, assessed building rights and building rights with zoning plans (excluding Tobin Properties) totalled 1,922,000 sq.m. (1,893,000) and are valued at SEK 1,735 million (1,592). 450,000 sq.m. (439,000) of the building rights have zoning plans and the remainder are classified as assessed. Residential building rights accounted for 18 per cent of the building rights with zoning plans.

Within the building rights portfolio, Klöver is working with a number of residential development projects. Klöver makes the assessment that there is potential, within the existing portfolio, mostly by new or amended zoning plans, to create as many as 11,000 apartments, in Stockholm, Uppsala, Västerås and Nyköping, among other places. In addition, there are around 1,400 apartments where construction has not yet started in Tobin Properties, which also had around 400 apartments in three ongoing projects on 30 September.

During the third quarter 14 apartments were sold which means that so far this year 44 apartments have been sold. In October, construction started on the first stage, consisting of 60 apartments, of the Nacka Strand 1 project. A construction contract for the project, amounting to SEK 115 million, has been signed with Wästbygg.

In total, Klöver's project development – including development of building rights – contributed to increases in value of properties of SEK 41 million (45) during the third quarter of 2020, or by SEK 686 million (942) during the past four quarters.

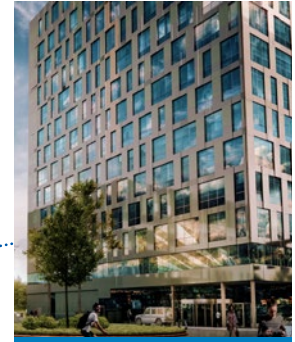
### PROPERTY TRANSACTIONS

During the period January–September, 6 properties (3) were taken possession of for a total purchase price of SEK 2,334 million (959) and 3 properties (34) have been divested and handed over for a total of SEK 379 million (1,867).

On 17 January, transfer of possession of the divested part of the property Fyrislund 6:6 in Uppsala took place for an underlying property value of SEK 258 million.



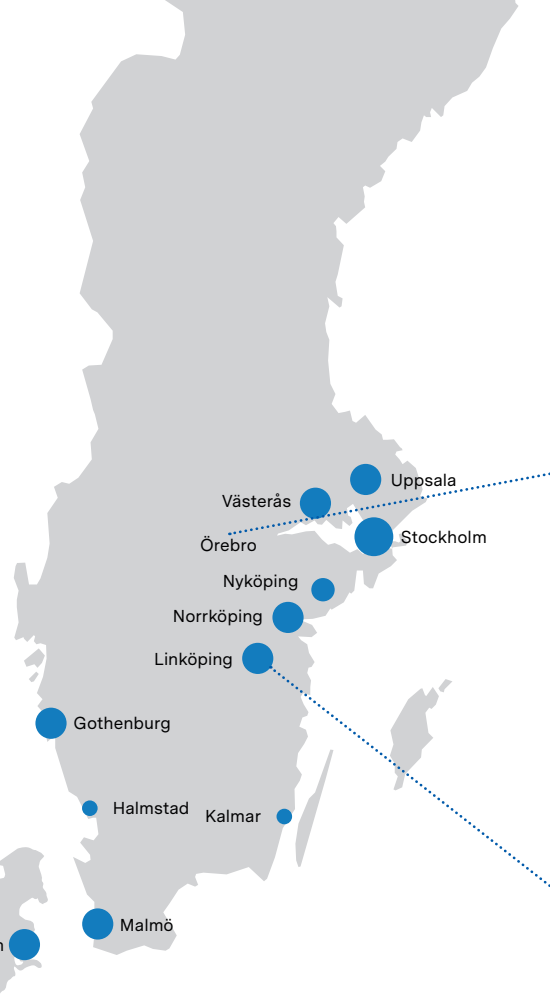
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(322-326 7TH AVE)  
OFFICE



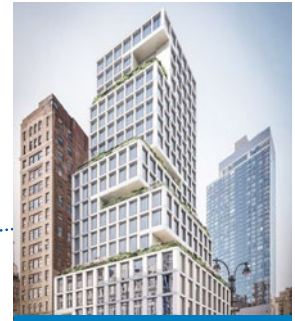
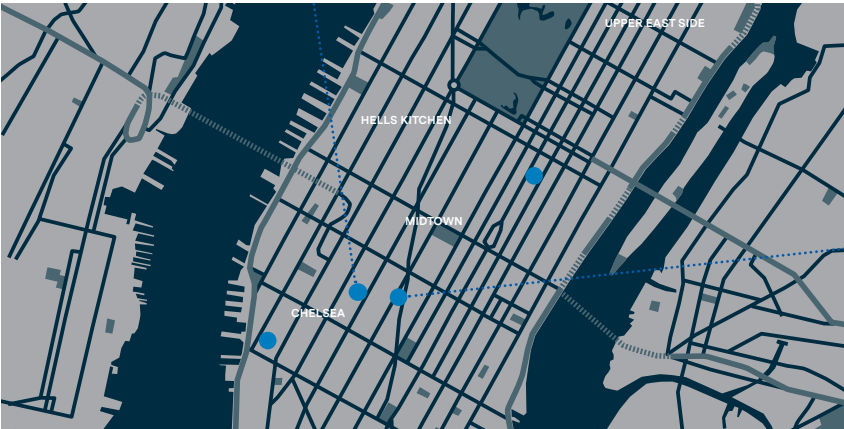
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(OLAUS PETRI 3:234)  
HOTEL/OFFICE



New York



MORELLEN 1,  
LINKÖPING,  
OFFICE



1245 BROADWAY,  
NEW YORK  
OFFICE

### KLÖVERN'S LARGEST ONGOING COMMERCIAL PROJECTS

City	Property	Project type	Contractor	Largest tenant, moving-in year/ quarter	Project area, sq.m.	Fair value, SEKm	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value, SEKm	Estimated completion year/ quarter
New York	1245 Broadway	Office	Triton Construction	—	16,700	1,054	1,148	573	170	21Q2
New York	322-326 7th Ave	Office	Triton Construction	—	7,800	710	582	278	74	22Q1
Örebro	Olaus Petri 3:234	Hotel/office	Peab	Scandic Hotels, 21Q4	8,638	110	274	200	22	22Q1
Linköping	Morellen 1	Office	Åhlin & Ekroth	Trafikverket, 21Q2	3,687	108	110	35	9	21Q2
<b>TOTAL</b>					<b>36,825</b>	<b>1,982</b>	<b>2,114</b>	<b>1,086</b>	<b>275</b>	

## TOBIN PROPERTIES' LARGEST ONGOING RESIDENTIAL PROJECTS – 30 SEPTEMBER 2020

City	Location	Project name	Ownership share, %	Zoning/ No zoning	No. of units	Units sold	Share of units sold, %	Area, sq.m.	Sales start, year	Expected completion, year
Stockholm	Sundbyberg	Rio	100.0	Zoning	173	156	90	8,700	2017	2020
Stockholm	Nacka	Vyn	100.0	Zoning	96	61	64	7,500	2016	2021
Stockholm	Roslags-Näsby	Unum	30.0	Zoning	148	126	85	5,000	2017	2019
<b>TOTAL</b>					<b>417</b>	<b>343</b>	<b>82</b>	<b>21,200</b>		

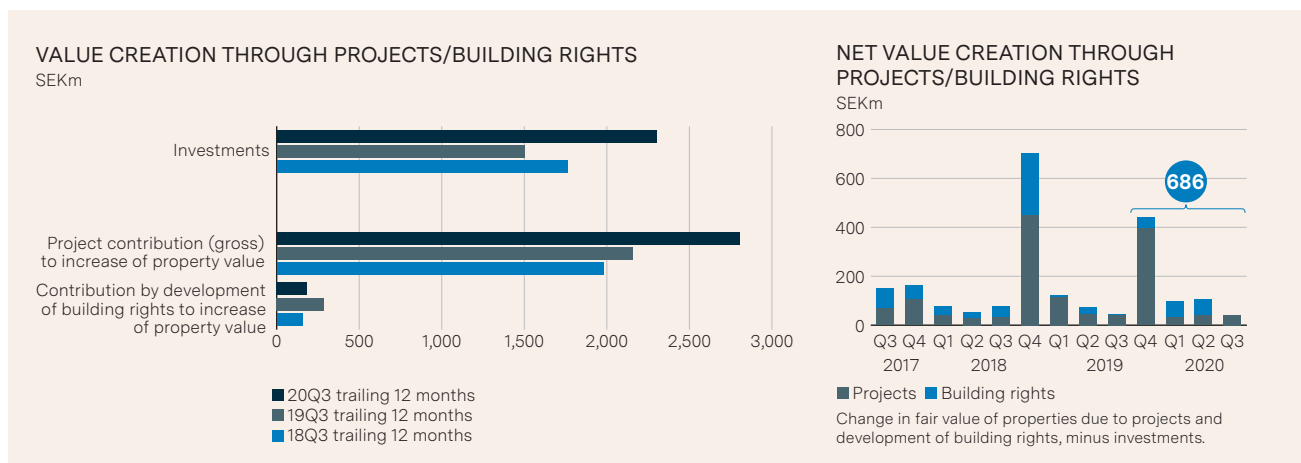
## TOBIN PROPERTIES AND KLÖVERN'S LARGEST PLANNED RESIDENTIAL PROJECTS – 30 SEPTEMBER 2020

City	Location	Project name	Ownership share, %	Zoning/ No zoning	No. of units	Units sold	Share of units sold, %	Area, sq.m.	Sales start, year	Expected completion, year
<b>Tobin Properties</b>										
Stockholm	Tyresö	Golfbäcken 1	44.4	No zoning	167	—	—	10,300	2021	2024
Stockholm	Tyresö	Golfbäcken 2	44.4	No zoning	150	—	—	9,700	2022	2025
Stockholm	Nacka	Nacka Strand 1	100.0	Zoning	240	—	—	15,100	2021/2022	2022/2024
Stockholm	Nacka	Nacka Strand 2 <sup>1</sup>	100.0	Zoning	160	—	—	11,500	2025	2028/2029
Stockholm	Nacka	Nacka Strand 3	100.0	Zoning	160	—	—	11,600	2024	2028
Stockholm	Sundbyberg	Slaktaren 1 <sup>1</sup>	100.0	No zoning	60	—	—	3,200	2022	2024
Stockholm	Sundbyberg	Slaktaren 2 <sup>2</sup>	100.0	—	—	—	—	—	—	—
Stockholm	Lidingö	Torsvik <sup>1</sup>	75.0	Zoning	46	—	—	3,700	2021	2023
Stockholm	Liljeholmen	Marievik <sup>1</sup>	100.0	No zoning	300	—	—	17,000	2022	2024/2026
Stockholm	Nacka	Orminge <sup>1</sup>	100.0	No zoning	150	—	—	10,000	—	—
<b>TOTAL</b>					<b>1,433</b>			<b>92,100</b>		
<b>Klövern</b>										
Västerås	Västerås	Öster Mälarstrand <sup>1</sup>	100.0	No zoning	1,150	—	—	74,100	2022	2034
Stockholm	Kista	Kista Square <sup>1</sup>	49.9	No zoning	1,000	—	—	20,500	2021	2027
Stockholm	Kista	Myvatten/Dalvik <sup>1</sup>	100.0	Zoning	700	—	—	39,800	2021	2031
Nyköping	Nyköping	Spelhagen <sup>1,3</sup>	100.0	No zoning	470	—	—	34,900	2021	2033
Uppsala	Uppsala	Kungstorget <sup>1</sup>	100.0	No zoning	450	—	—	31,200	2023	2027
Västerås	Västerås	Mälarporten <sup>1</sup>	100.0	No zoning	420	—	—	28,900	2021	2036
Stockholm	Danderyd	Timmerhuggaren <sup>1</sup>	100.0	No zoning	300	—	—	19,000	2022	2029
Västerås	Västerås	Kopparlunden Syd <sup>1</sup>	100.0	No zoning	150	—	—	13,300	2021	2028
<b>TOTAL</b>					<b>4,640</b>			<b>261,700</b>		
<b>GRAND TOTAL</b>					<b>6,073</b>			<b>353,800</b>		

1) Includes a property that generates an operating surplus during residential development.

2) No land allocation agreement.

3) The zoning plan includes, among others, the property Spelhagen 1:7.



PROPERTY ACQUISITIONS, TRANSFER OF POSSESSION  
JAN-SEP 2020

City	Property	Category	Lettable area, sq.m.	Quarter
Linköping	Morellen 1	Office	18,817	Q1
Linköping	Mekanikern 18	Land	0	Q1
Visby	S:ta Maria 37	Other	115	Q1
New York	417 Park Avenue <sup>1</sup>	Office	8,300	Q1
Gothenburg	Väskan 2	Office	2,280	Q2
New York	116 10th Avenue <sup>1</sup>	Other	225	Q3
<b>TOTAL</b>			<b>29,737</b>	

1) Project property

PROPERTY DIVESTMENTS, TRANSFER OF POSSESSION  
JAN-SEP 2020

City	Property	Category	Lettable area, sq.m.	Quarter
Uppsala	Part of Fyrislund 6:6	Other	9,518	Q1
Västerås	Manfred 6	Other	4,275	Q3
Västerås	Ringborren 13	Office	1,627	Q3
<b>TOTAL</b>			<b>15,420</b>	



The Codan House, Copenhagen

On 30 January, two development properties were taken possession of in Linköping. The acquisition was made for an underlying property value of SEK 345 million.

In February, Klöver announced that all units of a co-op, which owns a 14-storey residential building in Manhattan had been acquired. The total purchase price was USD 184 million. The building, encompassing around 8,300 sq.m. has the address 417 Park Avenue.

On 1 July, two properties in Västerås were divested for a total underlying property value of SEK 116 million.

In September, a small complementary property in New York, located next door to Klöver's project property on 118 10th Avenue, was taken possession of in order to additionally improve the development opportunities for that project.

On 1 October, the site leasehold to a property in Gothenburg with a lettable area of 1,745 sq.m. was taken possession of. On the same day, almost 33,000 sq.m. of land at Fyrislund in Uppsala was also taken possession of as a link in the future development of Uppsala Business Park.

## PROPERTIES AND CHANGES IN VALUE

On 30 September 2020, Klöver's portfolio consisted of 347 properties (343) excluding the properties that are a part of Tobin Properties' portfolio, which are all classified as current assets. The rental value amounted to SEK 3,822 million (3,819) and the fair value of the properties was SEK 56,619 million (52,377). The total lettable area amounted to 2,550,000 sq.m. (2,542,000).

The changes in value of the properties totalled SEK 818 million (1,097) during the period January–September, corresponding to 1.6 per cent of Klöver's property value at the beginning of the year. The changes in value include realized changes in value of SEK 109 million (–34) and unrealized changes in value of SEK 709 million (1,131). The unrealized changes in value do not affect the cash flow. On average, Klöver's property portfolio, as at 30 September 2020, has been valued with a yield requirement of 5.3 per cent (5.4). The value of the properties has increased, mainly due to investments made in connection with new lettings and renegotiations as well as increased net operating income in several office properties. During the period, the value of some properties has been lowered, primarily due to a weaker development of the restaurant and retail segment.

Klöver values 100 per cent of the property portfolio every quarter, of which 20 to 30 per cent are normally valued

## PROPERTIES: FAIR VALUE

SEKm	2020 Jan–Sep	2019 Jan–Sep	2019 Jan–Dec
Fair value, as of 1 January	52,377	52,713	52,713
Acquisitions	2,334	959	959
Investments	1,710	958	1,550
Divestments	–262	–1,879	–5,029
Unrealized changes in value	709	1,131	2,111
Currency conversion	–249	271	73
<b>FAIR VALUE AT THE END OF THE PERIOD</b>	<b>56,619</b>	<b>54,153</b>	<b>52,377</b>

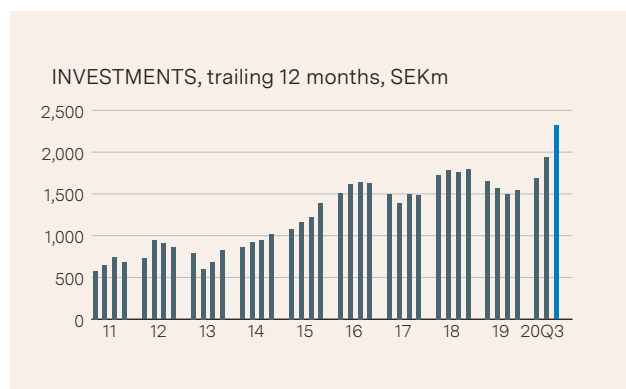
externally. The external valuations have been performed by Cushman & Wakefield, Savills and Newsec. Every property in the portfolio is valued externally at least once during a rolling 12-month period. All properties are classified at Level 3 in accordance with IFRS 13. No properties have changed classification during the period. See Klöver's annual report for 2019 for a detailed description of valuation principles.

## SHARES

On 30 September 2020, the total number of registered shares in Klöver was 932,437,980, of which 69,358,703 were ordinary shares of class A, 846,635,277 ordinary shares of class B and 16,444,000 preference shares. An ordinary share of class A confers one vote while an ordinary share of class B, like a preference share, confers a tenth of a vote. Klöver's shares are listed on Nasdaq Stockholm. As of 30 September, the closing price was SEK 16.50 per ordinary share of class A, SEK 16.54 per ordinary share of class B and SEK 338.00 per preference share, corresponding to a total market capitalization of SEK 20,706 million (27,177). The number of shareholders at the end of the period amounted to around 60,900 (53,800). 77 per cent (78) of the total number of shares are Swedish-owned. As at 30 September, the company's holding of its own shares consisted of 90,956,740 ordinary shares of class B, corresponding to 9.8 per cent of the total number of registered shares. Repurchased shares cannot be represented at general meetings.

## TAXES

During the quarter, deferred tax amounted to SEK –87 million (–115) and current tax to SEK 0 million (–4).



## CHANGES IN FAIR VALUE OF PROPERTIES, EXCL. TRANSACTIONS AND CURRENCY CONVERSION

SEKm	20Q3	19Q3	2020 Jan–Sep	Trailing 12 months 20Q3
Operating surplus and required yield	–16	319	463	999
Development of building rights	16	3	143	184
Projects >25 million	261	166	685	1,308
Projects <25 million	458	206	1,128	1,496
<b>TOTAL</b>	<b>719</b>	<b>694</b>	<b>2,419</b>	<b>3,987</b>

Current tax is calculated at 21.4 per cent for 2020 while deferred tax has been calculated at 20.6 per cent which applies from 2021. Klövern has no ongoing tax disputes.

### ORGANIZATION

Klövern's business model entails closeness to the customer by having own local staff at all 12 geographic business units, as at 30 September 2020 allocated to three geographic regions in Sweden and international operations in Copenhagen (which is a business unit of its own) and New York.

On 30 September, Klövern had 272 employees (267). The average age was 44 (42) and the proportion of women was 45 per cent (43).

### 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 66–69 of the 2019 annual report.

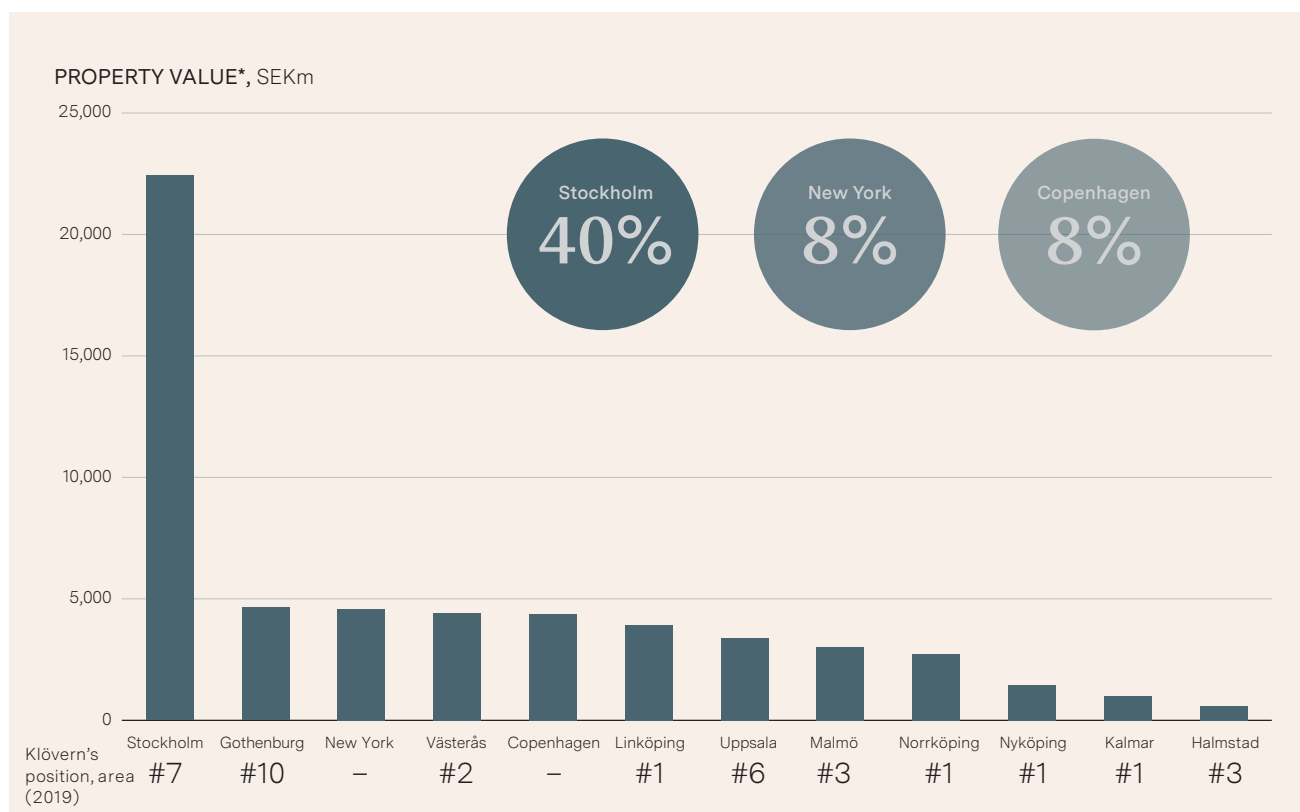
### DISPUTES

Klövern has no ongoing disputes that can have a significant profit impact. There is an ongoing dispute, although not with a significant profit impact, as Region Uppsala has made claims for compensation due to the cancellation of a property transfer contract. During the fourth quarter of 2019, Klövern made a provision of SEK 24 million due to this claim, which for accounting purposes was charged to the line *Costs for residential development* in the income statement.

### ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Statements and, in the case of the Parent Company, in accordance with the Annual Accounts Act. The accounting policies applied in this interim report are in essential parts those described in Note 1 of Klövern's annual report for 2019.

As from 2020, Klövern consolidates projects with tenant-owners' associations in the Group and reports income in accordance with the completed contract method instead of the percentage of completion method. The change follows on from a decision by the Swedish financial supervisory authority, Finansinspektionen, on the application of IFRS 10 Consolidated Financial Statements. This entails a change in the time at which project income and project expenses are recognized. Income for transferring a residential project to a tenant-owners' association is reported when control passes to the final purchaser of the tenant-owned housing. The changed accounting policy has not had any significant effect on Klövern's income statement and balance sheet. The changed application has been adjusted retroactively in accordance with IAS 8. In the balance sheet as at 31 December 2019, the total assets decrease by SEK 97 million (0.17 per cent) and equity attributable to the parent company's shareholders by SEK 122 million (0.60 per cent). Historical key figures have not been recalculated as there is no significant difference for the Group. Klövern's risk scenario and financial position are not changed due to the changed accounting.



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

## LARGEST SHAREHOLDERS SORTED BY SHARE OF CAPITAL – 30 SEPTEMBER 2020

Name	No. ordinary shares A, thousands	No. ordinary shares B, thousands	No. preference shares, thousands	Share of capital, %	Share of votes-% <sup>1</sup>
Rutger Arnhult via companies	12,528	127,419	655	15.1	17.3
Corem Property Group	9,500	129,400	—	14.9	15.3
Gårdarike	31,550	61,475	50	10.0	25.7
Länsförsäkringar Fondförvaltning	—	58,977	—	6.3	4.0
Handelsbanken Fonder	—	49,730	—	5.3	3.4
State Street Bank and Trust Co, W9	0	31,951	201	3.4	2.2
Swedbank AS (Estonia)	2	18,573	58	2.0	1.3
CBNY-Norges Bank	499	14,100	174	1.6	1.3
UBS Switzerland AG	208	13,509	14	1.5	1.1
Alfred Berg	—	12,678	—	1.4	0.9
JPM Chase NA	1	10,784	197	1.2	0.7
JP Morgan Bank Luxembourg S.A.	—	8,702	—	0.9	0.6
Avanza Pension	577	5,798	724	0.8	0.8
Swedbank Robur Fonder	584	6,491	—	0.8	0.8
SEB Investment Management	—	6,558	14	0.7	0.4
<b>TOTAL LARGEST SHAREHOLDERS</b>	<b>55,449</b>	<b>556,145</b>	<b>2,087</b>	<b>65.8</b>	<b>75.9</b>
Other shareholders	13,910	199,533	14,357	24.4	24.1
<b>TOTAL OUTSTANDING SHARES</b>	<b>69,359</b>	<b>755,678</b>	<b>16,444</b>	<b>90.2</b>	<b>100.0</b>
Repurchased own shares	—	90,957	—	9.8	—
<b>TOTAL REGISTERED SHARES</b>	<b>69,359</b>	<b>846,635</b>	<b>16,444</b>	<b>100.0</b>	<b>100.0</b>

Due to routines at Ålandsbanken and Banque Internationale à Luxembourg, the banks have been registered in Euroclear's share register as owners to some of their clients' Klöver shares. Klöver assesses that the table above gives a correct picture of the company's 15 largest owners.

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

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance has been applied for government assistance in the form of compensation for reduced rents that are expected to be received. Government assistance is reported when there is reasonable assurance that the company will comply with the conditions attached to the grants and the grants will with reasonable assurance be obtained. The assistance is reported within Income in Profit from property management in the same period as the reduced rental income. During the period January–September 2020, SEK 10 million in the form of government assistance has been reported.

Otherwise, the accounting policies of the Group and the Parent Company are unchanged compared with the 2019 annual report.

### DIVIDEND

During the nine-month period, dividend totalling SEK 198 million has been paid to the holders of ordinary shares. During the same period, the holders of preference shares have received a total of SEK 247 million.

### EVENTS AFTER THE END OF THE PERIOD

On 6 October, Klöver's Board of Directors resolved on a fully covered new issue of approximately SEK 2 billion with preferential rights for existing holders of ordinary shares, subject to approval at an Extraordinary General Meeting.

The notice of the Extraordinary General Meeting, which will be held on 13 November, has been published.

On 9 October, Klöver announced that SEK 2 billion of green bonds with a tenor of 3.5 years had been issued while a tender offer for outstanding bonds with maturity in November is carried out.

In the month of October, covid-19 has continued to create uncertainty about the development of the economy. Klöver is monitoring the situation carefully and is engaged in a long-term constructive dialogue with tenants in industries that are particularly affected. In some cases, including tenants in the hotel and restaurant sectors, this has resulted in rental payments for the fourth quarter of 2020 being made as a prepayment on a monthly basis instead of a quarterly basis. Adjusted for the tenants that pay on a monthly basis, Klöver's received rental payments and payments assessed as secure as at 19 October 2020 totalled 98 per cent of the invoiced rents for the fourth quarter. At the corresponding time in 2019, 99 per cent of the rents had been received.

Stockholm, 21 October 2020

The Board of Directors of Klöver AB (publ).

This interim report has been subject to a review by Klöver's auditors.

## INCOME STATEMENT ITEMS AND INVESTMENTS PER PROPERTY SEGMENT AND ORGANIZATIONAL UNIT

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2020 Jan-Sep	2019 Jan-Sep	2020 Jan-Sep	2019 Jan-Sep	2020 Jan-Sep	2019 Jan-Sep	2020 Jan-Sep	2019 Jan-Sep	2020 Jan-Sep	2019 Jan-Sep
Region Stockholm	1,306	1,359	-449	-437	857	922	66	68	413	276
Region East	534	550	-163	-177	371	373	69	68	330	214
Region West	462	455	-154	-145	308	310	67	68	222	193
International	155	139	-27	-16	128	123	83	88	745	196
Divested operations <sup>1</sup>	—	235	—	-69	—	166	—	71	—	79
<i>where of</i>										
Investment	2,277	2,590	-693	-761	1,584	1,829	70	71	757	619
Development	180	148	-100	-83	80	65	44	44	953	339
<b>TOTAL</b>	<b>2,457</b>	<b>2,738</b>	<b>-793</b>	<b>-844</b>	<b>1,664</b>	<b>1,894</b>	<b>68</b>	<b>69</b>	<b>1,710</b>	<b>958</b>

## KEY RATIOS PER PROPERTY SEGMENT AND ORGANIZATIONAL UNIT

	Fair value, SEKm		Yield requirement <sup>2</sup> , %		Area, 000 sq.m.		Rental value <sup>3</sup> , SEKm		Ec. occupancy rate, %	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Region Stockholm	30,244	29,264	5,1	5,3	1,118	1,150	2,067	2,091	87	88
Region East	9,128	8,444	6,3	6,4	728	743	820	785	89	92
Region West	8,273	7,959	6,2	6,3	611	627	739	739	87	87
International	8,974	5,686	4,0	4,4	93	96	196	239	96	100
Divested operations <sup>1</sup>	—	2,800	—	6,4	—	232	—	262	—	93
<i>where of</i>										
Investment	47,424	48,690	5,4	5,6	2,242	2,559	3,480	3,805	90	91
Development	9,195	5,463	4,6	5,4	308	289	342	311	67	72
<b>TOTAL</b>	<b>56,619</b>	<b>54,153</b>	<b>5,3</b>	<b>5,6</b>	<b>2,550</b>	<b>2,848</b>	<b>3,822</b>	<b>4,116</b>	<b>88</b>	<b>90</b>

1) Divested properties in Karlstad and Örebro. The year 2019's figures for Region West and Region East have been adjusted for this.

2) Yield requirement is estimated excluding building rights.

3) From Q1 2020 the rental value of the Danish properties is reported according to Danish accounting policies.

Region Stockholm consists of the business units Stockholm North, Stockholm South, Västerås and Uppsala.

Region West consists of the business units Gothenburg, Malmö and Halmstad.

Region East consists of the business units Linköping, Norrköping, Nyköping and Kalmar.



Klöver Padelcenter in Kista.

# Consolidated Statement of Income *Summary*

SEKm	2020 3 months Jul-Sep	2019 3 months Jul-Sep	2020 9 months Jan-Sep	2019 9 months Jan-Sep	2019/2020 Trailing 12 months Oct-Sep	2019 12 months Jan-Dec
Income	808	921	2,457	2,738	3,357	3,638
Property costs	-228	-270	-793	-844	-1,123	-1,175
<b>Operating surplus</b>	<b>580</b>	<b>651</b>	<b>1,664</b>	<b>1,894</b>	<b>2,234</b>	<b>2,463</b>
Central administration	-30	-29	-103	-106	-157	-159
Net financial items	-185	-227	-579	-639	-782	-842
<b>Profit from property management (properties)</b>	<b>365</b>	<b>395</b>	<b>982</b>	<b>1,149</b>	<b>1,295</b>	<b>1,462</b>
Income, residential development	6	7	22	10	18	6
Costs, residential development	-12	-24	-66	-115	-133	-181
Net financial items, residential development	-11	11	-17	10	-17	9
<b>Profit from residential development</b>	<b>-17</b>	<b>-6</b>	<b>-61</b>	<b>-95</b>	<b>-132</b>	<b>-166</b>
Share in earnings of associated companies	6	-1	11	8	21	17
Changes in value, properties	33	327	818	1,097	1,846	2,125
Changes in value, derivatives	-1	6	-80	-29	-65	-14
Changes in value, financial assets	7	7	-9	14	-11	13
Write-down of goodwill	—	—	—	-4	-3	-6
<b>Profit before tax</b>	<b>393</b>	<b>728</b>	<b>1,661</b>	<b>2,140</b>	<b>2,951</b>	<b>3,431</b>
Taxes	-87	-119	-360	-441	-329	-410
<b>Net profit for the period</b>	<b>306</b>	<b>609</b>	<b>1,301</b>	<b>1,699</b>	<b>2,622</b>	<b>3,021</b>
<b>Net profit for the period attributable to:</b>						
The parent company's shareholders	306	605	1,299	1,688	2,611	3,002
Holdings without controlling influence	0	5	2	11	11	19
	<b>306</b>	<b>609</b>	<b>1,301</b>	<b>1,699</b>	<b>2,622</b>	<b>3,021</b>
<b>Other comprehensive income, items which may later be reversed in the income statement</b>						
Translation difference regarding foreign operations	-122	109	-233	180	-379	33
<b>Comprehensive income for the period</b>	<b>184</b>	<b>718</b>	<b>1,068</b>	<b>1,879</b>	<b>2,243</b>	<b>3,054</b>
<b>Comprehensive income for the period attributable to:</b>						
The parent company's shareholders	184	713	1,066	1,868	2,232	3,035
Holdings without controlling influence	0	5	2	11	11	19
	<b>184</b>	<b>718</b>	<b>1,068</b>	<b>1,879</b>	<b>2,243</b>	<b>3,054</b>
Earnings per ordinary share, SEK	0.25	0.61	1.20	1.68	2.67	3.15
No. of ordinary shares outstanding at the end of the period, million	825.0	825.0	825.0	825.0	825.0	825.0
No. of preference shares outstanding at the end of the period, million	16.4	16.4	16.4	16.4	16.4	16.4
Average no. of outstanding ordinary shares, million	825.0	825.0	825.0	824.8	825.0	824.9
Average no. of outstanding preference shares, million	16.4	16.4	16.4	16.4	16.4	16.4

There are no outstanding warrants or convertibles that can lead to any dilution.

## Consolidated Balance Sheet *Summary*

SEKm	30.09.2020	30.09.2019	31.12.2019
<b>ASSETS</b>			
Goodwill	148	151	148
Investment properties	56,619	54,153	52,377
Right of use assets	732	691	733
Machinery and equipment	53	39	28
Participation rights in associated companies	424	66	411
Financial assets at fair value through statement of income	128	144	145
Properties classified as current assets	1,112	953	1,055
Other receivables	1,750	2,916	2,268
Liquid funds	649	427	449
<b>TOTAL ASSETS</b>	<b>61,615</b>	<b>59,540</b>	<b>57,615</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity attributable to the parent company's shareholders	20,504	18,936	20,031
Equity attributable to holdings without controlling influence	118	136	129
Other provisions	48	—	48
Deferred tax liability	3,565	3,306	3,220
Interest-bearing liabilities	34,836	33,657	31,538
Derivatives	135	86	65
Right of use liabilities	732	691	733
Accounts payable	114	88	247
Other liabilities	617	1,706	634
Accrued expenses and prepaid income	946	935	970
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>61,615</b>	<b>59,540</b>	<b>57,615</b>

## Change in Consolidated Shareholders' Equity *Summary*

SEKm	Shareholders' equity attributable to		
	The parent company's shareholders	Holdings without controlling influence	Total shareholders' equity
<b>Shareholders' equity 31.12.2018</b>	<b>17,972</b>	<b>172</b>	<b>18,144</b>
Effect of changed accounting policy	-119	-1	-120
<b>Adjusted shareholders' equity 01.01.2019</b>	<b>17,853</b>	<b>171</b>	<b>18,024</b>
Repurchase of own shares	-7	—	-7
Dividend	-709	-8	-717
Hybrid bond	-78	—	-78
Change in holding without controlling influence	-62	23	-39
Redemption of preference shares	—	-76	-76
Other comprehensive income	33	—	33
Net profit for the period	3,002	19	3,021
<b>Shareholders' equity 31.12.2019</b>	<b>20,031</b>	<b>129</b>	<b>20,160</b>
Dividend	-543	—	-543
Hybrid bond	-61	—	-61
Change in holding without controlling influence	12	-13	-1
Other comprehensive income	-233	—	-233
Net profit for the period	1,299	2	1,301
<b>Shareholders' equity 30.09.2020</b>	<b>20,504</b>	<b>118</b>	<b>20,622</b>

# Consolidated Cash Flow Statement

## Summary

SEKm	2020 3 months Jul-Sep	2019 3 months Jul-Sep	2020 9 months Jan-Sep	2019 9 months Jan-Sep	2019 12 months Jan-Dec
<b>Current operations</b>					
Operating surplus including central administration and residential development	533	616	1,500	1,693	2,140
Adjustment for items not included in the cash flow	8	4	22	10	15
Interest received	1	2	12	15	19
Interest paid	-193	-266	-598	-694	-843
Income tax paid	—	-2	-44	-9	-3
<b>Cash flow from current operations before change in working capital</b>	<b>349</b>	<b>354</b>	<b>892</b>	<b>1,015</b>	<b>1,328</b>
<b>Changes in working capital</b>					
Change properties (current assets)	-10	-21	-56	-132	-134
Change in operating receivables	96	-623	93	-833	-52
Change in operating liabilities	-42	714	-209	380	-374
<b>Total change in working capital</b>	<b>44</b>	<b>70</b>	<b>-172</b>	<b>-585</b>	<b>-560</b>
<b>Cash flow from current operations</b>	<b>393</b>	<b>424</b>	<b>720</b>	<b>430</b>	<b>768</b>
<b>Investment operations</b>					
Divestment of properties	120	1,631	372	1,845	5,014
Acquisition of and investment in properties	-775	-348	-4,044	-1,917	-2,510
Acquisition of machinery and equipment	-17	-10	-41	-22	-16
Change in financial assets	30	-128	428	-153	-723
<b>Cash flow from investment operations</b>	<b>-642</b>	<b>1,145</b>	<b>-3,285</b>	<b>-247</b>	<b>1,765</b>
<b>Financing operations</b>					
Change in interest-bearing liabilities	-96	-1,616	3,315	304	-1,760
Acquisition of financial instruments	—	—	-46	—	—
Repurchase of own shares	—	—	—	-7	-7
Dividend	-82	-173	-445	-519	-692
Hybrid bond	-20	-20	-61	-59	-78
Change in holding without controlling influence	—	-33	-1	-53	-123
<b>Cash flow from financing operations</b>	<b>-198</b>	<b>-1,842</b>	<b>2,762</b>	<b>-334</b>	<b>-2,660</b>
<b>Total cash flow</b>	<b>-447</b>	<b>-273</b>	<b>197</b>	<b>-151</b>	<b>-127</b>
<b>Liquid funds at the beginning of the period</b>	<b>1,099</b>	<b>698</b>	<b>449</b>	<b>576</b>	<b>576</b>
Exchange rate differences in liquid funds	-3	—	3	—	—
<b>Liquid funds at the end of the period</b>	<b>649</b>	<b>425</b>	<b>649</b>	<b>425</b>	<b>449</b>

# Parent Company Income Statement

## Summary

SEKm	2020 3 months Jul-Sep	2019 3 months Jul-Sep	2020 9 months Jan-Sep	2019 9 months Jan-Sep	2019 12 months Jan-Dec
Net sales	82	63	227	179	264
Cost of services sold	-63	-50	-189	-147	-201
<b>Gross profit</b>	<b>19</b>	<b>13</b>	<b>38</b>	<b>32</b>	<b>63</b>
Central administration	-30	-25	-103	-92	-137
<b>Operating profit</b>	<b>-11</b>	<b>-12</b>	<b>-65</b>	<b>-60</b>	<b>-74</b>
Changes in value, derivatives	-1	7	-81	5	24
Net financial items	24	55	-97	-82	1,174
<b>Profit before tax</b>	<b>12</b>	<b>50</b>	<b>-243</b>	<b>-137</b>	<b>1,124</b>
Taxes	-35	-1	-100	-1	-87
<b>Net profit for the period</b>	<b>-23</b>	<b>49</b>	<b>-343</b>	<b>-138</b>	<b>1,037</b>
Other comprehensive income	—	—	—	—	—
<b>Comprehensive income for the period</b>	<b>-23</b>	<b>49</b>	<b>-343</b>	<b>-138</b>	<b>1,037</b>

# Parent Company Balance Sheet

## Summary

SEKm	30.09.2020	30.09.2019	31.12.2019
<b>ASSETS</b>			
Machinery and equipment	8	6	6
Participation rights in group companies	1,766	1,973	1,917
Receivables from group companies	32,055	27,422	30,626
Derivatives	11	13	16
Deferred tax assets	199	370	300
Other receivables	344	699	810
Liquid funds	88	303	309
<b>TOTAL ASSETS</b>	<b>34,471</b>	<b>30,786</b>	<b>33,984</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	7,029	6,821	7,976
Interest-bearing liabilities	22,152	20,597	19,356
Derivatives	135	84	65
Liabilities to group companies	4,558	2,472	6,069
Accounts payable	7	6	14
Other liabilities	501	704	408
Accrued expenses and prepaid income	89	102	96
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>34,471</b>	<b>30,786</b>	<b>33,984</b>

## REVIEW REPORT

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

### Introduction

We have reviewed the summary financial information in the interim report for Klöver AB (publ) as at 30 September 2020 for the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

### The direction and scope of the review

We have performed this Review in accordance with the International Standard on Review Engagements ISRE 2410 Review of financial interim report information performed by the auditor appointed by the company. A review consists of making enquiries in the first place to persons who are responsible for financial issues and accounting matters, performing an analytical review and undertaking other general review measures. A review has a different focus and a considerably reduced

scope compared with the focus and scope of an audit in accordance with the International Standards on Auditing, ISA, and generally accepted auditing standards in Sweden otherwise. The review measures undertaken have not made it possible for us to acquire such certainty as to be aware of all important circumstances that could have been identified in the performance of an audit. The conclusion stated is based on a general review and does not therefore have the same degree of certainty as a statement based on an audit.

### Conclusion

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

Stockholm, 21 October 2020

Ernst & Young AB  
Fredric Hävrén  
Authorized public accountant



Solar panels on the roof of the property  
Kopparhammen 2 in Norrköping.

# Key ratios

	30.09.2020 3 months Jul-Sep	30.09.2019 3 months Jul-Sep	30.09.2020 9 months Jan-Sep	30.09.2019 9 months Jan-Sep	30.09.2020 Trailing 12 months Oct-Sep	2019	2018	2017	2016
<b>Property</b>									
Number of properties	347	395	347	395	347	343	426	405	431
Lettable area, 000 sq.m.	2,550	2,848	2,550	2,848	2,550	2,542	2,969	2,900	2,943
Rental value, SEKm	3,822	4,116	3,822	4,116	3,822	3,819	4,063	3,507	3,386
Rental value per lettable area, SEK/sq.m.	1,499	1,445	1,499	1,445	1,499	1,502	1,368	1,209	1,151
Fair value properties, SEKm	56,619	54,153	56,619	54,153	56,619	52,377	52,713	42,961	39,234
Yield requirement valuation, %	5.3	5.6	5.3	5.6	5.3	5.4	5.7	5.9	6.2
Operating margin, %	72	71	68	69	67	68	67	66	66
Occupancy rate, economic, %	88	90	88	90	88	90	89	89	89
Occupancy rate, area, %	79	82	79	82	79	81	81	81	82
Average lease term, years	3.5	3.6	3.5	3.6	3.5	3.6	3.5	3.6	3.7
<b>Financial</b>									
Return on equity, %	1.5	3.2	6.3	9.1	12.9	15.9	21.2	18.9	18.6
Equity ratio, %	33.3	32.0	33.3	32.0	33.3	34.9	31.8	32.8	32.1
Equity ratio, adjusted, %	40.2	39.6	40.2	39.6	40.2	43.5	37.4	38.5	36.7
Leverage, %	53	53	53	53	53	50	56	57	58
Leverage secured, %	40	36	40	36	40	34	42	40	42
Interest coverage ratio	2.9	2.9	2.6	2.7	2.5	2.6	2.7	2.9	2.9
Average interest, %	2.4	2.2	2.4	2.2	2.4	2.3	2.3	2.5	2.5
Average period of fixed interest, years	3.1	2.3	3.1	2.3	3.1	2.5	2.9	2.8	2.6
Average period of tied-up capital, years	4.1	4.1	4.1	4.1	4.1	4.1	4.3	3.0	3.0
Interest-bearing liabilities, SEKm	34,955	33,757	34,955	33,757	34,955	31,653	33,688	25,529	23,869
<b>Share</b>									
Equity per ordinary share, SEK	17.62	15.86	17.62	15.86	17.62	17.19	14.54	11.22	9.09
NRV, SEK	22.10	19.98	22.10	19.98	22.10	21.17	18.13	14.55	11.78
Equity per preference share, SEK	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92
Profit from property management per ordinary share, SEK	0.32	0.36	0.82	1.02	1.07	1.28	1.16	1.03	0.93
Earnings per ordinary share, SEK	0.25	0.61	1.20	1.68	2.67	3.15	3.50	2.53	2.11
Share price ordinary share A at end of period, SEK	16.50	18.05	16.50	18.05	16.50	22.90	10.15	10.87	9.38
Share price ordinary share B at end of period, SEK	16.54	18.37	16.54	18.37	16.54	22.98	10.28	10.72	9.55
Share price preference share at end of period, SEK	338.00	361.50	338.00	361.50	338.00	373.00	307.00	309.60	288.50
Market capitalization, SEKm	20,706	22,748	20,706	22,748	20,706	27,177	14,455	14,922	13,479
Total no. of registered ordinary shares at end of period, million	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0
Total no. of outstanding ordinary shares at end of period, million	825.0	825.0	825.0	825.0	825.0	825.0	825.8	876.6	916.0
Total no. of registered preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Total no. of outstanding preference shares at end of period, million	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Dividend per ordinary share, SEK	—	—	—	—	—	0.26	0.46	0.44	0.40
Dividend per preference share, SEK	—	—	—	—	—	20.00	20.00	20.00	20.00
Dividend in relation to profit from property management, %	—	—	—	—	—	37	53	57	59
Dividend preference shares in relation to profit from property management, %	—	—	—	—	—	22	24	26	28

Klövern shows some key figures in the interim report which have not been defined by IFRS. The company considers that these key figures provide important complementary information about the company. For further information about these key figures, see Klövern's website under the flap Financial Statistics.

# Definitions

## Property

### CHANGES IN VALUE PROPERTIES, REALIZED

Property divestments after deduction of the properties' most recent fair value and selling expenses.

### CHANGES IN VALUE PROPERTIES, UNREALIZED

Change in fair value excluding acquisitions, divestments, investments and currency conversions.

### AREA-BASED OCCUPANCY RATE

Let area in relation to total lettable area.

### DEVELOPMENT PROPERTIES

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

### ECONOMIC OCCUPANCY RATE

Contract value in relation to rental value.

### INVESTMENT PROPERTIES

Properties currently being actively managed.

### LEASE VALUE

Rent of 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 relation to income.

### RENTAL VALUE

Lease value plus assessed market value for space not rented.

### YIELD REQUIREMENT, VALUATION

The required yield of property valuations on the residual value.

56.6

Value of  
properties,  
SEKbn

3.8

Rental value,  
SEKbn

2,550

Lettable area,  
thousand sq.m.

# Financial

## EQUITY RATIO

Equity<sup>1</sup> in relation to total assets.

## EQUITY RATIO, ADJUSTED

Equity<sup>1</sup> adjusted for the value of derivatives, goodwill, repurchased 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 total assets adjusted for goodwill and right of use assets.

## INTEREST COVERAGE RATIO

Profit from property management plus earnings from residential development, excluding financial costs in relation to financial costs<sup>2</sup>.

## LEVERAGE<sup>3</sup>

Interest-bearing liabilities after deduction of the market value of listed shareholdings and liquid funds in relation to total assets.

## LEVERAGE SECURED

Interest-bearing liabilities with secured financing in properties after deduction of the market value of listed shareholdings and liquid funds in relation to total assets.

## RETURN ON EQUITY

Net profit in relation to average equity<sup>1</sup>.

# Share

## EARNINGS PER ORDINARY SHARE<sup>6</sup>

Net profit, after deduction of dividend on preference shares and interest on hybrid bonds, in relation to the average number of outstanding ordinary shares.

## EQUITY PER ORDINARY SHARE<sup>5</sup>

Equity<sup>1</sup> after deduction of equity attributable to preference shares and hybrid bonds in relation to the number of outstanding ordinary shares.

## EQUITY PER PREFERENCE SHARE<sup>4</sup>

The preference share's average issue price.

## NRV<sup>5</sup>

Equity<sup>1</sup> after deduction for equity attributable to preference shares and hybrid bonds adding back derivatives and deferred tax liability in relation to the number of outstanding ordinary shares.

## PROFIT FROM PROPERTY MANAGEMENT PER ORDINARY SHARE<sup>6</sup>

Profit from property management after deduction of dividend on preference shares and interest on hybrid bonds, in relation to the average number of outstanding ordinary shares.

- 1) Equity attributable to the Parent Company's shareholders.
- 2) Excluding site leasehold expenses.
- 3) The definition of the key figure was changed in connection with the 2019 year-end report. Previously, the denominator in the calculation has been the fair value of the properties. Historical figures have been adjusted in line with the new definition.
- 4) The definition of the key figure was changed in connection with the 2019 year-end report. Previously, the key figure has been based on the share price of the preference share at the end of each period. Historical figures have been adjusted in line with the new definition.
- 5) The name of the key figure NAV has been changed to NRV in connection with this interim report. On 30 September 2020 equity attributable to preference shares amounted to SEK 4,669 million and outstanding hybrid bonds amounted to SEK 1,300 million. The calculation of the key figure was adjusted in connection with the year-end report 2019 due to a change in the definition of equity per preference share. Historical figures have been adjusted in line with the new definition.
- 6) The definition of the key figure was changed in connection with the interim report for January–June 2020. Historical figures have been adjusted in line with the new definition.

2.6

Interest coverage ratio, Jan–Sep

40.2

Equity ratio, adjusted, %

60,900

Number of shareholders

## Calendar

Extraordinary General Meeting	13 November 2020
Final day for trading conferring the right to dividend for holders of ordinary and preference shares	28 December 2020
Record date for dividend to holders of ordinary and preference shares	30 December 2020
Expected date for dividend to holders of ordinary and preference shares	7 January 2021
Year-end report 2020	17 February 2021
Annual Report 2020	March 2021
Interim report, January–March 2021	28 April 2021
Annual General Meeting 2021	28 April 2021

## Contact

Rutger Arnhult, CEO  
+46 70–458 24 70  
rutger.arnhult@klovern.se

Lars Norrby, IR  
+46 76–777 38 00  
lars.norrby@klovern.se

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# KLÖVERN

Klövern AB (publ), Bredgränd 4, 111 30 Stockholm • Tel +46 10–482 70 00  
Reg.No. 556482–5833 • Registered office: Stockholm • [www.klovern.se](http://www.klovern.se) • [info@klovern.se](mailto:info@klovern.se)