

- » Income increased by 13 per cent to SEK 1,222 million (1,081).
- » The operating surplus increased by 19 per cent to SEK 794 million (670).
- » Profit from property management increased by 21 per cent to SEK 369 million (305).
- » Changes in value of properties amounted to SEK 728 million (–114), of derivatives to SEK –319 million (317) and share of profits in associated companies amounted to SEK –56 million (7).
- » Net profit amounted to SEK 671 million (440), corresponding to SEK 3.44 (2.09) per common share.
- » Taking possession of 9 properties for SEK 4,080 million and sale of 7 properties for SEK 330 million.
- » Globen City was taken possession of at the start of the second quarter.
- » During the second quarter the business centre activities were launched under a separate brand name: First Office. Klöver now intends to also conceptualise its self storage operations under a separate brand name: Big Pink.

Net profit

SEKm	2014 Apr–Jun	2013 Apr–Jun	2014 Jan–Jun	2013 Jan–Jun	2013 Jan–Dec	Rolling 12 month Jul–Jun
Income	635	540	1,222	1,081	2,220	2,361
Property costs	-209	-191	-428	-411	-828	-845
Operating surplus	426	349	794	670	1,392	1,516
Central administration	-20	-22	-39	-40	-78	-77
Net financial items	-200	-164	-386	-325	-678	-739
Profit from property management	206	163	369	305	636	700
Share of profits in associated company	-11	7	-56	7	5	-58
Changes in value properties	571	-58	728	-114	-28	814
Changes in value derivatives	-163	160	-319	317	337	-299
Changes in value financial assets	—	36	—	71	71	—
Write-down of goodwill	-8	-14	-9	-26	-34	-17
Profit before tax	595	294	713	560	987	1,140
Current tax	0	—	0	—	-1	-1
Deferred tax	-11	-54	-42	-120	-178	-100
Profit for the period	584	240	671	440	808	1,039
Other comprehensive income	1	8	0	8	-2	-10
Comprehensive income for the period	585	248	671	448	806	1,029

Key ratios

	30.06.2014 Q2	31.03.2014 Q1	31.12.2013 Q4	30.09.2013 Q3	30.06.2013 Q2	31.03.2013 Q1	31.12.2012 Q4	30.09.2012 Q3
Operating margin, %	67	63	61	66	65	59	53	69
Return on equity, %	7.8	1.2	2.5	2.7	3.5	2.8	-0.6	1.2
Adjusted equity ratio, %	28.8	31.1	31.4	31.5	31.4	33.2	31.9	30.6
Leverage, %	68	65	65	65	65	64	64	66
Leverage properties, %	57	55	57	57	57	57	59	62
Interest coverage ratio, multiples	2.0	1.9	1.9	2.0	2.0	1.9	1.5	2.0
Average interest, %	3.9	4.2	4.3	4.3	4.4	4.3	4.3	4.4
Average fixed-interest period, years	2.1	2.5	2.7	3.0	3.2	3.4	3.0	2.4
Average period of tied-up capital, years	2.3	1.9	2.0	1.9	2.2	2.0	2.2	1.8
Occupancy rate economic, %	90	90	90	89	88	88	88	88
Occupancy rate area, %	82	81	82	81	80	80	81	80

Continued great interest in investing in the real estate market

The pace of activity continued to be high during the second quarter when the property portfolio expanded by around SEK 4 billion all at once through the acquisition of Globen City in early April. We also made a couple of smaller transactions during the quarter, including the acquisition of some properties in Kalmar and Gothenburg. Furthermore, Klöver signed its next biggest lease contract with the mobile phone operator Tele2 in Kista.

Income during the quarter rose by 18 per cent, driven by acquisitions as well as an increased occupancy rate. Continued focus on costs contributed to costs only increasing at a moderate pace. As Globen City was taken possession of during the quarter, this has not yet had its full impact on earnings, although the operating surplus of SEK 426 million for the period is the highest that Klöver has ever had for a quarter by a good margin. The operating margin, the operating surplus as a proportion of income, increased to 67 per cent (65 per cent).

Interest in investing in the real estate market is increasing more and more. With a repo rate of 0.25 per cent and a 5-year rate at historic lows, it can be difficult to find the yield that many investors require in other kinds of asset. We notice this increased interest in a number of ways, including several institutional investors participating in making offers. These investors can often accept a lower required yield on properties and thus a higher price. This leads to a general reduction in the required yields in the property market. We can also see this in the existing portfolio where required yields for certain properties are falling slightly leading to positive changes in value.

Klöver's strategy is to operate in selected growth locations. At the places we choose, we shall be among the leading and dominating real estate owners at the location. We will accordingly continue to reinforce the portfolio by acquisitions, investments in the existing portfolio, or new production. We can make our administration more efficient by selling properties in peripheral locations and instead investing in acquiring properties that are close to our existing portfolio.

During the quarter, we acquired four properties in Kalmar for SEK 100 million. The properties are fully let and the total lettable area of around 13,500 sq.m. consists of office, retail and warehouse space. Klöver has a strong position on the Kalmar market and it is gratifying to be able to add on some properties that can be managed within the existing organization. We also continued to work on concentrating the portfolio by selling our remaining properties in Kristianstad and Landskrona.

During the quarter we launched our business centre activities under a separate brand name: First Office. By clarifying the breadth of our geographic presence – we have 54 business centres in 16 cities – and adding new services, we expect to attract tenants to an even greater extent. We now also intend to conceptualise our self storage operations under a new brand name: Big Pink. We currently have a handful of self storage units and intend to open more.

The banks' willingness to lend remains strong. During the quarter, we have extended a number of larger loans and have been offered continued good margins. We also took the opportunity of making use of a strong market interest to invest in preference shares during the quarter. We issued over 1.5 million preference shares in two different issues.

In terms of earnings, the second quarter was Klöver's strongest ever, which feels very satisfactory. I would like to take the opportunity of wishing all tenants, employees and investors a pleasant summer.

Rutger Arnhult
CEO, Klöver



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

PROFIT

Profit from property management, i.e. profit excluding changes in value and tax, increased to SEK 369 million (305) during the period January–June and profit amounted to SEK 671 million (440). Besides the effect of net acquisition of properties profit from property management was affected positively by net moving-in and the mild winter. Net profit was affected by SEK 728 million (–114) as regards changes in value of properties, SEK –319 million (317) for derivatives and SEK –56 million (7) for Klövern's share of profit of the associated company Tribona. The operating margin was SEK 65 per cent (62).

Operating surplus for a comparable portfolio rose by 4 per cent to SEK 692 million (664). Income rose by 1 per cent to SEK 1,079 million (1,066). Property costs decreased by 4 per cent to SEK 387 million (402), among other things due to milder weather at the beginning of the year. The fair value of a comparable portfolio increased by SEK 1,105 million, or 5 per cent, compared with 30 June 2013, mainly due to investments in connection with new lettings and reduced required yield.

INCOME AND COSTS

Income during the period increased to SEK 1,222 million (1,081). The increase in income is mainly attributable to net acquisitions and net moving-in as well as a one-off item for insurance indemnity of SEK 13 million. The property costs increased to SEK 428 million (411). The mild winter has had a positive effect on costs and has to some extent counter-balanced the larger property portfolio. The property costs

include rent losses of SEK 1 million (0). Central administration costs amounted to SEK 39 million (40).

Net moving-in amounted to SEK 0 million (15) during the quarter and SEK 5 million (15) during the period. The largest tenant moving in is TOOLS Sverige in Västerås with 1,600 sq.m. and the largest vacating tenant is Schneider Electric in Stockholm with 2,600 sq.m.

The average remaining contract period was 3.6 years (3.5). The economic occupancy rate for all properties amounted to 90 per cent (88) and 82 per cent (80) measured as area. The economic occupancy rate for investment properties was 92 per cent (91) and it was 57 per cent (61) for development properties.

The major lease contracts, which have been signed during the period but where the tenant has not yet moved in, include a 12-year lease with Tele2 to let 20,000 sq.m., which will entail new production of around 26,000 sq.m.

SHAREHOLDING

During the quarter, Klövern has acquired an additional 2,903,599 shares in Tribona AB (publ) for SEK 87 million in connection with the new issue carried out by the company. Klövern's holding in Tribona then totalled 14,517,998 shares corresponding to 29.8 per cent of the total number of outstanding shares. Tribona has been reported as an associated company since 7 June 2013. Klövern's share of profit for the period amounted to SEK –56 million (7). During 2013, the unrealized change in value up to the time of classification as shares in an associated company totalled SEK 49 million for the holding in Tribona at that time.

Tribona specializes in modern and strategically located logistics properties. The property portfolio consists of 22 properties in Sweden and one in Denmark. The lettable area amounts to 711,000 sq.m. and the property value SEK 5,474 million.

CASH FLOW

The cash flow from current operations was SEK 254 million (264) and income tax paid amounted to SEK 0 million (0). Investment operations have affected the cash flow by SEK



–4,264 million (–481) net, through a combination of property acquisitions and investments in existing properties. The cash flow from financing activities has affected cash flow for the period by SEK 3,937 million (–82). Altogether, the cash flow for the period totals SEK –73 million (–299). Liquid funds at the end of the period amounted to SEK 11 million, compared with SEK 77 million on 30 June 2013.

FINANCING

At the end of the period, the interest-bearing liabilities amounted to SEK 20,156 million (16,163) and the average financial interest rate for the whole of the financial portfolio was 3.9 per cent (4.3). Net financial income for the period amounted to SEK –386 million (–325), of which financial income was SEK 1 million (6). The average fixed-interest term was 2.1 years (2.7) as at 30 June. Credit volumes with swap agreements are treated as having fixed interest. At the end of the period, Klöverner had interest rate swaps totalling SEK 8,169 million (8,317). During the second quarter, all of the interest rate caps of SEK 855 million matured. The average remaining term of derivatives was 4.6 years.

The average period of tied-up capital amounted to 2.3 years (2.0) at the end of the period. Unutilized credit volumes, including unused credit facilities of SEK 327 million (390), amounted to SEK 1,351 million (1,306).

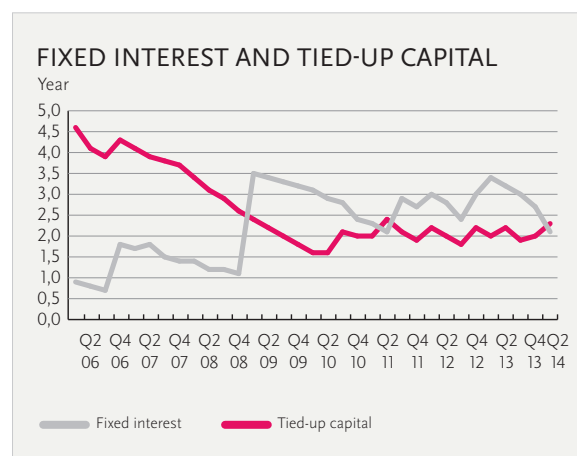
Klöverner's interest rate swaps and interest rate caps effectively limited the interest rate risk. An increase in the short market rates of one percentage point would affect Klöverner's average borrowing rate by 0.6 percentage points and Klöverner's financial costs by SEK 120 million. Changes in value of derivatives, all unrealized, amounted during the period to SEK –319 million (317) unrealized. On 30 June, the value was SEK –463 million (–144).

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

Klöverner also carried out cash new issues on three occasions during the period, with departure from the shareholders' preferential rights. A total of 1,851,662 shares have been issued, corresponding to issue proceeds of SEK 289 million.

PROPERTY TRANSACTIONS

During the period, 9 properties (7) have been acquired for a total purchase price of SEK 4,080 million (248). Klöverner has sold and handed over 7 properties (5) during the period at a price of SEK 330 million (168).



FIXED INTEREST AND TIED-UP CAPITAL

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Interest, %	Contract volume, SEKm	Utilized, SEKm	Unutilized, SEKm
Floating	11,803	3.2	—	—	—
2014	183	4.2	2,547	2,220	327
2015	1,501	5.1	8,128	7,634	494
2016	600	4.8	250	180	70
2017	1,075	4.7	7,546	7,086	460
2018	1,194	5.2	2,837	2,837	—
2019	900	5.0	—	—	—
2020	500	4.6	—	—	—
2021	500	4.8	—	—	—
2022	800	5.6	—	—	—
2023	1,100	4.7	—	—	—
Later	—	—	199	199	—
Total	20,156	3.9	21,507	20,156	1,351



The property Kungsängen 10:1, 10:2, centrally located in the travel interchange in Uppsala.

INVESTMENTS AND BUILDING RIGHTS

Investments in existing properties often take place in connection with new lettings with the aim of customizing and modernizing the premises and thus increasing the rental value. During the period, SEK 417 million (324) was invested. In all, 307 projects (281) are in process and SEK 1,527 million (632) remains to be invested in these projects. Total estimated expenditure for the same projects amounts to SEK 2,582 million (1,517).

At the end of the period, assessed building rights and building rights totalled 1,439,000 sq.m. (1,397,000). 601,000 sq.m. (587,000) of the building rights are included in local plans. Over half of the building rights included in local plans consists of offices and almost a third of housing. The building rights are valued at SEK 1,043 million (972), corresponding to SEK 725 per sq.m. (695).

FAIR VALUE

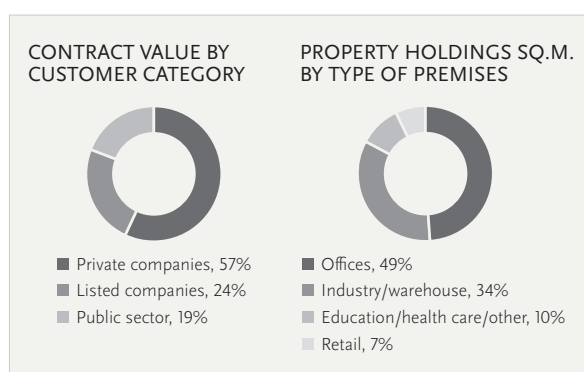
SEKm	2014 Jan–Jun	2013 Jan–Dec
Fair value, as per January 1	24,059	22,624
Aquisitions	4,080	1,020
Investments	417	830
Sales	–330	–387
Change in value	728	–28
Fair value at the end of the period	28,954	24,059

PROPERTIES AND CHANGES IN VALUE

As at 30 June 2014, Klöver's portfolio consisted of 404 properties (402). The rental value amounted to SEK 2,923 million (2,570) and the fair value of the properties was SEK 28,954 million (24,059).

KLÖVERN'S LARGEST PROJECTS IN PROGRESS

City	Property	Project type	Lettable area property, sq.m.	Project area, sq.m.	Estimated economic occupancy rate after project, %	Estimated investment, SEKm	Remaining investment, SEKm	Increase in rental value due to project, SEKm	Rental value after project, SEKm	Estimated completion, year
Kista/Stockholm	Isafjord 1	Office	26 112	26 112	100	700	698	62	202	2016
Uppsala	Kungsängen 10:1,10:2	Office	11 376	11 376	100	250	207	15	21	2016
Örebro	Vindhjulet 3	Office	19 343	19 343	100	154	124	11	28	2016
Norrköping	Kopparhamaren 2	Education	36 613	5 130	84	99	14	8	46	2014
Alingsås	Fodret 14	Retail	7 700	7 700	100	87	29	10	10	2014
Malmö	Dragör 1	Office	2 322	2 322	100	65	11	5	5	2014
Linköping	Brevduvan 17	Office	7 603	4 998	90	49	7	3	11	2014
Uppsala	Fyrislund 6:6	Warehouse	62 835	2 700	87	44	16	5	102	2014
Linköping	Amor 1	Office	3 292	3 292	100	32	2	2	7	2014
Halmstad	Halmstad 2:49	Office	3 330	3 330	100	31	21	4	6	2015
Total			180 526	86 303		1 511	1 128	125	438	



The total lettable area amounted to 2,754,000 sq.m. (2,624,000). The changes in value of the properties amounted to SEK 728 million (–114) during the period. The changes in value include realized changes in value of SEK 7 million (10) and unrealized changes in value of SEK 721 million (–124). 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 7.0 per cent (7.2). The value of the properties has increased, mainly due to lower yield requirements and increasing market rents.

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

SHAREHOLDERS 30.06.2014

	No. common shares, thousands	No. preference shares, thousands	Share of capital, %	Share of votes, %
Corem Property Group	32,200	—	17.2	19.1
Arvid Svensson Invest	26,599	1,180	14.9	15.8
Rutger Arnhult via companies	18,300	43	9.8	10.9
Länsförsäkringar funds	16,236	—	8.7	9.6
Handelsbanken funds	6,607	—	3.5	3.9
JPM Chase NA	4,936	111	2.7	2.9
Swedbank Robur funds	4,492	84	2.4	2.7
SEB Investment Management	2,285	1	1.2	1.4
Robur Försäkring	1,235	778	1.1	0.8
Client OMI for Ishare Europe	1,291	—	0.7	0.8
JPMorgan Chase NA	1,288	—	0.7	0.8
Aktie-Ansvar funds	1,170	96	0.7	0.7
SSB Client Omnibus AC OM03	1,149	49	0.6	0.7
State Street Bank and Trust	1,123	19	0.6	0.7
Avanza Pension	958	666	0.9	0.6
Klöverns Vinstandelsstiftelse	962	30	0.5	0.6
Skandia funds	895	16	0.5	0.5
Invus Investment	871	22	0.5	0.5
JP Morgan Europe Limited	864	2	0.5	0.5
Gamla Livförsäkrings-aktiebolaget	783	15	0.4	0.5
Total largest shareholders	124,244	3,112	68.1	74.0
Other shareholders	42,300	17,276	31.9	26.0
Total outstanding shares	166,544	20,388	100.0	100.0
Repurchased own shares	—	—		
Total registered shares	166,544	20,388		

DEVELOPMENT OF SHARE CAPITAL

Date	Event	Change no. common shares	Total no. common shares	Change no. preference shares	Total no. preference shares	Acc. share capital, SEK
01.01.2012	Opening balance		166,544,326		—	832,721,630
13.01.2012	Cash new issue	34	166,544,360			832,721,800
13.01.2012	Bonus issue			4,163,609	4,163,609	853,539,845
06.03.2012	New issue			7,544,531	11,708,140	891,262,500
10.04.2012	New issue			66,638	11,774,778	891,595,690
19.04.2012	New issue			585	11,775,363	891,598,615
29.06.2012	New issue			463,000	12,238,363	893,913,615
09.07.2012	New issue			448,000	12,686,363	896,153,615
14.09.2012	New issue			912,500	13,598,863	900,716,115
17.09.2012	New issue			132,475	13,731,338	901,378,490
08.10.2012	New issue			3,583,350	17,314,688	919,295,240
08.10.2012	New issue			1,105,000	18,419,688	924,820,240
17.10.2012	New issue			116,650	18,536,338	925,403,490
24.03.2014	New issue			300,000	18,836,338	926,903,490
11.04.2014	New issue			987,468	19,823,806	931,840,830
28.05.2014	New issue			564,194	20,388,000	934,661,800
30.06.2014	Closing balance		166,544,360		20,388,000	934,661,800

THE SHARE

As at 30 June, the total number of registered shares in the company was 186,932,360, of which 166,544,360 were common shares and 20,388,000 preference shares. A common share confers entitlement to one vote and a preference share to a tenth of a vote. Klöver's shares are listed on NASDAQ OMX Stockholm Mid Cap. On 30 June, the share price was SEK 34.00 per common share (28.50) and SEK 162.50 per preference share (150.00), corresponding to a total capitalization of SEK 8,976 million (7,527). At the end of the period, the number of shareholders was around 36,100 (35,800). 81 per cent (83) of the total number of shares are Swedish-owned. Klöver does not hold any common shares or preference shares.

After the new issue of 300,000 preference shares which took place during the first quarter, an additional two new issues were made during the second quarter, one consisting of 987,468 preference shares and the other consisting of 564,194 preference shares. The issues have been made with departure from the shareholders' preferential rights.

PROFIT AND KEY RATIOS

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

PROFIT PER PROPERTY SEGMENT AND REGION

	Income, SEKm		Costs, SEKm		Operating surplus, SEKm		Operating margin, %		Investments, SEKm	
	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun	2014 Jan-Jun	2013 Jan-Jun
South	166	150	-66	-57	100	93	60	62	100	69
East	316	293	-107	-117	209	176	66	60	110	136
Stockholm	452	362	-145	-129	307	233	68	64	114	61
Middle/North	288	276	-110	-108	178	168	62	61	93	58
Investment	1,166	1,009	-384	-363	782	646	67	64	282	255
Development	56	72	-44	-48	12	24	21	33	135	69
Total	1,222	1,081	-428	-411	794	670	65	62	417	324

KEY RATIOS PER PROPERTY SEGMENT AND REGION

	Fair value, SEKm		Required yield ¹⁾ , %		Area, 000 sq.m.		Rental value, SEKm		Ec. occupancy rate, %	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013	30.06.2014	30.06.2013	30.06.2014	30.06.2013	30.06.2014	30.06.2013
South	3,757	3,390	7.4	7.7	519	512	361	365	90	87
East	6,110	5,487	7.3	7.4	745	726	691	647	90	89
Stockholm	13,730	9,100	6.5	6.9	766	619	1,224	860	90	88
Middle/North	5,357	4,937	7.5	7.5	724	688	647	622	90	89
Investment	26,557	20,464	6.9	7.2	2,432	2,159	2,736	2,245	92	91
Development	2,397	2,450	7.4	7.6	322	386	187	249	57	61
Total	28,954	22,914	7.0	7.3	2,754	2,545	2,923	2,494	90	88

¹⁾ Required yield are estimated excluding building rights.

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

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

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



ORGANIZATION AND ENVIRONMENT

Klövern's business model entails closeness to the customer by having local staff at all 18 business units, divided between four geographic regions. The regions are South (Borås, Göteborg, Halmstad and Öresund), East (Kalmar, Karlskrona, Linköping, Norrköping and Nyköping), Stockholm (Globen, Kista, Greater Stockholm and Uppsala) and Centre/North (Karlstad, Västerås, Örebro, Falun/Säter and Härnösand/Sollefteå).

At the end of the period, Klövern had 191 employees (189). The average age was 46 years (46) and the proportion of women amounted to 40 per cent (40). Since 2011, the company has been certified in accordance with the Swedish Environmental Standard (Svensk Miljöbas).

TAX

Deferred tax of SEK –23 million (–14) has been charged to profit on current real estate operations. Furthermore, among other things, the change in the difference between fair value and residual value for tax purposes of properties, derivatives and financial assets has entailed an effect on deferred tax of SEK –63 million (–106). The deferred tax assets increased

by SEK 44 million due to losses in acquired companies. In total, an effect on deferred tax of SEK –42 million (–120) and on current tax of SEK 0 million (0) are included. During the quarter, the Supreme Administrative Court has granted leave to appeal as regards the tax surcharge of 77 million imposed by the Tax Agency for the 2008 income year. Klövern has won in all lower instances.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

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

DISPUTES

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

ACCOUNTING POLICIES

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

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

On 30 June, Klöver's shareholding in Tribona AB (publ) amounted to 29.8 per cent. The portfolio, which exceeds 20 per cent but is less than 50 per cent of the votes, is reported as participation rights in an associated company and Klöver is therefore reporting the shareholding in Tribona AB (publ) as participation rights in an associated company from 7 June 2013. The holding is reported in accordance with IAS 28 "Investments in associates" and with the equity method. This means that the book value for the Group of the portfolio is adjusted downwards by Klöver's share of the net profit for the period and other comprehensive income with the exception of any dividend received. The associated company is reported at acquisition value in the parent company. The participation rights in Tribona have previously been reported as financial assets valued in the statement of income. This means that the participation rights have been valued at fair value as at 7 June 2013 when the company became an associated company. The holding in Tribona has affected Klöver's statement of income in the following way:

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

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

DIVIDEND

During the second quarter, a dividend of SEK 1.50 (1.50) per common share, totalling SEK 250 million, has been paid. During the first and second quarter respectively, a dividend of SEK 2.50 (2.50) per quarter per preference shares has been paid, totalling SEK 93 million.

EVENTS AFTER THE END OF THE PERIOD

After the end of the period, Klöver has taken possession of four properties in Kalmar with an acquisition price of SEK 100 million and divested three properties in Härnösand, Sollefteå and Karlstad for a total sales price of SEK 58 million.

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

The undersigned certify that the half-yearly report provides a fair overview of the business activities, financial position and profit of the parent company and the Group and describes the significant risks and uncertainty factors facing the parent company and the Group.

Nyköping, 10 July 2014

The Board of Directors of Klöver AB (publ)

Fredrik Svensson
Chairman of the Board

Rutger Arnhult
CEO

Ann-Cathrin Bengtson
Director

Pia Gideon
Director

Eva Landén
Director

Consolidated Statement of Income

SEKm	2014 3 months Apr–Jun	2013 3 months Apr–Jun	2014 6 months Jan–Jun	2013 6 months Jan–Jun	2013 12 months Jan–Dec	Rolling 12 months Jul–Jun
Income	635	540	1,222	1,081	2,220	2,361
Property costs	–209	–191	–428	–411	–828	–845
Operating surplus	426	349	794	670	1,392	1,516
Central administration	–20	–22	–39	–40	–78	–77
Net financial items	–200	–164	–386	–325	–678	–739
Profit from property management	206	163	369	305	636	700
Share in earnings of associated companies	–11	7	–56	7	5	–58
Changes in value, properties	571	–58	728	–114	–28	814
Changes in value, derivatives	–163	160	–319	317	337	–299
Changes in value, financial assets	—	36	—	71	71	—
Write-down of goodwill	–8	–14	–9	–26	–34	–17
Profit before tax	595	294	713	560	987	1,140
Current tax	0	—	0	—	–1	–1
Deferred tax	–11	–54	–42	–120	–178	–100
Net profit for the period	584	240	671	440	808	1,039
Other comprehensive income, items which may later be reversed in the income sheet	1	8	0	8	–2	–10
Comprehensive income for the period	585	248	671	448	806	1,029
Earnings per common share, SEK	3.20	1.16	3.44	2.09	3.75	5.10
Earnings per preference share, SEK	2.50	2.50	4.81	5.00	10.00	9.36
No. of common shares outstanding at the end of the period, million	166.5	166.5	166.5	166.5	166.5	166.5
No. of preference shares outstanding at the end of the period, million	20.4	18.5	20.4	18.5	18.5	20.4
Average no. of outstanding common shares, million	166.5	166.5	166.5	166.1	166.3	166.5
Average no. of outstanding preference shares, million	19.9	18.5	19.2	18.5	18.5	18.9

There are no outstanding warrants or convertibles.

Consolidated Balance Sheet

SEKm	30.06.2014	30.06.2013	31.12.2013
ASSETS			
Goodwill	246	264	255
Investment properties	28,954	22,914	24,059
Machinery and equipment	12	12	12
Participation rights in associated companies	514	465	488
Financial assets at fair value through statement of income	38	—	32
Other receivables	519	246	300
Liquid funds	11	77	84
TOTAL ASSETS	30,294	23,978	25,230
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	7,702	6,840	7,198
Minority interest	0	0	0
Deferred tax liability	903	802	861
Interest-bearing liabilities	20,156	15,359	16,163
Derivatives	463	116	144
Accounts payable	85	60	193
Other liabilities	275	204	132
Accrued expenses and prepaid income	710	597	539
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	30,294	23,978	25,230

Change in Consolidated Shareholders' Equity

SEKm	
Shareholders' equity 31.12.2012	6,696
Repurchase/sale of own shares	131
Dividend	-435
Other comprehensive income	-2
Net profit for the period	808
Shareholders' equity 31.12.2013	7,198
New issue of shares	287
Dividend	-454
Other comprehensive income	0
Net profit for the period	671
Shareholders' equity 30.06.2014	7,702

Consolidated Statement of Cash Flow

SEKm	2014 3 months Apr–Jun	2013 3 months Apr–Jun	2014 6 months Jan–Jun	2013 6 months Jan–Jun	2013 12 months Jan–Dec
Current operations					
Profit from property management	206	163	369	305	636
Adjustment for items not included in the cash flow	1	1	2	2	3
Income tax paid	—	—	—	—	-1
Cash flow from current operations before change in working capital	207	164	371	307	638
Changes in working capital					
Change in operating receivables	-159	-22	-212	-53	-93
Change in operating liabilities	89	-17	95	10	112
Total change in working capital	-70	-39	-117	-43	19
Cash flow from current operations	137	125	254	264	657
Investment operations					
Divestment of properties	297	131	330	168	346
Acquisition of and investment in properties	-4,043	-397	-4,497	-572	-1,850
Acquisition of machinery and equipment	-1	0	-2	0	-1
Change in financial assets	-95	-162	-95	-99	-142
Realized change in value, financial assets	—	—	—	22	22
Cash flow from investment operations	-3,842	-428	-4,264	-481	-1,625
Financing operations					
Change in interest-bearing liabilities	2,975	561	3,993	130	934
Realized change in value, derivatives	—	—	—	—	47
Sale of own shares	—	—	—	131	131
New issue of preference shares	240	—	287	—	—
Dividend	-297	-296	-343	-343	-435
Cash flow from financing operations	2,918	265	3,937	-82	677
Total cash flow for the period	-787	-38	-73	-299	-291
Liquid funds at the beginning of the period	798	115	84	376	375
Liquid funds at the end of the period	11	77	11	77	84

Parent Company Statement of Income

SEKm	2014 3 months Apr–Jun	2013 3 months Apr–Jun	2014 6 months Jan–Jun	2013 6 months Jan–Jun	2013 12 months Jan–Dec
Net sales	46	47	86	91	185
Cost of services sold	–33	–35	–71	–73	–143
Gross profit	13	12	15	18	42
Central administration	–20	–22	–39	–40	–78
Operating profit	–7	–10	–24	–22	–36
Financial income	–85	–51	–173	–65	634
Profit after financial items	–92	–61	–197	–87	598
Current tax	—	—	—	—	—
Deferred tax	—	–6	—	–12	–7
Net profit for the period	–92	–67	–197	–99	591
Other comprehensive income	—	—	—	—	—
Comprehensive income for the period	–92	–67	–197	–99	591

Parent Company Balance Sheet

SEKm	30.06.2014	30.06.2013	31.12.2013
ASSETS			
Machinery and equipment	3	3	3
Participation in group companies	1,850	1,839	1,850
Participation in other companies	522	400	435
Receivables from group companies	13,245	8,651	11,338
Deferred tax assets	339	334	339
Accounts receivables	43	38	33
Liquid funds	29	135	97
TOTAL ASSETS	16,031	11,400	14,095
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	5,009	4,683	5,373
Interest-bearing liabilities	8,677	4,901	5,066
Liabilities to group companies	2,035	1,543	3,471
Accounts payable	3	3	8
Other liabilities	220	200	108
Accrued expenses and prepaid income	87	70	69
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	16,031	11,400	14,095

Key ratios

	30.06.2014 3 months Apr–Jun	30.06.2013 3 months Apr–Jun	30.06.2014 6 months Jan–Jun	30.06.2013 6 months Jan–Jun	30.06.2014 12 months Jul–Jun	2013	2012	2011	2010
Property									
Number of properties	404	391	404	391	404	402	387	255	250
Lettable area, 000 sq.m.	2,754	2,545	2,754	2,545	2,754	2,624	2,529	1,561	1,528
Rental value, SEKm	2,923	2,494	2,923	2,494	2,923	2,570	2,468	1,554	1,486
Fair value properties, SEKm	28,954	22,914	28,954	22,914	28,954	24,059	22,624	14,880	13,493
Direct yield requirement valuation, %	7.0	7.3	7.0	7.3	7.0	7.2	7.2	7.1	7.2
Operating margin, %	67	65	65	62	64	63	62	63	60
Occupancy rate, economic, %	90	88	90	88	90	90	88	89	89
Occupancy rate, area, %	82	80	82	80	82	82	81	80	79
Average lease term, years	3.6	3.5	3.6	3.5	3.6	3.5	3.4	2.8	2.8
Finans									
Return on equity, %	7.8	3.5	9.1	6.4	14.4	11.6	5.8	10.1	14.0
Equity ratio, %	25.4	28.5	25.4	28.5	25.4	28.5	28.1	31.6	33
Adjusted equity ratio, %	28.8	31.5	28.8	31.5	28.8	31.4	31.9	35.8	—
Leverage, %	68	65	68	65	68	65	67	63	63
Leverage properties, %	57	57	57	57	57	57	56	63	63
Interest coverage ratio, multiples	2.0	2.0	2.0	1.9	1.9	1.9	1.9	2.2	2.8
Average interest, %	3.9	4.4	3.9	4.4	3.9	4.3	4.3	4.2	3.6
Average fixed-interest period, years	2.1	3.2	2.1	3.2	2.1	2.7	3.0	2.7	2.4
Average period of tied-up capital, years	2.3	2.2	2.3	2.2	2.3	2.0	2.2	1.9	2.0
Interest-bearing liabilities, SEKm	20,156	15,359	20,156	15,359	20,156	16,163	15,229	9,345	8,517
Share									
Earnings per common share, SEK	3.20	1.16	3.44	2.09	5.10	3.75	1.24	2.89	3.76
Earnings per preference share, SEK	2.50	2.50	4.81	5.00	9.36	10.00	7.52	—	—
Equity per share, SEK	41.20	36.96	41.20	36.96	41.20	38.90	37.18	29.48	28.08
Share price common share at end of period, SEK	34.00	27.10	34.00	27.10	34.00	28.50	25.60	25.90	34.00
Share price preference share at end of period, SEK	162.50	139.25	162.50	139.25	162.50	150.00	136.75	—	—
Market capitalization, SEKm	8,976	7,095	8,976	7,095	8,976	7,527	6,670	4,165	5,467
Total no. of registered common shares at end of period, million	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5
Total no. of outstanding common shares at end of period, million	166.5	166.5	166.5	166.5	166.5	166.5	161.6	160.8	160.8
Total no. of registered preference shares at end of period, million	20.4	18.5	20.4	18.5	20.4	18.5	18.5	—	—
Total no. of outstanding preference shares at end of period, million	20.4	18.5	20.4	18.5	20.4	18.5	18.5	—	—
Dividend per common share, SEK	—	—	—	—	—	1.50	1.50	1.25	1.50
Dividend per preference share, SEK	—	—	—	—	—	10.00	10.00	10.00	—
Dividend in relation to profit from property management, %	—	—	—	—	—	68	83	79	55

Definitions

PROPERTY

AREA-BASED OCCUPANCY RATE

Let area in relation to total lettable area.

DEVELOPMENT PROPERTIES

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

ECONOMIC OCCUPANCY RATE

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

INVESTMENT PROPERTIES

Properties currently being actively managed.

LEASE VALUE

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

NET MOVING-IN

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

OPERATING MARGIN

Operating surplus in per cent of total income.

OPERATING SURPLUS

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

PROFIT FROM PROPERTY MANAGEMENT

Profit before changes in value and tax.

REALIZED CHANGE IN VALUE

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

RENTAL VALUE

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

REQUIRED YIELD, VALUATION

The required yield of property valuations on the residual value.

UNREALIZED CHANGE IN VALUE

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

FINANCE

EQUITY RATIO

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

EQUITY RATIO, ADJUSTED

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

INTEREST COVERAGE RATIO

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

LEVERAGE

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

LEVERAGE PROPERTIES

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

RETURN ON EQUITY

Profit for the period in relation to average equity.

SHARE

EARNINGS PER COMMON SHARE

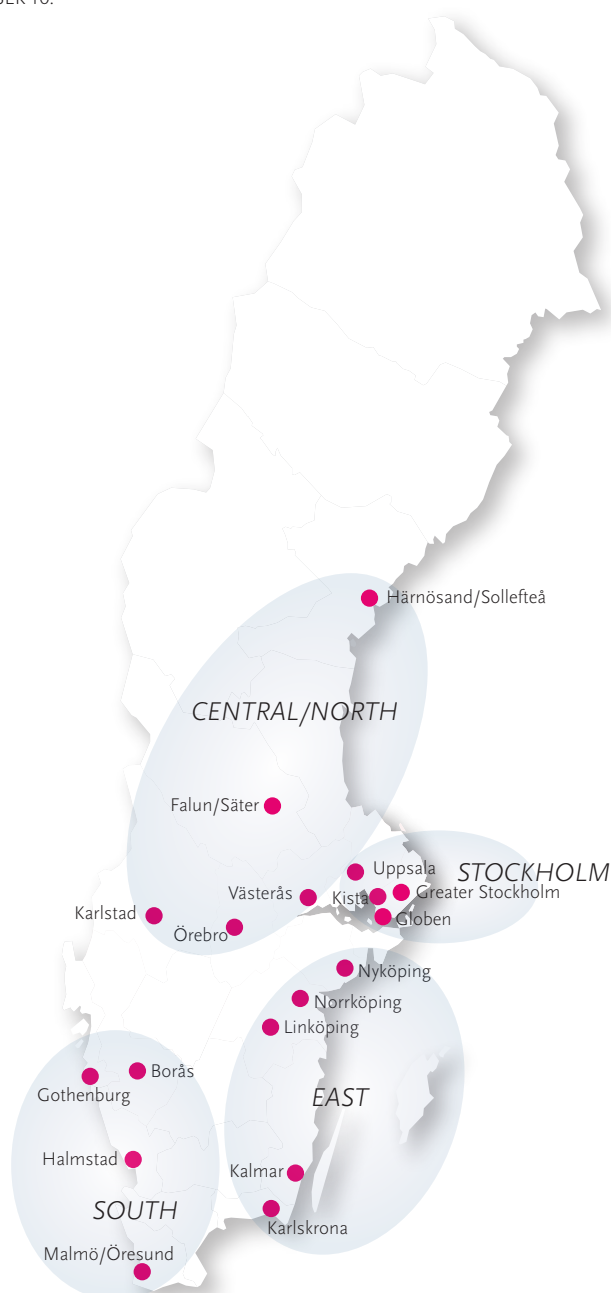
Profit for the period, after deduction for earnings to preference shares, in relation to average number of outstanding shares.

EARNINGS PER PREFERENCE SHARE

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

EQUITY PER SHARE

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



Calendar

Final day for trading conferring right to dividend to preference shareholders	25 Sep 2014
Record date for dividend to preference shareholders	30 Sep 2014
Expected date for dividend to preference shareholders from Euroclear	3 Oct 2014
Interim report, Jan-Sep 2014	22 Oct 2014
Year-end report, 2014	11 Feb 2015

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This information is such that Klöver AB (publ) is obliged to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was made available for publication on 10 July 2014.

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