

Year-end Report January – December 2021



KLÖVERN
EN DEL AV corem)

On 29 March 2021, Corem Property Group AB (publ) announced a public offer to the shareholders of Klöver AB (publ). In June 2021, the offer was declared unconditional, after which Klöver's shares were delisted from Nasdaq Stockholm in July 2021. Klöver is a subsidiary of Corem Property Group since 15 June 2021.

JANUARY–DECEMBER 2021

- Income amounted to SEK 3,274 million (3,294).
- Profit from property management amounted to SEK 1,245 million (1,269).
- Profit before tax amounted to SEK 5,194 million (2,467) and net profit, attributable to the parent company's shareholders, totalled SEK 3,934 million (1,908).
- Investments amounted to SEK 2,450 million (2,376).
- Changes in value of properties amounted to SEK 3,685 million (1,322).
- The interest coverage ratio amounted to 2.6 (2.5), leverage to 51 per cent (50) and the equity ratio to 37.2 per cent (36.3).

EVENTS DURING THE FOURTH QUARTER

- In November, Corem and ALM Equity signed a letter of intent to investigate the conditions for creating a joint company, whose purpose is to develop efficient and climate-smart rental housing for own management. The joint company is planned to include both existing investment properties and building rights for future development of an estimated 24,000 homes.
- As of 31 December 2021, 9 properties classified as current assets have been reclassified as investment properties.

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 October –December and the period refers to January–December.

INCOME, EXPENSES AND PROFIT

Income amounted to SEK 842 million (837) during the fourth quarter and SEK 3,274 million (3,294) during the year. Property costs amounted to SEK 355 million (308) during the fourth quarter and SEK 1,154 million (1,100) during the year. The operating surplus amounted to SEK 488 million (529) during the fourth quarter and SEK 2,120 million (2,194) during the year. The operating margin amounted to 58 per cent (63) during the quarter and 65 per cent (67) during the year. The profit from property management amounted to SEK 278 million (288) during the fourth quarter and SEK 1,245 million (1 269) during the year. Profit before tax amounted to SEK 2,588 million (806) during the fourth quarter and SEK 5,194 million (2,467) during the year.

TAXES

During the year, deferred tax amounted to SEK –1,179 million (–506) and current tax to SEK –44 million (–59)

CASH FLOW

The cash flow from current operations amounted to SEK 1,034 million (1,278) during the year. Investment operations have affected the cash flow by a net SEK –3,630 million (–4,221), mainly by a combination of property transactions and investments in existing properties. Financing operations have affected the cash flow by SEK 2,569 million (3,078). In total, the cash flow amounted to SEK –27 million (134). Liquid assets at the end of the year amounted to SEK 555 million, compared with SEK 571 million as at 31 December 2020.

FINANCING

On 31 December 2021, the interest-bearing liabilities amounted to SEK 36,741 million (33,165). Accrued borrowing overheads totalled SEK 144 million, which means that the reported interest-bearing liabilities in the balance sheet total SEK 36,597 million (33,036). Net financial items, including residential development, amounted during the quarter to SEK –174 million (–197), of which financial income accounted for SEK 8 million (4) and site leasehold expenses amounted to SEK –14 million (–10).

Klöver's interest-bearing liabilities are mainly secured by mortgages in properties. Unsecured interest-bearing liabilities consist of commercial paper and unsecured bonds, SEK 2,322 million (2,220) and SEK 8,600 million (6,500) respectively at the end of the quarter.

Derivatives effectively limit the interest rate risk. The effect of larger interest rate increases is significantly limited by interest rate caps. Changes in value of derivatives totalled SEK 301 million (–32) during the year. As of 31 December, the value was SEK 220 million (–86). 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.

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 *	29,461	—	—	—	—
2022	14	10,626	9,568	2,350	1,058
2023	—	7,948	7,266	1,550	682
2024	766	4,357	3,657	2,000	700
2025	—	8,570	8,570	2,700	—
2026	—	1,570	520	—	1,050
Later	6,500	7,160	7,160	—	—
TOTAL	36,741	40,231	36,741	8,600	3,490

* SEK 20,500 million of Floating volume is covered by interest-rate caps.

COMMERCIAL PROJECTS

As of 31 December 2021, the remaining investment volume of ongoing projects amounted to SEK 2,248 million.

At the end of 2021, 10 projects with an estimated investment exceeding SEK 50 million each were ongoing. These projects encompass in total 65,491 sq.m. and have a combined estimated investment of SEK 3,318 million. The two largest ongoing projects are the construction of two high-quality office buildings in Manhattan, New York. The projects are called 1245 Broadway och 28&7. Both buildings are approaching exterior completion. Letting is ongoing and interior tenant adaptations will continue throughout 2022.

KLÖVERN'S LARGEST ONGOING COMMERCIAL PROJECTS

City	Property	Description	sq.m.	Estimated investment, SEKm	Accrued Investment, SEKm	Increase in rental value, SEKm	Completion
New York	1245 Broadway	New construction office	16,700	1,417	1,023	181	22Q4
New York	28&7	New construction office	9,100	770	561	87	22Q4
Örebro	Olaus Petri 3:234	New construction for Scandic Hotels + offices	8,638	292	249	22	22Q2
Stockholm	Orgelpipan 4	Redevelopment, offices	4,240	256	99	17	23Q2
Uppsala	Fyrislund 6:6	New construction, office/laboratory, phase 1	3,097	159	37	11	22Q4
Örebro	Olaus Petri 3:234	Refurbishment/extension and office premises for Trafikverket	10,318	128	8	6	24Q2
Gothenburg	Mejramen 1	New construction, offices for Kollmorgen Automation	3,519	85	79	7	22Q1
Halmstad	Halmstad 2:28	New construction/renovation for Försäkringskassan	2,790	84	51	7	22Q2
Norrköping	Stålet 3	New construction for Bravida	3,295	72	38	5	23Q1
Norrköping	Kondensatorn 1	Redevelopment for Every Padel	3,794	55	45	5	22Q1
TOTAL			65,491	3,318	2,190	348	

PROPERTIES AND CHANGES IN VALUE

On 31 December 2021, Klöver's property portfolio consisted of 350 investment properties (350) with a total lettable area of 2,477,000 sq.m. (2,551,000), a fair value of SEK 67,140 million (57,448) and a rental value of SEK 3,891 million (3,846) as well as one property which is classified as current assets.

The changes in value of Klöver's investment properties totalled SEK 3,685 million (1,322) during the period January–December, corresponding to 6.4 per cent of Klöver's property value at the beginning of the year. The changes in value include realized changes in value of SEK 7 million (116) and unrealized changes in

value of SEK 3,678 million (1,206). On average, Klöver's property portfolio, as at 31 December 2021, has been valued with a yield requirement of 5.1 per cent (5.3).

Klöver values 100 per cent of the property portfolio every quarter, of which 20 to 30 per cent are normally valued externally. The external valuations have been performed by CBRE, Cushman & Wakefield, Newmark Knight Frank, Newsec and Savills. 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. See Klöver's annual report for 2020 for a detailed description of valuation principles.

PROPERTIES: FAIR VALUE

SEKm	2021 Jan-Dec	2020 Jan-Dec
Fair value, as of 1 January	57,448	52,377
Aquisitions	2,363	2,613
Investments	2,450	2,376
Divestments	-603	-275
Reclassification of properties classified as current assets	1,203	—
Unrealized changes in value	3,678	1,206
Currency conversion	601	-849
Fair value at the end of the period	67,140	57,448

INCOME STATEMENT ITEMS AND INVESTMENTS PER ORGANIZATIONAL UNIT

	Income, SEKm		Property costs, SEKm		Op. surplus, SEKm		Operating margin, %		Investments, SEKm	
	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec
Region Stockholm	1,709	1,760	-674	-617	1,036	1,143	61	65	676	570
Region East	728	711	-250	-226	478	485	66	68	377	471
Region West	605	614	-226	-206	379	408	63	66	400	318
International – Copenhagen	231	189	-5	-13	226	176	98	93	77	8
International – New York	0	20	1	-38	1	-18	—	—	920	1,009
TOTAL	3,274	3,294	-1,154	-1,100	2,120	2,194	65	67	2,450	2,376

KEY RATIOS PER ORGANIZATIONAL UNIT

	Number of properties		Fair value, SEKm		Rental value, SEKm		Economic occupancy, % Lettable area, tsqm			
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Region Stockholm	127	120	34,821	30,663	2,106	2,077	85	86	1,127	1,118
Region East	112	115	10,417	9,355	814	821	90	89	698	722
Region West	98	103	9,048	8,675	720	752	88	87	528	618
International – Copenhagen	8	7	6,830	4,201	251	196	97	96	124	93
International – New York	5	5	6,024	4,554	—	—	—	—	—	—
TOTAL	350	350	67,140	57,448	3,891	3,846	88	87	2,477	2,551

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

A real estate company is exposed to various risks in its business activities. Internal regulations and policies limit exposure to different risks. Klöver's significant risks and exposure and their management are described in the 2020 annual report.

DISPUTES

Klöver has no ongoing disputes that can have a significant profit impact.

ACCOUNTING POLICIES

Klövern prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The 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 Klöverns annual report for 2020.

EVENTS AFTER THE END OF THE PERIOD

In January 2022, Corem issued senior unsecured green bonds in a total amount of SEK 2,350 million with a floating interest rate of STIBOR three months plus 275 bps and final maturity in October 2024. At the same time, SEK 1,898 million of senior unsecured bonds (issued by Klöverns), with a floating interest rate of STIBOR three months plus 400 bps and final maturity in April 2022, were repurchased in a tender offer.

Stockholm, 24 February 2022

The Board of Directors of Klöverns AB (publ).

This year-end report has not been subject to a review by Klöverns auditors.

Consolidated Statement of Income *Summary*

SEKm	2021 3 months Okt–Dec	2020 3 months Okt–Dec	2021 12 months Jan–Dec	2020 12 months Jan–Dec
Income	842	837	3,274	3,294
Property costs	-355	-308	-1,154	-1,100
Operating surplus	488	529	2,120	2,194
Central administration	-37	-53	-160	-157
Net financial items	-173	-188	-715	-768
Profit from property management (properties)	278	288	1,245	1,269
Income, residential development	64	13	190	35
Costs, residential development	-62	-29	-241	-95
Net financial items, residential development	-1	-9	-24	-26
Profit from residential development	2	-25	-74	-86
Share in earnings of associated companies	0	-6	11	7
Changes in value, properties	2,252	504	3,685	1,322
Changes in value, derivatives	52	49	301	-32
Changes in value, financial assets	5	-4	29	-13
Impairment of goodwill	—	—	-2	—
Profit before tax	2,588	806	5,194	2,467
Taxes	-698	-205	-1,224	-565
Net profit for the period	1,890	601	3,970	1,902
Net profit for the period attributable to:				
The parent company's shareholders	1,842	609	3,934	1,908
Holdings without controlling influence	48	-8	36	-6
	1,890	601	3,970	1,902
Other comprehensive income, items which may later be reversed in the income statement				
Translation difference regarding foreign operations	139	-419	444	-651
Comprehensive income for the period	2,029	182	4,414	1,251
Comprehensive income for the period attributable to:				
The parent company's shareholders	1,981	190	4,378	1,257
Holdings without controlling influence	48	-8	36	-6
	2,029	182	4,414	1,251

Consolidated Balance Sheet *Summary*

SEKm	31.12.2021	31.12.2020
Assets		
Goodwill	146	148
Investment properties	67,140	57,448
Right of use assets	773	730
Machinery and equipment	68	61
Participation rights in associated companies	472	437
Financial assets at fair value through statement of income	98	160
Derivatives	251	—
Properties classified as current assets	63	1,107
Other receivables	1,289	1,733
Liquid funds	555	571
TOTAL ASSETS	70,855	62,395
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to the parent company's shareholders	26,336	22,649
Equity attributable to holdings without controlling influence	143	108
Other provisions	—	24
Deferred tax liability	4,903	3,722
Interest-bearing liabilities	36,597	33,036
Derivatives	31	86
Leasing liabilities	773	730
Accounts payable	358	279
Other liabilities	463	776
Accrued expenses and prepaid income	1,251	986
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	70,855	62,395

Change in Consolidated Shareholders' Equity *Summary*

SEKm	Shareholders' equity attributable to		
	The parent company's shareholders	Holdings without controlling influence	Total shareholders' equity
Shareholders' equity 31.12.2019	20,031	129	20,160
New issue	2,028	—	2,028
Dividend	-597	—	-597
Hybrid bond	-80	—	-80
Change in holding without controlling influence	10	-15	-4
Other comprehensive income	-651	—	-651
Net profit for the period	1,908	-6	1,902
Shareholders' equity 31.12.2020	22,649	108	22,757
Dividend	-597	—	-597
Hybrid bond	-78	—	-78
Change in holding without controlling influence	-16	-2	-18
Other comprehensive income	444	—	444
Net profit for the period	3,934	36	3,970
Shareholders' equity 31.12.2021	26,336	143	26,479

Consolidated Cash Flow Statement

Summary

SEKm	2021 3 months Oct-Dec	2020 3 months Oct-Dec	2021 12 months Jan-Dec	2020 12 months Jan-Dec
Current operations				
Operating surplus including central administration and residential development	453	451	1,885	1,951
Adjustment for items not included in the cash flow	-18	10	22	32
Interest received	0	3	10	15
Interest paid	-183	-189	-738	-787
Income tax paid	—	—	-21	-44
Cash flow from current operations before change in working capital	252	275	1,158	1,167
Changes in working capital				
Change in properties classified as current assets	-179	4	-99	-52
Change in operating receivables	-82	-43	-92	50
Change in operating liabilities	360	322	67	113
Total change in working capital	99	283	-124	111
Cash flow from current operations	351	558	1,034	1,278
Investment operations				
Divestment of properties	34	20	610	391
Acquisition of and investment in properties	-858	-945	-4,814	-4,989
Acquisition of machinery and equipment	-4	-13	-31	-54
Change in financial assets	223	2	605	431
Cash flow from investment operations	-604	-936	-3,630	-4,221
Financing operations				
Change in interest-bearing liabilities	480	-1,607	3,396	1,708
Change in financial instruments	—	—	—	-46
New issue	—	2,028	—	2,028
Dividend	-216	-82	-731	-527
Hybrid bond	-20	-20	-78	-80
Change in holding without controlling influence	0	-4	-17	-5
Cash flow from financing operations	244	315	2,569	3,078
Total cash flow	-9	-63	-27	134
Liquid funds at the beginning of the period	569	649	571	449
Exchange rate differences in liquid funds	-5	-15	10	-12
Liquid funds at the end of the period	555	571	555	571

Parent Company Income Statement

Summary

SEKm	2021 3 months Oct-Dec	2020 3 months Oct-Dec	2021 12 months Jan-Dec	2020 12 months Jan-Dec
Net sales	104	80	358	307
Cost of services sold	-87	-59	-286	-248
Gross profit	17	21	72	59
Central administration	-37	-53	-160	-156
Operating profit	-20	-32	-88	-97
Changes in value, derivatives	9	49	56	-32
Net financial items	319	1,247	306	1,150
Profit before tax	308	1,264	274	1,021
Taxes	24	26	-71	-75
Net profit for the period	322	1,290	203	946
Other comprehensive income	—	—	—	—
Comprehensive income for the period	322	1,290	203	946

Parent Company Balance Sheet

Summary

SEKm	31.12.2021	31.12.2020
ASSETS		
Machinery and equipment	8	10
Participation rights in group companies	1,780	1,766
Receivables from group companies	31,093	30,676
Derivatives	10	9
Deferred tax assets	156	227
Other receivables	254	341
Liquid funds	1,290	59
Total assets	34,591	33,088
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	9,801	10,273
Interest-bearing liabilities	22,438	20,409
Derivatives	31	86
Liabilities to group companies	1,891	1,711
Accounts payable	11	14
Other liabilities	316	477
Accrued expenses and prepaid income	103	118
Total shareholders' equity and liabilities	34,591	33,088

Key ratios

	31.12.2021 3 months Oct-Dec	31.12.2020 3 months Oct-Dec	2021	2020	2019	2018	2017
Property							
Number of properties	350	350	350	350	343	426	405
Lettable area, 000 sq.m.	2,477	2,551	2,477	2,551	2,542	2,969	2,900
Rental value, SEKm	3,891	3,846	3,891	3,846	3,819	4,063	3,507
Rental value per lettable area, SEK/sq.m.	1,571	1,508	1,571	1,508	1,502	1,368	1,209
Fair value investment properties, SEKm	67,140	57,448	67,140	57,448	52,377	52,713	42,961
Yield requirement valuation, %	5.1	5.3	5.1	5.3	5.4	5.7	5.9
Operating margin, %	58	63	65	67	68	67	66
Occupancy rate, economic, %	88	87	88	87	90	89	89
Occupancy rate, area, %	80	79	80	79	81	81	81
Average lease term, years	3.5	3.5	3.5	3.5	3.6	3.5	3.6
Financial							
Equity ratio, %	37.2	36.3	37.2	36.3	34.9	31.8	32.8
Leverage, %	51	50	51	50	50	56	57
Interest coverage ratio	2.7	2.4	2.6	2.5	2.6	2.7	2.9
Interest-bearing liabilities, SEKm	36,741	33,165	36,741	33,165	31,653	33,688	25,529

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 conversion.

DEVELOPMENT PORTFOLIO

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

INVESTMENT PORTFOLIO

Properties currently being actively managed.

INVESTMENT PROPERTIES

The term investment properties in the balance sheet includes the investment portfolio as well as the development portfolio.

OCCUPANCY RATE, AREA-BASED

Let area in relation to total lettable area.

OCCUPANCY RATE, ECONOMIC

Contract value in relation to rental value.

OPERATING MARGIN

Operating surplus in relation to income.

PROPERTIES CLASSIFIED AS CURRENT ASSETS

Properties in Tobin Properties with ongoing production of tenant-owned apartments or which are intended for future tenant-owned production.

RENTAL VALUE

Contract value plus assessed market rent for area not rented.

YIELD REQUIREMENT, VALUATION

The required yield of property valuations on the residual value.

Financial

INTEREST COVERAGE RATIO

Profit from property management plus earnings from residential development, excluding financial costs¹ in relation to financial costs¹.

LEVERAGE

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

EQUITY RATIO

Equity² in relation to total assets.

1) Excluding site leasehold expenses.

2) Equity attributable to the Parent Company's shareholders.

Calendar

Annual report 2021, www.klovern.se	Week 14, 2022
Interim information January-March 2022	27 April, 2022
Interim report January-June 2022	13 July, 2022
Interim information January-September 2022	25 October, 2022

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KLÖVERN

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