

- » Income increased by 6 per cent to SEK 1,430 million (1,346).
- » The operating surplus increased by 8 per cent to SEK 943 million (873).
- » Profit from property management increased by 20 per cent to SEK 597 million (498).
- » Changes in value of properties amounted to SEK 1,089 million (775).
- » Net profit increased by 4 per cent to SEK 1,149 million (1 102), corresponding to SEK 1.07 (1.02) per ordinary share.
- » After taking possession of 2 properties for SEK 376 million, sale of 3 properties for SEK 147 million and investments of SEK 785 million, the value of the property portfolio amounted to SEK 37,137 million.
- » The interest coverage ratio rose to 3.0 (2.5) och the adjusted equity ratio amounted to 35.9 per cent.

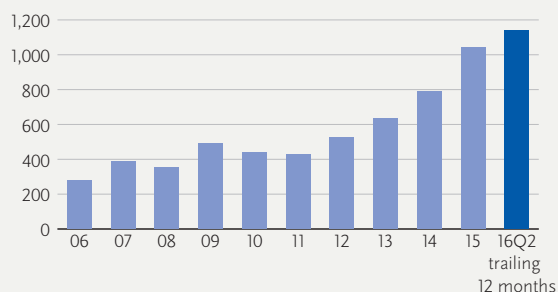
THIS IS KLÖVERN

KLÖVERN IS A REAL ESTATE COMPANY committed, with closeness and commitment, to offering customers efficient premises in selected growth regions.

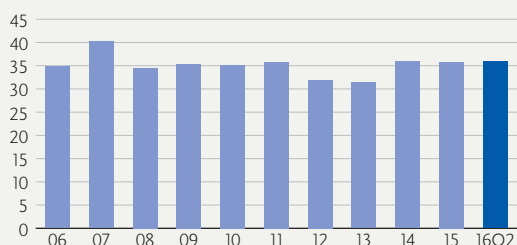
Our vision is to create environments for future enterprise. This requires active construction of city neighbourhoods, districts and other business clusters.

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

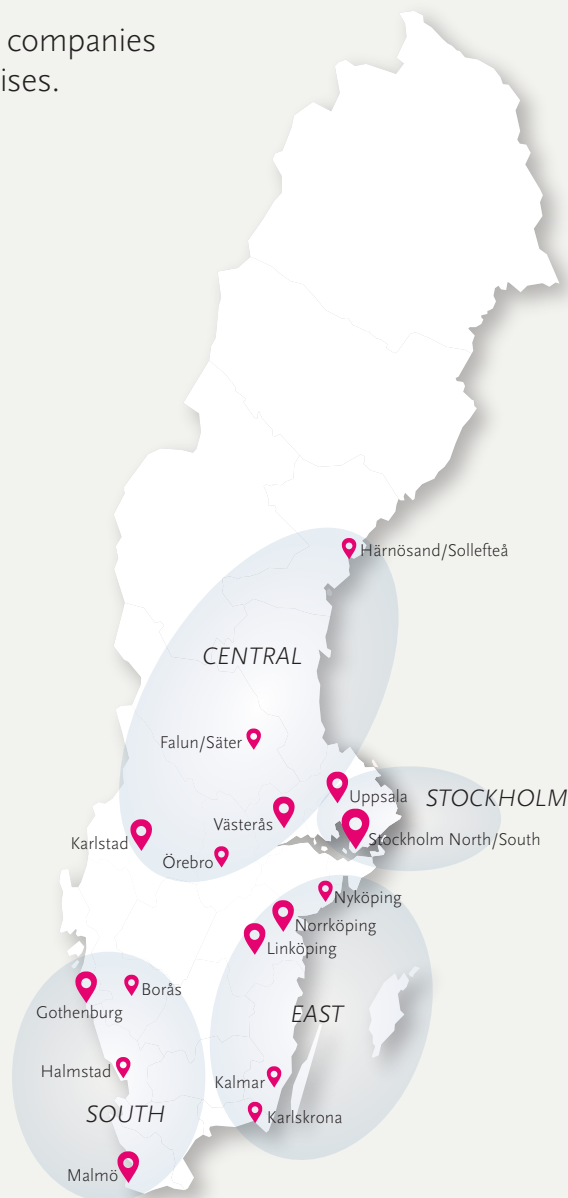
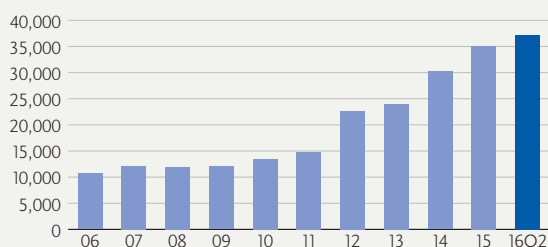
PROFIT FROM PROPERTY MANAGEMENT, SEKm



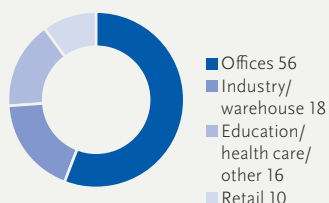
EQUITY RATIO, adjusted, %



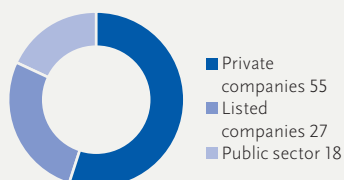
PROPERTY VALUE, SEKm



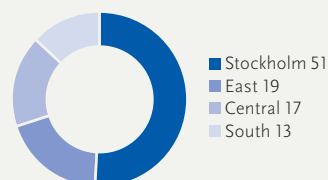
RENTAL VALUE BY TYPE OF PREMISES %



CONTRACT VALUE BY CUSTOMER CATEGORY, %



PROPERTY VALUE BY REGION, %



Continued good earnings development

Klövern's development of earnings continued to be strong during the second quarter. During the first six months of 2016 profit from property management increased by 20 per cent. Positive changes in value of properties contributed also this quarter to profits further down in the income statement. Apace with rising property values, we have gradually become more selective about acquisitions and instead allocate more capital to projects. We often see considerably greater potential for long-term creation of value in project activities, not only for commercial properties but also in housing.

Net moving-in continued to be positive during the second quarter and amounted to SEK 17 million during the first six months. For Klöver as a whole, the economic occupancy rate at the end of the quarter was 91 per cent, which is in line with the goal for 2016. If contracted areas where the tenant has not yet moved in are taken into account, the figure rises to 92 per cent. During the third quarter, Tele2 will move into its newly constructed head office encompassing of around 20,000 sq.m. in Kista and StayAt will obtain access to over 7,000 sq.m. of totally renovated premises in the same area to open a new apartment hotel. These tenancies, both with really long leases, will to a great extent compensate for the long announced future vacancies in the same part of Stockholm.

On the project side, there is a high level of activity with everything from residential projects in the early planning phase to major office projects that are ready for the tenant to move in. Our ongoing projects have a total investment volume of SEK 3.7 billion with a remaining investment of SEK 1.4 billion. During the first six months investments amounted to SEK 785 million. Besides the new premises for Tele2 and StayAt which are soon ready for occupation, the over 19,000 sq.m. that Klöver has developed for the Swedish Transport Agency in Örebro were completed before Midsummer. Among the projects in an early phase, it may be mentioned that first sod has been cut for a new hotel/office building in Västerås, with, among others, Nordic Choice Hotels as tenant. In addition, a start has

been made on the creation of a new hotel in Kista for the same hotel operator.

In the residential segment, Klöver Living is continuing to work on a number of projects at several different stages. In a longer perspective, there may be scope for as many as between 8,000 and 12,000 apartments within our existing property holdings.

For Klöver, 2016 has so far been relatively calm on the transaction side. But during the second quarter we took possession of the exciting project property that has been acquired in a superb location close to Stockholm Central Station. We now continue to work step by step in developing the unit into a modern office- and retail property.

On the financing side it can be noted that there was great interest for the 4-year bond loan of SEK 750 million that was issued during the second quarter. The interest coverage ratio exceeded also in the year's second quarter the target of 2.0 by a wide margin at the same time as the adjusted equity ratio at the end of June amounted to 35.9 per cent.

Overall, we are very satisfied with the development during the second quarter which meant Klöver's best results ever both in terms of operating surplus and profit from property management. Prospects look good for continued healthy development also during the rest of the year.

Rutger Arnhult, CEO Klöver



Sketch of the property Vindhjulet 3 in Örebro.

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

PROFIT

The operating surplus increased to SEK 480 million (454) during the quarter. The operating surplus for a comparable portfolio was unchanged at SEK 442 million (442). The operating margin amounted to 67 per cent (67). Profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 304 million (271). The operating surplus and profit from property management were both positively affected by net acquisitions and net moving-in. Net profit increased to SEK 586 million (846) and was affected by SEK 363 million (399) relating to changes in value of properties and SEK –84 million (160) for derivatives.

INCOME AND EXPENSES

Income increased to SEK 716 million (677) during the quarter. The increase in income is mainly attributable to net acquisitions and net moving-in. Income for a comparable portfolio increased by 1 per cent. Property costs totalled SEK 236 million (223). Property costs for a comparable portfolio increased by 2 per cent. Property costs include rent losses of SEK 1 million (2). Central administration costs amounted to SEK 28 million (23).

NET MOVING-IN AND THE OCCUPANCY RATE

Net moving-in amounted to SEK 9 million (24) during the quarter, the corresponding amount during the period being SEK 17 million (29).

Among the largest tenants moving in during the quarter was the Swedish Transport Agency in the property Vindhjulet 3 in Örebro, which after re-construction amounts to around 19,000 sq.m. Summit Kista has moved into 1,600 sq.m. in Time Building, the property Borgarfjord 4 in Kista and will provide reception services for tenants in the property.

The largest tenant moving out was Eniro which moves from 7,700 sq.m. in the property Hilton 3 in Solna to 2,200 sq.m. in the property Borgarfjord 4 in Kista.

The average remaining lease contract period was 3.5 years (3.5) at 30 June. The economic occupancy rate for all proper-

ties was 91 per cent (91) and the area-based occupancy rate 83 per cent (83). The economic occupancy rate for investment properties was 92 per cent (93) and for development properties 73 per cent (62).

The major contracts signed during the quarter where the tenant has not yet moved in include a lease contract with Migrationsverket in Karlstad of 1,600 sq.m. Moving-in will take place during the fourth quarter of 2016.

SHAREHOLDING

Klövern's holding in the real estate group A Group Of Retail Assets Sweden (Agora) amounts to 2,325,000 shares corresponding to 9.3 per cent of the total number of outstanding shares. Agora is reported as financial assets valued via the income statement.

CASH FLOW

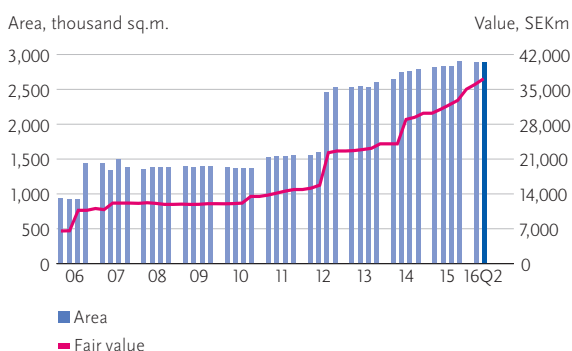
The cash flow from operating activities amounted during the quarter to SEK 168 million (297). Investment activities have affected the cash flow by SEK –769 million (–511) net, mainly by a combination of property transactions and investments in existing properties. The cash flow from financing activities has affected the cash flow by SEK 427 million (150). Overall, the cash flow amounted to SEK –174 million (–64). Liquid assets at the end of the quarter totalled SEK 190 million compared with SEK 144 million as at 30 June 2015.

FINANCING

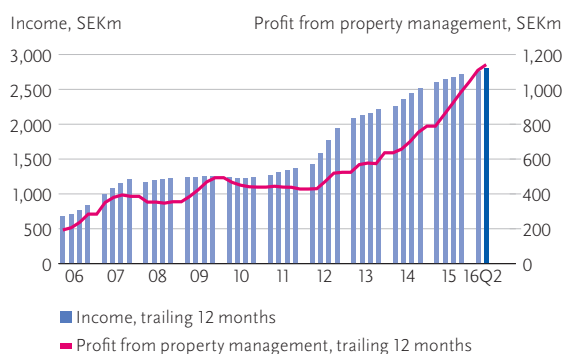
On 30 June, the interest-bearing liabilities amounted to SEK 22,718 million (21,486) and the average financing rate for the whole financial portfolio was 2.6 per cent (2.7). Net financial income during the quarter totalled SEK –148 million (–160), of which financial income accounted for SEK 0 million (0). The average period of fixed interest as at 30 June was 2.0 years (2.1). Credit volumes with swap agreements are treated as having fixed interest. At the end of the period, Klöver had interest swaps totalling SEK 10,037 million (10,040). The average remaining term of derivatives was 3.8 years.

The average period of tied-up capital was 2.8 years (2.8) as at 30 June. Unutilized credit volumes, including unused credit facilities of SEK 400 million (359), amounted to SEK 3,502 million (2,954).

PROPERTIES: VALUE AND AREA



INCOME & PROFIT



Klövern's interest-bearing liabilities are mainly secured with mortgages on properties. Unsecured interest-bearing liabilities consist of issued commercial paper and unsecured bonds; SEK 2,378 million (1,622) and SEK 4,000 million (3,200) respectively, at the end of the period. The commercial paper programme has a framework amount of SEK 2,500 million. During the quarter, an unsecured bond loan of SEK 750 million was issued with a four-year term.

Interest rate swaps effectively limit the interest rate risk. An increase in the short market rates of one percentage point would increase Klöverns average borrowing rate by 0.5 percentage points and Klöverns financial expenses by SEK 104 million. Changes in value of derivatives amounted during the quarter to SEK –84 million (160). On 30 June, the value was SEK –613 million (–467).

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. Klöverns assessment is that there is no

significant difference between the book value and the fair value of interest-bearing liabilities.

At the end of the period, the adjusted equity ratio was 35.9 per cent (35.8), affected negatively to some extent by the future dividend on preference shares being recognised as a liability after the Annual General Meeting.

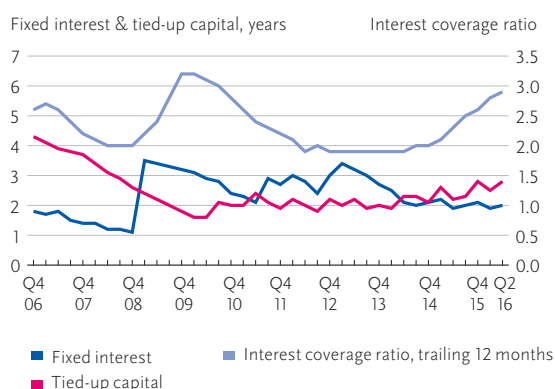
PROPERTY TRANSACTIONS

During the period January–June, 2 properties (12) have been taken possession of for a total purchase price of SEK 376 million (818). Klöverns has sold and handed over 3 properties (11) during the period for a total of SEK 147 million (487).

INVESTMENTS AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernising the premises and thus increasing the rental value. A total of SEK 785 million (558) was invested during the period. In all, 313 projects (310) are in process and SEK 1,358 million (1,606) remains to be invested in these prop-

FIXED INTEREST, TIED-UP CAPITAL & INTEREST COVERAGE RATIO



BUILDING RIGHTS W/ LOCAL PLANS SQ.M. PER REGION, %



PROJECT VOLUME PER REGION, %



FIXED INTEREST AND TIED-UP CAPITAL

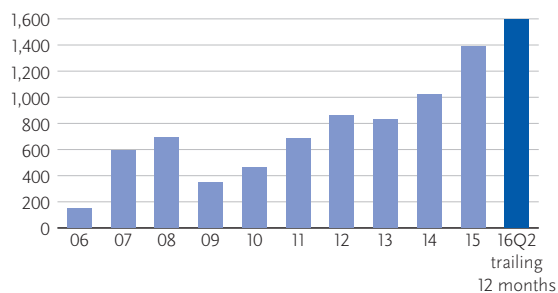
Year due	Fixed interest		Tied-up capital			
	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unused, SEKm
Floating	11,697	2.2	—	—	—	—
2016	1,183	2.7	2,642	2,071	—	571
2017	1,430	2.9	6,112	5,162	1,150	950
2018	1,398	2.0	9,249	7,268	1,800	1,981
2019	1,415	2.1	5,307	5,307	1,000	—
2020	1,815	2.7	750	750	750	—
2021	1,400	3.0	—	—	—	—
2022	1,280	5.3	—	—	—	—
2023	1,100	4.4	—	—	—	—
2024	—	—	—	—	—	—
Later	—	—	2,160	2,160	—	—
Total	22,718	2.6	26,220	22,718	4,700	3,502

erties. Total estimated expenditure for the same projects amounts to SEK 3,689 million (3,451).

At the end of the quarter, assessed building rights and building rights with local plans totalled 2,187,000 sq.m. (2,225,000) and are valued at SEK 1,152 million (1,023). 747,000 sq.m. (817,000) of the building rights are included in local plans and the remainder are classified as assessed. The building rights portfolio includes a number of housing

development projects which Klöver Living is working with. Klöver makes the assessment that there is potential, within the existing portfolio, mostly by amended local plans, to create as many as 8,000 to 12,000 apartments – in Stockholm, Uppsala, Västerås, Karlstad and Linköping, among other places. The breakdown of the building rights with local plans is as follows: 44 per cent offices, 27 per cent industry/warehouse, 15 per cent residential and 14 per cent other.

INVESTMENTS, SEKm



CHANGES IN FAIR VALUE OF PROPERTIES, EXCL. TRANSACTIONS, JAN–JUN, SEKm



- Operating surplus and required yield: 756
- Development of building rights: 229
- Projects >SEK 25m: 625
- Projects <SEK 25m: 254

PROPERTY TRANSACTIONS 2016: ACQUISITIONS

City	Property	Category	Lettable area, sq.m.	Quarter
Stockholm	Orgelpipan 4 ¹	Office	4,507	Q2
Gothenburg	Mellby 3:198	Education/ Health care/ Other	2,576	Q2
Total			7,083	

¹Site leasehold

PROPERTY TRANSACTIONS 2016: DIVESTMENTS

City	Property	Category	Lettable area, sq.m.	Quarter
Helsingborg	Triangeln 3	Industry/ warehouse	5,470	Q1
Köping	Drotten 2	Office	3,473	Q2
Nyköping	Hotellet 18	Retail	822	Q2
Total			9,765	

PROPERTIES: FAIR VALUE

SEKm	2016 Jan–June	2015 Jan–June
Fair value, as per January 1	35,032	30,208
Aquisitions	376	818
Investments	785	558
Sales	–135	–485
Unrealized changes in value	1,079	773
Fair value at the end of the period	37,137	31,872

KLÖVERN'S LARGEST PROJECTS IN PROGRESS

City	Property	Project type	Contractor	Largest tenant, moving-in year/quarter	Project area, sq.m.	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Estimated completion year
Stockholm	Isafjord 8	Office	In3prenör	Tele2, 16Q3	26,112	675	103	60	16Q4
Uppsala	Kungsängen 10:1;2	Office/hotel	Wästbygg	Elite Hotels, 17Q1	19,240	493	119	33	17Q1
Karlstad	Pinassen 2	Office	Peab Sverige	PWC, 17Q3	14,099	292	173	29	17Q4
Västerås	Sigurd 7	Office/hotel	Aros Bygg	Choice Hotels, 18Q1	8,059	216	207	16	18Q2
Stockholm	Borgarfjord 4	Office	Gärahovs Bygg	Eniro, 16Q2	13,356	174	31	19	16Q4
Stockholm	Helgafjäll 1&2	Hotel	Gärahovs Bygg	StayAt Hotel, 16Q3	13,832	167	57	21	17Q4
Stockholm	Knarrarnäs 4	Hotel	—	Choice Hotels, 17Q3	6,800	163	158	11	17Q4
Gothenburg	Gamlestaden 39:13	Office	AF Bygg Gbg	—	11,478	127	79	11	17Q4
Total					112,976	2,307	927	200	

PROPERTIES AND CHANGES IN VALUE

As at 30 June 2016, Klöverns portfolio consisted of 414 properties (415). The rental value amounted to SEK 3,235 million (3,182) and the fair value of the properties was SEK 37,137 million (35,032).

The total lettable area amounted to 2,865,000 sq.m. (2,872,000). The changes in value of the properties totalled SEK 1,089 million (775) during the period January to June. The changes in value include realized changes in value of SEK 10 million (2) and unrealized changes in value of SEK 1,079 million (773). The unrealized changes in value do not affect the cash flow. On average, Klöverns property portfolio, as at 30 June, has been valued with a yield requirement of 6.3 per cent (6.5). The value of the properties has increased, mainly due to investments made in connection with new letting, rising market rents and lower yield requirements.

Klöverns values 100 per cent of the property portfolio every quarter, 20 to 30 per cent of which normally being valued externally. The external valuations have been performed by Cushman & Wakefield and Savills. Every property in the portfolio has thus been valued externally at least once during a rolling 12-month period. All properties are classified at Level 3 in accordance with IFRS 13. No properties have changed classification during the period. See Klöverns annual report for 2015 for a detailed description of valuation principles.

SHARES

At 30 June, the total number of registered shares in the company was 932,437,980, of which 79,861,425 were ordinary shares of class A, 836,132,555 ordinary shares of class B and 16,444,000 preference shares. An ordinary share of Class A confers entitlement to one vote while an ordinary share of Class B, like a preference share, confers entitlement to one-tenth of a vote. Klöverns shares are listed on Nasdaq Stockholm. On 30 June, the closing price was SEK 9.50 per ordinary share of Class A, SEK 9.72 per ordinary share of Class B and SEK 289.00 per preference share, corresponding to a total capitalization of SEK 13,638 million (13,327). The number of shareholders at the end of the period was approximately 44,300 (43,900). 77 per cent (80) of the total number of shares are Swedish-owned. Klöverns does not hold any of its own ordinary or preference shares.

MAJOR SHAREHOLDERS 30.06.2016 SORTED BY SHARE OF VOTES

	No. ordinary shares A thousands	No. ordinary shares B thousands	No. preference shares, thousands	Share of capital, %	Share of votes, %
Arvid Svensson Invest	13,300	132,997	685	15.7	16.1
Corem Property Group	9,500	139,400	—	15.9	14.1
Rutger Arnhult via companies	12,504	86,557	610	10.6	12.8
Gårdarike	7,655	2,250	46	1.0	4.7
Länsförsäkringar funds	—	60,205	—	6.4	3.6
Handelsbanken funds	1,300	39,928	—	4.4	3.2
Swedbank Robur funds	2,184	21,682	—	2.5	2.6
CBNY-Norges Bank	538	22,452	54	2.4	1.6
SEB Investment Management	930	16,291	0	1.8	1.5
Nordea Investment Funds	759	15,183	165	1.7	1.3
Total largest shareholders	48,670	536,945	1,560	62.9	62.0
Other shareholders	31,191	299,188	14,884	37.1	38.0
Total outstanding shares	79,861	836,133	16,444	100.0	100.0
Repurchased own shares	—	—	—		
Total registered shares	79,861	836,133	16,444		

Shares of capital/votes have been rounded off downwards to the nearest one-tenth of a percentage point.

MAJOR PREFERENCE SHAREHOLDERS 30.06.2016

	No. preference shares, thousands	No. ordinary shares A thousands	No. ordinary shares B thousands	Share of capital, %	Share of votes, %
Avanza Pension	756	559	4,014	0.5	0.6
PBB Holding	721	—	—	0.0	0.0
Arvid Svensson Invest	685	13,300	132,997	15.7	16.1
Rutger Arnhult via companies	610	12,504	86,557	10.6	12.8
Robur Försäkring	500	370	5,720	0.7	0.6
Cormac Förvaltnings AB	500	—	—	0.0	0.0
Lantbrukarnas Ekonomi	314	—	—	0.0	0.0
Nordnet Pensionsförsäkring	279	1,299	2,087	0.3	0.9
Patrik Brummer	255	—	—	0.0	0.0
ICA-handlarnas Förbund	252	—	—	0.0	0.0
Total largest shareholders	4,872	28,032	231,375	28.3	31.2
Other shareholders	11,572	51,829	604,758	71.7	68.8
Total outstanding shares	16,444	79,861	836,133	100.0	100.0
Repurchased own shares	—	—	—		
Total registered shares	16,444	79,861	836,133		

Shares of capital/votes have been rounded off downwards to the nearest one-tenth of a percentage point.

DEVELOPMENT OF SHARE CAPITAL

Date	Event	Number of ordinary shares A	Number of ordinary shares B	Number of ordinary shares A+B	Number of preference shares	Accumulated share capital, SEK
01.01.2010		166,544,326		166,544,326		832,721,630
13.01.2012	New issue	166,544,360		166,544,360		832,721,800
13.01.2012	Bonus issue	166,544,360		166,544,360	4,163,609	853,539,845
06.03.2012	New issue	166,544,360		166,544,360	11,708,140	891,262,500
10.04.2012	New issue	166,544,360		166,544,360	11,774,778	891,595,690
19.04.2012	New issue	166,544,360		166,544,360	11,775,363	891,598,615
29.06.2012	New issue	166,544,360		166,544,360	12,238,363	893,913,615
09.07.2012	New issue	166,544,360		166,544,360	12,686,363	896,153,615
14.09.2012	New issue	166,544,360		166,544,360	13,598,863	900,716,115
17.09.2012	New issue	166,544,360		166,544,360	13,731,338	901,378,490
08.10.2012	New issue	166,544,360		166,544,360	17,314,688	919,295,240
08.10.2012	New issue	166,544,360		166,544,360	18,419,688	924,820,240
17.10.2012	New issue	166,544,360		166,544,360	18,536,338	925,403,490
24.03.2014	New issue	166,544,360		166,544,360	18,836,338	926,903,490
11.04.2014	New issue	166,544,360		166,544,360	19,823,806	931,840,830
28.05.2014	New issue	166,544,360		166,544,360	20,388,000	934,661,800
11.11.2014	Reduction of share capital	166,544,360		166,544,360	20,388,000	186,932,360
25/27.11.2014	New issue	166,544,360		166,544,360	32,888,000	199,432,360
05.12.2014	Bonus issue of B-shares	166,544,360	1,665,443,600	1,831,987,960	32,888,000	1,864,875,960
22.12.2014	Reverse split	83,272,180	832,721,800	915,993,980	16,444,000	1,864,875,960
20.01.2015	Conversion	82,187,432	833,806,548	915,993,980	16,444,000	1,864,875,960
03.02.2015	Conversion	81,871,406	834,122,574	915,993,980	16,444,000	1,864,875,960
16.07.2015	Conversion	81,862,506	834,131,474	915,993,980	16,444,000	1,864,875,960
05.08.2015	Conversion	81,862,397	834,131,583	915,993,980	16,444,000	1,864,875,960
04.02.2016	Conversion	79,861,425	836,132,555	915,993,980	16,444,000	1,864,875,960

TAXES

During the first quarter, deferred tax amounted to SEK –127 million (–144) and current tax to SEK –22 million (0).

During the second quarter of 2015, the Supreme Administrative Court decided to refer the case concerning upward adjustment of tax of SEK 77 million made by the Tax Agency, to the Administrative Court. During the second quarter of 2016 the Administrative Court decided to make an upward adjustment of the company's taxes by this amount. The judgement has been appealed to the Administrative Court of Appeal. The company has made a provision for current taxes of SEK 21 million. At the same time, deferred taxes decrease by SEK 17 million since the taxable value of the properties increases by SEK 77 million. The total net tax effect thereby amounts to SEK 4 million due to different tax rates. The net amount burdens results in the quarter.

ORGANIZATION

Klövern's business model entails closeness to the customer by having own local staff at all 17 business units, allocated

to four geographic regions. The regions are Stockholm (Stockholm North, Stockholm South and Uppsala), East (Linköping, Norrköping, Nyköping, Karlskrona and Kalmar), Central (Västerås, Karlstad, Örebro, Falun/Säter and Härnösand/Sollefteå) and South (Gothenburg, Malmö, Borås and Halmstad).

At the end of the quarter, Klöver had 225 employees (214). The average age was 44 (43) and the proportion of women was 39 per cent (39).

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 62–65 of the 2015 annual report.

DISPUTES

Klövern has no major ongoing disputes.

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, the corresponding figures are also broken down according to investment and development properties.

The operating surplus is affected by projects or restrictions on letting before development of the properties. The upper table shows current operations, including properties sold during the period and investments made. The lower table shows the situation at the end of the respective quarter.

INCOME STATEMENT ITEMS AND INVESTMENTS PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Property costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2016 Jan–June	2015 Jan–June	2016 Jan–June	2015 Jan–June	2016 Jan–June	2015 Jan–June	2016 Jan–June	2015 Jan–June	2016 Jan–June	2015 Jan–June
Stockholm	604	544	–192	–188	412	356	68	65	499	356
East	321	327	–113	–111	208	216	65	66	67	81
Central	304	303	–109	–113	195	190	64	63	147	90
South	201	172	–73	–61	128	111	64	65	72	31
Investment	1,355	1,290	–441	–436	914	854	67	66	242	275
Development	75	56	–46	–37	29	19	39	34	543	283
Total	1,430	1,346	–487	–473	943	873	66	65	785	558

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Yield requirement ¹⁾ , %		Area, 000 sq.m.		Rental value, SEKm		Ec. occupancy rate, %	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Stockholm	18,899	15,019	5.8	6.2	810	758	1,390	1,245	90	90
East	6,893	6,549	6.9	7.0	749	754	718	717	91	91
Central	6,390	5,913	7.1	7.3	746	744	682	668	89	90
South	4,955	4,391	6.6	7.1	560	555	445	417	93	90
Investment	33,215	28,603	6.3	6.7	2,474	2,469	3,010	2,831	92	92
Development	3,922	3,269	6.4	6.8	318	342	225	216	73	63
Total	37,137	31,872	6.3	6.7	2,865	2,811	3,235	3,047	91	90

¹⁾ Yield requirement is estimated excluding building rights.

Stockholm: Stockholm North, Stockholm South and Uppsala. East: Linköping, Norrköping, Nyköping, Karlskrona and Kalmar. Central: Västerås, Karlstad, Örebro, Falun/Säter and Härnösand/Sollefteå. South: Gothenburg, Malmö, Borås and Halmstad.



Sketch of the property Helgafjäll 2 in Kista.

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, the Annual Accounts Act. The accounting policies applied in this interim report are in essential parts those described in Note 1 of Klöverns annual report for 2015.

Klövern's holding in Tribona AB (publ) amounted to 29.5 per cent at the opening of the fourth quarter of 2015. The whole shareholding was divested at the end of October. Holdings which exceed 20 per cent, but are less than 50 per cent of the votes, are reported as participation rights in associated companies and Klöverns therefore reported the holding in Tribona as participation rights in associated companies until the shares were divested. The holding was reported in accordance with the equity method. This means that the book value for the Group of the holding is adjusted by Klöverns share of the net profit and other comprehensive income with the exception of any dividend received. Associated companies are reported at acquisition value in the parent company.

DIVIDEND

During the second quarter a dividend of SEK 0.35 per ordinary share, totalling SEK 321 million (275) has been paid. During the first and second quarter respectively, dividend on the preference share has been paid at SEK 5.00 per quarter, totalling SEK 164 million (164).

Stockholm, 11 July 2016

The Board of Directors of Klöverns AB (publ)

This interim report has not been reviewed by Klöverns auditors.

The undersigned certify that the six-month report gives a fair picture of the Parent Company's and the Group's operations, financial position and earnings and describes significant risks and uncertainty factors facing the Parent Company and the companies that are included in the Group.

Stockholm, 11 July 2016

The Board of Directors of Klöverns AB (publ)

Pia Gideon
Chairman of the Board

Rutger Arnhult
CEO

Ann-Cathrin Bengtson
Board Member

Eva Landén
Board Member

Fredrik Svensson
Board Member

Consolidated Statement of Income

SEKm	2016 3 months Apr–Jun	2015 3 months Apr–Jun	2016 6 months Jan–Jun	2015 6 months Jan–Jun	2015 12 months Jan–Dec	Rolling 12 months Apr–Mar
Income	716	677	1,430	1,346	2,718	2,802
Property costs	–236	–223	–487	–473	–952	–966
Operating surplus	480	454	943	873	1,766	1,836
Central administration	–28	–23	–51	–46	–92	–97
Net financial items	–148	–160	–295	–329	–631	–597
Profit from property management	304	271	597	498	1,043	1,142
Share in earnings of associated companies	—	24	—	24	171	147
Changes in value, properties	363	399	1,089	775	1,252	1,566
Changes in value, derivatives	–84	160	–224	87	91	–220
Changes in value, financial assets	3	–8	0	0	–4	–4
Write-down of goodwill	—	—	0	–10	–12	–2
Profit before tax	586	846	1,462	1,374	2,541	2,629
Current tax	–22	0	–22	0	–2	–24
Deferred tax	–127	–144	–291	–272	–531	–550
Net profit for the period	437	702	1,149	1,102	2,008	2,055
Other comprehensive income, items which may later be reversed in the income statement	—	0	—	–1	–2	–1
Comprehensive income for the period	437	702	1,149	1,101	2,006	2,054
Earnings per ordinary share, SEK	0.39	0.68	1.07	1.02	1.83	1.89
No. of ordinary shares outstanding at the end of the period, million	916.0	916.0	916.0	916.0	916.0	916.0
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	916.0	916.0	916.0	916.0	916.0	916.0
Average no. of outstanding preference shares, million	16.4	16.4	16.4	16.4	16.4	16.4

The profit is fully attributable to the parent company's shareholders.
There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

SEKm	30.06.2016	30.06.2015	30.12.2015
ASSETS			
Goodwill	233	235	233
Investment properties	37,137	31,872	35,032
Machinery and equipment	13	13	12
Participation rights in associated companies	—	458	—
Financial assets at fair value through statement of income	111	117	112
Other receivables	471	449	482
Liquid funds	190	144	12
TOTAL ASSETS	38,155	33,288	35,883
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	11,889	10,485	11,390
Minority interest	0	0	0
Deferred tax liability	1,794	1,249	1,503
Interest-bearing liabilities	22,718	19,752	21,486
Derivatives	613	622	467
Accounts payable	48	54	250
Other liabilities	368	366	188
Accrued expenses and prepaid income	725	760	599
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	38,155	33,288	35,883

Change in Consolidated Shareholders' Equity

SEKm	
Shareholders' equity 31.12.2014	9,988
Dividend	-604
Other comprehensive income	-2
Net profit for the period	2,008
Shareholders' equity 31.12.2015	11,390
Dividend	-650
Other comprehensive income	—
Net profit for the period	1,149
Shareholders' equity 30.06.2016	11,889

Consolidated Cash Flow Statement

SEKm	2016 3 months Apr–Jun	2015 3 months Apr–Jun	2016 6 months Jan–Jun	2015 6 months Jan–Jun	2015 12 months Jan–Dec
Current operations					
Profit from property management	304	271	597	498	1,043
Adjustment for items not included in the cash flow	1	1	2	2	4
Income tax paid	-4	—	-4	—	-2
Cash flow from current operations before change in working capital	301	272	595	500	1,045
Changes in working capital					
Change in operating receivables	16	82	10	-33	-70
Change in operating liabilities	-149	-57	-78	-99	-77
Total change in working capital	-133	25	-68	-132	-147
Cash flow from current operations	168	297	527	368	898
Investment operations					
Divestment of properties	37	209	147	352	411
Acquisition of and investment in properties	-805	-785	-1,162	-1,377	-4,118
Acquisition of machinery and equipment	-2	-1	-3	-2	-4
Change in financial assets	1	66	1	73	678
Cash flow from investment operations	-769	-511	-1,017	-954	-3,033
Financing operations					
Change in interest-bearing liabilities	909	507	1,232	883	2,616
Realized changes in value, derivatives	-79	—	-79	—	-151
Dividend	-403	-357	-485	-439	-604
Cash flow from financing operations	427	150	668	444	1,861
Total cash flow	-174	-64	178	-142	-274
Liquid funds at the beginning of the period	364	208	12	286	286
Liquid funds at the end of the period	190	144	190	144	12

Parent Company Income Statement

SEKm	2016 3 months Apr–Jun	2015 3 months Apr–Jun	2016 6 months Jan–Jun	2015 6 months Jan–Jun	2015 12 months Jan–Dec
Net sales	52	54	100	102	195
Cost of services sold	–47	–41	–85	–78	–155
Gross profit	5	13	15	24	40
Central administration	–28	–23	–51	–46	–92
Operating profit	–23	–10	–36	–22	–52
Net financial items	–155	–85	–252	–182	761
Profit before tax	–178	–95	–288	–204	709
Current tax	—	—	—	—	—
Deferred tax	—	—	—	—	–24
Net profit for the period	–178	–95	–288	–204	685
Other comprehensive income	—	—	—	—	—
Comprehensive income for the period	–178	–95	–288	–204	685

Parent Company Balance Sheet

SEKm	30.06.2016	30.06.2015	31.12.2015
ASSETS			
Machinery and equipment	5	5	5
Participation rights in group companies	1,875	1,875	1,875
Participation rights in other companies	—	517	—
Receivables from group companies	19,525	19,977	18,095
Deferred tax assets	340	364	340
Accounts receivables	49	56	58
Liquid funds	368	54	100
TOTAL ASSETS	22,160	22,848	20,473
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	6,403	6,450	7,340
Interest-bearing liabilities	12,802	8,851	11,578
Liabilities to group companies	2,512	7,101	1,298
Accounts payable	4	3	7
Other liabilities	349	345	179
Accrued expenses and prepaid income	90	98	71
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	22,160	22,848	20,473

Key ratios

	30.06.2016 3 months Apr–Jun	30.06.2015 3 months Apr–Jun	30.06.2016 6 months Jan–Jun	30.06.2015 6 months Jan–Jun	30.06.2016 rolling 12 months Jul–Jun	2015	2014	2013	2012
Property									
Number of properties	414	412	414	412	414	415	408	402	387
Lettable area, 000 sq.m.	2,865	2,811	2,865	2,811	2,865	2,872	2,792	2,624	2,529
Rental value, SEKm	3,235	3,047	3,235	3,047	3,235	3,182	2,983	2,570	2,468
Fair value properties, SEKm	37,137	31,872	37,137	31,872	37,137	35,032	30,208	24,059	22,624
Yield requirement valuation, %	6.3	6.7	6.3	6.7	6.3	6.5	6.9	7.2	7.2
Operating margin, %	67	67	66	65	66	65	65	63	62
Occupancy rate, economic, %	91	90	91	90	91	91	90	90	88
Occupancy rate, area, %	83	82	83	82	83	83	81	82	81
Average lease term, years	3.5	3.4	3.5	3.4	3.5	3.5	3.3	3.5	3.4
Financial									
Return on equity, %	3.6	6.7	9.7	10.7	18.1	18.9	14.5	11.6	5.8
Equity ratio, %	31.2	31.5	31.2	31.5	31.2	31.7	31.5	28.5	28.1
Equity ratio, adjusted, %	35.9	35.9	35.9	35.9	35.9	35.8	35.9	31.4	31.9
Leverage, %	60	60	60	60	60	61	60	65	64
Leverage properties, %	44	50	44	50	44	47	51	57	59
Interest coverage ratio	3.1	2.7	3.0	2.5	2.9	2.6	2.0	1.9	1.9
Average interest, %	2.6	3.2	2.6	3.2	2.6	2.7	3.5	4.3	4.3
Average fixed-interest period, years	2.0	1.9	2.0	1.9	2.0	2.1	2.1	2.7	3.0
Average period of tied-up capital, years	2.8	2.2	2.8	2.2	2.8	2.8	2.1	2.0	2.2
Interest-bearing liabilities, SEKm	22,718	19,752	22,718	19,752	22,718	21,486	18,870	16,163	15,229
Share¹									
Equity per ordinary share, SEK	7.79	6.13	7.79	6.13	7.79	7.38	5.20	4.83	4.69
EPRA NAV, SEK	10.42	8.18	10.42	8.18	10.42	9.53	7.05	5.93	5.94
Equity per preference share, SEK	289.00	296.00	289.00	296.00	289.00	281.50	317.50	300.00	273.50
Profit from property management per ordinary share, SEK	0.24	0.21	0.47	0.36	0.89	0.78	0.61	0.49	0.43
Earnings per ordinary share, SEK	0.39	0.68	1.07	1.02	1.89	1.83	1.02	0.68	0.23
Share price ordinary share A at end of period, SEK	9.50	7.70	9.50	7.70	9.50	9.45	8.20	5.18	4.65
Share price ordinary share B at end of period, SEK	9.72	7.65	9.72	7.65	9.72	9.50	7.60	—	—
Share price preference share at end of period, SEK	289.00	296.00	289.00	296.00	289.00	281.50	317.50	300.00	273.50
Market capitalization, SEKm	13,638	11,879	13,638	11,879	13,638	13,327	12,232	7,527	6,670
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	916.0	916.0	916.0	916.0	916.0	916.0	916.0	916.0	888.5
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	9.3	9.3
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	9.3	9.3
Dividend per ordinary share, SEK	—	—	—	—	—	0.35	0.30	0.27	0.27
Dividend per preference share, SEK	—	—	—	—	—	20.00	20.00	20.00	20.00
Dividend in relation to profit from property management, %	—	—	—	—	—	62	77	68	83
Dividend preference shares in relation to profit from property management, %	—	—	—	—	—	32	42	29	35

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

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

PROPERTY VALUE,
SEK BILLION

37.1

RENTAL VALUE,
SEK BILLION

3.2

LETTABLE AREA,
THOUSAND SQ.M.

2,865

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.

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 relation to income.

OPERATING SURPLUS

Income less property costs.

PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax.

REALIZED CHANGE IN VALUE, PROPERTIES

Divestments 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.

REQUIRED YIELD, VALUATION

The required yield of property valuations on the residual value.

UNREALIZED CHANGE IN VALUE, PROPERTIES

Change in fair value excluding acquisitions, divestments, investments and realized change in value.

FINANCE

EQUITY RATIO

Reported equity in relation to reported total assets.

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.

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.

LEVERAGE PROPERTIES

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

RETURN ON EQUITY

Net profit in relation to average equity.

SHARE

EARNINGS PER ORDINARY SHARE

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

EARNINGS PER PREFERENCE SHARE

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

EPRA NAV

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

EQUITY PER ORDINARY SHARE

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

EQUITY PER PREFERENCE SHARE

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

PROFIT FROM PROPERTY MANAGEMENT PER ORDINARY SHARE

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

INTEREST COVERAGE
RATIO

3.0

EQUITY RATIO,
ADJUSTED, %

35.9

NUMBER OF
SHAREHOLDERS

44,300

Calendar

Final day for trading conferring the right to dividend for preference shareholders	28 Sep 2016
Record date for dividend to preference shareholders	30 Sep 2016
Expected date for dividend to preference shareholders	5 Oct 2016
Interim report, Jan–Sep 2016	20 Oct 2016
Year-end report, 2016	10 Feb 2017

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KLÖVERN

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