

KLÖVERN

Press release

14 July 2021

Interim Report January – June 2021

- » Income amounted to SEK 1,609 million (1,649).
- » The operating surplus amounted to SEK 1,058 million (1,084).
- » Profit from property management amounted to SEK 600 million (617).
- » Profit before tax amounted to SEK 1,850 million (1,268) and net profit, attributable to the parent company's shareholders, totalled SEK 1,588 million (993), corresponding to SEK 1.34 (0.89) per ordinary share.
- » Investments amounted to SEK 1,060 million. Project development, including development of building rights, contributed to increases in value of properties of SEK 219 million (205). In total, changes in value of properties amounted to SEK 1,094 million (785).
- » 6 properties were taken possession of for SEK 2,333 million and 13 properties were divested and handed over for SEK 700 million. On 30 June 2021, the fair value of Klöver's 342 properties, excluding properties classified as current assets, amounted to SEK 61,557 million. In addition, there are 9 properties classified as current assets which are reported at a value of SEK 1,018 million and have an assessed fair value of SEK 1,746 million.
- » The interest coverage ratio amounted to 2.5 (2.5), leverage to 51 per cent (50) and the adjusted equity ratio to 42.2 per cent (43.2).
- » The net reinstatement value (NRV) per ordinary share amounted to SEK 20.99.
- » On 29 March 2021, Corem Property Group AB (publ) announced a public offer to Klöver's shareholders. On 24 June 2021, Corem controlled 95.0 per cent of the outstanding shares in Klöver and announced that it intended to apply for compulsory redemption of the remaining shares. On the same day, Klöver's Board decided to apply for delisting of the company's shares from Nasdaq Stockholm and appointed Eva Landén, who is CEO of Corem, as CEO of Klöver. At an Extraordinary General Meeting in Klöver on 9 July 2021, a new board was elected with the same composition as Corem's board. Nasdaq Stockholm has resolved that the last day of trading in Klöver's shares will be 20 July 2021. Furthermore, Corem has extended the acceptance period for its offer to 18 August 2021.

Statement by the CEO

A stable result and a coming merger with Corem

The first half of 2021 has continued to be marked by the pandemic and the hope of a gradual return to more normal life. But it has also been a very eventful period for Klöver. After a successful offer to Klöver's shareholders from Corem Property Group, it is now clear that Klöver and Corem together create a leading commercial Nordic real estate company with a focus on growth regions. After being on Klöver's board for many years, I have now taken a step into operations as CEO and look forward to an exciting journey now that we are going to combine all the strengths and competence of Klöver and Corem and in both property portfolios when the two companies become one.

A STABLE RESULT IN LINE WITH EXPECTATIONS

Klöver's result for the first half of the year is stable and wholly in line with our expectations. The composition of the property portfolio and the diversified customer base have provided the company with stability during the pandemic. Profit from property management amounted to SEK 600 million and, after positive changes in value of properties of SEK 1,094 million, profit before tax was SEK 1,850 million.

THE MERGER WITH COREM

At the end of March, Corem made a public offer to Klöver's shareholders. Corem declared the offer unconditional in mid-June and controls 95 per cent of the outstanding shares, which makes Klöver a subsidiary. Corem has requested compulsory redemption of Klöver's remaining shares and extended the period of acceptance of the offer until and including 18 August 2021. In the light of this, Klöver's board has decided to apply for delisting of the company's shares from Nasdaq Stockholm and at an extraordinary general meeting on 9 July a completely new board was elected with the same composition as Corem's board.

A RECOVERING MARKET

After having lived with the pandemic and its effects for over a year, an increasingly positive picture of the economy is now being painted, both in Sweden and the rest of the world. Extensive stimulus packages and ongoing mass vaccination around the world are contributing to increasingly strong macro signals, however with the proviso that new variants of the virus that cause covid-19 create some uncertainty. Short- and long-term interest rates continue to be at historically very low levels and, taken as a whole, conditions in the Swedish real estate market are favourable. During the first part of the year, the transaction market has been very strong with continued falling yield requirements while the rental market is still somewhat hesitant but with a rising activity during the second quarter.

NET LETTING SHOWS NEW TRANSACTIONS

During the second quarter, net letting amounted to SEK 4 million. Net letting provides a picture of the transactions currently taking place which will have an impact on earnings later on. It is gratifying to see that net letting indicates positive moving-in ahead. We can also note that those moving in are paying a higher rent per sq.m. than those moving out, a positive trend which we believe may be strengthened during the second half of the year as more people return to work from their workplaces. During the past quarter, we have welcomed a number of new tenants, including the Swedish Transport Administration (Trafikverket) which is leasing over 3,100 sq.m. in Linköping and Smartoptics which is leasing 1,400 sq.m. in Kista.

During the quarter, leases have also been signed for moving in at a later date with, amongst others, Dynamic Code with around 3,300 sq.m. in Linköping and with Praktikertjänst with approximately 2,400 sq.m. in Nyköping. We have many major projects in process and planned which are expected to have a substantial positive effect on rental income and profitability during the years to come.

A FOCUSED PROPERTY PORTFOLIO

For a number of years, Klöverner has worked actively to streamline its portfolio to the growth locations and segments that it wishes to concentrate on in its long-term ownership. Klöverner's and Corem's property portfolios correlate very well. During the first six months, Klöverner took possession of 6 properties and divested and handed over 13 properties. All acquisitions complement the existing portfolio well. One of the properties taken possession of during the quarter is Kalvebod Brygge 32, a modern office property in central Copenhagen with Kammeradvokaten as the largest tenant. The property has a lettable area of over 30,000 sq.m. The occupancy rate is 95 per cent although the property will be fully let from November this year.

The value of Klöverner's real estate portfolio, excluding properties classified as current assets in Tobin Properties, totalled SEK 61.6 billion at the end of the quarter, of which the international portfolio in Copenhagen and New York accounted for 19.5 per cent.

SUSTAINABLE PROJECT DEVELOPMENT FOR THE FUTURE

Klöverner engages in extensive project and urban development activity with a number of large ongoing projects, both commercial and residential, as well as a very interesting pipeline for the future. As of 30 June, development properties accounted for 16 per cent of the total property value. During the past four quarters, investments totalled SEK 2,420 million and furthermore during the same period, Klöverner's project development, including development of building rights, contributed to increases in value of properties of SEK 527 million. Klöverner's two largest ongoing projects are two office buildings in attractive locations in Manhattan. Both projects have been designed to attain the environmental certification LEED Silver but are now expected to surpass this by attaining a Gold classification. This is just one of many gratifying examples of Klöverner's great focus on sustainability, in New York as well as in Sweden and Copenhagen, yielding results. In New York, vaccinations have been rolled out in a very effective way and people have started to return to their workplaces. This also leads to there being a wholly different level of activity in the letting market than only a few months ago. In February, the first lease contract in New York was signed and the other day we had the pleasure of announcing that we have signed a second contract, a 5-year lease contract with Avalanche Studios Group for approximately 1,370 sq.m. of office space. Both contracts are for the project 1245 Broadway and moving in is planned for the first and second quarter of 2022, respectively.

LONG-TERM SUSTAINABLE FINANCING

We are working continuously to secure long-term sustainable financing. In the merged company, further prerequisites are created for an improved credit profile and the aim is to obtain a rating corresponding to investment grade.

FOCUS ON THE MERGER

We are taking with us a stable first half result for Klöverner on the journey of integration that we are now embarking on with Corem's personnel. I look forward to an eventful conclusion to the year now that we can begin to work in earnest together in one of the Nordic region's leading commercial real estate companies with a focus on growth regions. I see major opportunities in being able to develop Corem's and Klöverner's real estate portfolios through further acquisitions and investments. Together with a solid balance sheet, these are important factors for continued long-term value creation.

Eva Landén, CEO Klöverner

Klövern AB (publ)

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Klövern is a real estate company committed to working closely with customers to offer them attractive premises in growth regions. Klövern is listed on Nasdaq Stockholm. For further information, see www.klovern.se.

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