

# 1<sup>ST</sup> QUARTER

INTERIM REPORT JANUARY-MARCH 2016



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- Net profit amounted to SEK 96 million (110), equivalent to SEK 1.08 per ordinary share (1.28).
- Rental income totalled SEK 156 million (151) and other income totalled SEK 0 million (16).
- Operating surplus totalled SEK 115 million (125).
- Income from property management totalled SEK 49 million (58).
- Change in value of properties amounted to SEK 39 million (71) and the change in value of derivatives affected profit by SEK -106 million (-80).
- During the period, Corem has acquired three properties.
- During February 2016, Corem divested 1.1 million ordinary shares A and 10.0 million ordinary shares B in Klövern AB (publ).
- The holding in Klövern AB (publ) amounted to SEK 1,481 million (1,460). The fair value of Corem's holding based on the share price on 31 March 2016 was SEK 1,514 million (1,672).
- During the period, Corem has agreed upon acquisition of Estancia Logistik with a warehouse and logistics portfolio, consisting

of 21 properties with a total lettable area of over 168,500 sq.m., and a property value of SEK 1,315 million. The properties are being acquired in company form, with possession planned to take place on 1 June 2016. With this acquisition, Corem is taking over existing bank financing and a bond loan of SEK 200 million.

- In conjunction with the agreement on acquisition of Estancia Logistik in March 2016, an agreement was entered into on divestment of an additional 5.5 million ordinary shares A in Klövern AB (publ). After these sales, Corem's voting share will amount to around 15 per cent.

### EVENTS AFTER THE PERIOD

- On 7 April, Corem acquired two properties encompassing around 11,600 sq.m. in the Bredden industrial estate in Sollentuna. These properties were acquired in corporate form on the basis of a property value of SEK 111 million.
- On 13 April 2016, the holders of Estancia Logistik's bond loan of SEK 200 million voted in favour of a change of terms so that Corem becomes the issuer and the annual yield is reduced to STIBOR 3M + 5 per cent.

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# INTERIM REPORT Q1 2016

## COREM IN BRIEF

	2016 3 mon Jan-Mar	2015 3 mon Jan-Mar	2015 12 mon Jan-Dec
Rental income, SEKm	156	151	607
Other income, SEKm	0	16	19
Operating surplus, SEKm	115	125	481
Profit from property management, SEKm	49	58	201
Net profit, SEKm	96	110	800
Earnings per ordinary share, %	1.08	1.28	10.00
EPRA NAV per ordinary share, SEK	35.98	22.46	33.50
Operating margin, %	74	75	77
Occupancy rate, economic, %	91	90	92
Equity ratio, adjusted, %	38	33	37

**136**

NO. OF  
PROPERTIES

**1 024 363**

LETTABLE AREA,  
SQ.M

**7 925**

PROPERTY VALUE,  
SEKM

# STATEMENT BY THE CEO

## IMPORTANT EVENTS

- Corem enters an agreement to acquire Estancia Logistik with a warehouse and logistics portfolio encompassing 21 properties with a total lettable area of over 168,500 sq.m. and a property value of SEK 1,315 million.
- Acquisition of a property at Arlandastad and a property in Jönköping for a total of around 7,300 sq.m. and SEK 55 million.
- Acquisition of a property in Västerås of around 66,000 sq.m. land where construction of Svenska Retursystem's new 30,000 sq.m. facility has started.
- Corem is expanding and extending the lease contract at Mölnlycke Logistikpark, Härryda, for around 7,100 sq.m. and an annual rental value of around SEK 5.3 million.

The year has started very well where we are reporting earnings of SEK 202 million! I am allowing myself to disregard the changes of value in derivatives during the quarter, which is an accounting effect of the continued fall of the long-term interest rate. The first months of the year have been very intensive with agreed acquisitions of over 187,000 sq.m. After these acquisitions, our lettable area will increase by over 18 per cent at the same time as the property value increases by over 20 per cent. Through these acquisitions, our income base will be further diversified as Corem will receive more than 100 new tenants, making the total number of tenants almost 700. Our offering will be reinforced and be even broader and more flexible for our tenants. Our clusters of properties are being further strengthened as the properties supplement and reinforce our existing portfolio at Corem's prioritized locations.

Our holding in Klövern has also developed positively during the first quarter and our share of earnings has contributed SEK 114 million to the profit for the first quarter. In conjunction with the acquisition of properties, we have sold a small number of shares and we see continued opportunities to use Klövern shares as a liquid asset in connection with property transactions.

It is stimulating to be able, together with our tenants, to develop modern smart ways of working for a sustainable society. During the quarter, we have continued working together with Svenska Retursystem where we are expanding and extending the lease contract in Mölnlycke Logistikpark and we have cut the first sod for our 30,000 sq.m. facility which is to be built in Västerås. For us at Corem, it is also of especial interest to become established in Västerås – which has been a hub for trade since the Middle Ages and is now a centre for logistics for trade with everyday goods in Mälardalen. We are continuing our active letting work. Income for a comparable portfolio rose by 3 per cent during the quarter. Net letting totalled SEK 3 million, which is good bearing in mind that the first quarter is often a weak quarter for letting. The operating surplus increased by 6 per cent for a comparative portfolio and we are continuing to optimise operating and maintenance costs in the existing property portfolio.

There is still a large gap between the direct yield requirement of the properties and the long-term interest rate. The level of demand in the Swedish market has been high and this has continued to push down yield requirements. The average yield requirement for Corem's property portfolio was 7.0 per cent which can be compared with 7.3 per cent a year ago.

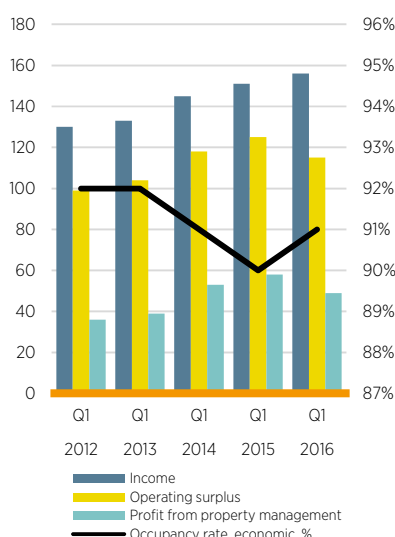
Stockholm 27 April 2016  
Eva Landén, CEO



*"Stability and strength"*

# INCOME, EXPENSES AND PROFIT

QUARTERLY COMPARISON



The income statement items below, like the comparative amounts for last year, refer to the period January–March unless otherwise stated. The balance sheet items and comparative amounts refer to the position at the end of the period this year and last year.

## RESULT

The operating surplus totalled SEK 115 million (125) with an operating margin at 74 per cent (75). Profit from property management amounted to SEK 49 million (58 ).

Earnings are lower which is mainly attributable to last year's one-off payments of SEK 16 million.

Operating surplus and profit from property management have both been positively affected by net acquisitions and lower operating costs.

The operating surplus for a comparable portfolio increased by 6 per cent.

Profit before tax amounted to SEK 96 million (110), the net amount being positively affected by changes in value for the period and the share of earnings in associated companies.

## INCOME

Rental income for the period totalled SEK 156 million (151). The positive change relates to net acquisitions and moving-in and out. The economic occupancy rate was 91 per cent (90). Rental income for the period also includes anticipated rental losses of SEK -4 million (-2).

Other income totalled SEK 0 million (16). Last year, SEK 16 million was received that was attributable to early redemption of lease contracts.

Rental income for a comparable portfolio increased by 3 per cent.

## PROPERTY COSTS

Property costs during the period totalled SEK 41 million (42). The change of SEK 1 million mainly depends on reduced costs for services purchased, mainly snow clearance. Costs for a comparable portfolio decreased by 5 per cent.

The central administration costs totalled SEK 7 million (7) consisting of costs for group management and group-wide functions.

## NET FINANCIAL INCOME

Net financial income totalled SEK -59 million (-60) and consists of interest expense and credit fees for the period. At the end of the period, the average interest rate, including margins, was 3.91 per cent (4.06). See page 8 for further information.

## EARNINGS FROM ASSOCIATED COMPANIES

The share of earnings according to the equity method amounted to SEK 114 million (61) from Klöver AB (publ), and earnings from sale of shares in Klöver totalled SEK 0 million (-). See page 9 and 17 for further information.

## CHANGES IN VALUE

Changes in value of properties during the period totalled SEK 39 million (71), of which unrealized changes in value amounted to SEK 39 million (71). Unrealized changes in value are mainly due to reduced required yields. See page 6 for further information.

The value of Corem's derivatives is affected by changes in the long market rates. Unrealized changes in value of derivatives during the period totalled SEK -106 million (-80).

## TAX

During the period, deferred tax totalled SEK 0 million (1) and current tax to SEK 0 million (-1). See page 17 for further information.

# THE PROPERTY PORTFOLIO

Corem's property value amounted on 31 March 2016 to SEK 7,925 and consisted of 136 properties with a total lettable area of 1,024,363 sq.m. The property portfolio is allocated to five geographic areas: Stockholm Region, South Region, West Region, Småland Region and Mälardalen/North Region.

Corem's total income on an annual basis on 31 March 2016 totalled SEK 651 million, and the total rental value was assessed 714 million. The financial occupancy rate was 91 per cent.

## THE SWEDISH PROPERTY MARKET

Demand continues to be at a high level in the Swedish market with continued favourable interest rates and strong growth. During the first quarter of the year, our turnover was around SEK 25 billion, which is at the same level as the corresponding period last year. Offices and housing account for the largest part of the transactions, although demand is being maintained for all types of property. As regards the type of investors, it is evident that foreign interest has increased, as shown in the transactions taking place.

## VALUATION AND DIRECT YIELD REQUIREMENT

Corem values all properties every quarter and obtains continuous market information from external valuation institutes, in support of the internal valuation process. During the period, 22 per cent of the property portfolio has been externally valued. See page 40A-41A of Corem's Annual Report for 2015 for additional information about Corem's valuation principles. All properties will be valued externally during 2016.

Excess demand combined with favourable financial conditions has continued to push down market yield requirements, leading to higher property prices. Slightly reduced yield requirements, together with a strong rental market in the Stockholm area, have led to an increase in value during the quarter. In a changed portfolio with slightly reduced yield requirements, the average yield requirement as at 31 March 2016 was around 7.0 per cent (7.1).

## NET LETTING

Net letting for the first quarter totalled SEK 3 million. Lettings totalled SEK 27 million, of which 48 per cent were new tenants. Notices of termination totalled SEK -24 million.

Corem has a well-diversified income base with 568 tenants who are engaged in many

different areas of the Swedish business sector. The company's goal is to reduce dependence on particular tenants, which is mainly achieved by acquisitions. Corem's three largest tenant accounts for 18 per cent (22) of the total income. Corem's remaining average lease contract term is 5.2 years (5.2).

## CONSTRUCTIONS, EXTENSIONS AND REFURBISHMENT

During the period, Corem has invested a total of SEK 38 million (24) in properties for new construction, extension and refurbishment, which have mainly consisted of tenant adaptations and energy saving measures. For further information about Corem's property development, see Corem's Annual Report for 2015, page 37A.

## ACQUISITIONS AND DIVESTEMENTS OF PROPERTIES Q1

During the year Corem has acquired three properties. In February, Corem acquired the property Eneberga 3 in Västerås encompassing around 66,000 sq.m. of land from the City of Västerås. Construction of Svenska Retursystem's new 30,000 sq.m. facility has started on this site.

In March 2016, Corem acquired a site leasehold for the property Märsta 24:11 at Arlandastad. The property has a lettable area of around 1,300 sq.m. and is fully let to, among others, Elektroskandia AB and Rikshem AB.

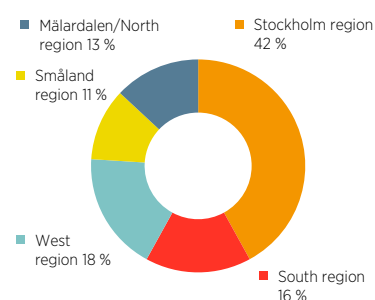
In March, Corem acquired the property Ulvö 8, located at the entrance to Jönköping. The property encompasses around 6 000 sq.m. of lettable area, consisting of 4 800 sq.m. of warehouse space and 1,200 sq.m. offices/retail outlets and is fully let to Osborn International AB.

During the period, Corem has entered into an agreement on acquisition of Estancia Logistik with a warehouse and logistics portfolio consisting of 21 properties with a total lettable area of over 168,500 sq.m, and a property value of SEK 1,315 million. The acquisition will be financed by Corem taking over existing bank financing STIBOR 3M + 2.5 per cent and the bond STIBOR 3M + 5 per cent, new issue of 588,681 preference shares in Corem with the support of authorisation, divestment of 5.5 million ordinary shares in Klövern as well as equity. The properties are mainly located in Stockholm, Malmö, Gothenburg and Jönköping and consist mainly of warehouse and logistics properties. The properties are 86 per cent let with a total rental value of SEK 129 million. Taking of possession is planned for 1 June 2016.

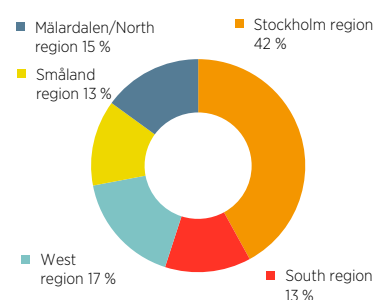
## NET LETTING



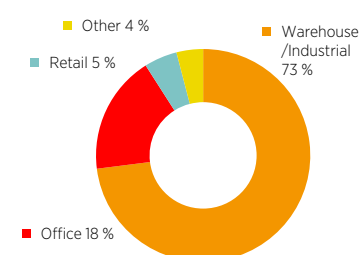
## FAIR VALUE



## RENTAL VALUE



## PROPERTY TYPE AREA





## THE FIVE LARGEST TENANTS ON 31 MARCH 2016

Tenant	Share, %	Region	Remaining average lease years
Ericsson	7	Mälardalen/North/West	3.1
Billia	6	Mälardalen/Norh, Stockholm, South, '	6.8
ELFA	5	Stockholm	2.2
Posten	4	Stockholm	11.7
NKT Cables	3	Mälardalen/North	8.5

## CHANGE IN FAIR VALUE, NUMBER OF PROPERTIES AND LEASABLE AREA

	SEK million	Number	Sq.m.
<i>Total on 31 December 2014</i>	<i>7,776</i>	<i>133</i>	<i>1,016,000</i>
Acquisitions	69	3	7,325
New construction, extension and refurbishme	38	-	1,038
Divestments	-	-	-
Changes in value	39	-	-
Currency translation	3	-	-
<b>Total on 31 March 2015</b>	<b>7,925</b>	<b>136</b>	<b>1,024,363</b>



## TRANSACTIONS 1 JANUARY–31 MARCH 2016

Quarter	Property	Municipality	Property type	Acquisitions		Divestments	
				Lettable area, sq.m.	Property value, SEK million	Lettable area, sq.m.	Property value, SEK million
1	Eneberga 3	Västerås	Warehouse/Industrial	-	14	-	-
1	Märsta 24:11	Sigtuna	Warehouse/Industrial	1,345	23	-	-
1	Ulvö 8	Jönköping	Warehouse/Industrial	5,980	32	-	-
<b>Total</b>				<b>7,325</b>	<b>69</b>	<b>-</b>	<b>-</b>



GÅNGGRIFTEN 3, MALMÖ

# FINANCING

## INTEREST-BEARING LIABILITIES

On 31 March 2016, Corem had interest-bearing liabilities totalling SEK 5,657 million (5,676). Interest-bearing net liabilities, after deduction for liquidity of SEK 16 million (40) and capitalized borrowing costs of SEK 14 million (16), amounted to SEK 5,627 million (5,620).

The interest coverage ratio was 2.7 multiples (2.7). At the end of the period 47 per cent (51) of the interest-bearing liabilities had hedged interest rates. 87 per cent (80) of the interest-bearing liabilities were hedged for at least 3 years. The company's average period of fixed interest was 4.0 years and the average interest rate was 3.91 percent compared with 4.1 years and 4.01 per cent on 31 December 2015.

At the end of the period, Corem had interest rate swaps of SEK 2,500 million (2,700) which expire between 2016 and 2031. On the 31 March 2016 the market value

of the interest rate derivative portfolio amounted to SEK -560 million compared with SEK -454 million on 31 December 2015. An increase in the short market rates of one percentage point would increase Corem's average borrowing rate by 0.53 percentage points.

The company's total credits of SEK 5,657 million (5,676) run with remaining credit terms of 3 months to 99 years. The company's average fixed credit term was 3.0 years (3.2).

## EQUITY, NET WORTH AND EQUITY RATIO

The Group's equity amounted at the end of the period to SEK 3,108 million (3,011), equivalent to SEK 29.08 per ordinary share (28.05), SEK 147.25 per preference share (144.00) and EPRA NAV SEK 35.98 per ordinary share (33.50). The change in equity is due to the comprehensive income for the period of SEK 97 million.

On 31 March 2016 the adjusted equity ratio was 38 per cent (37) and the equity ratio to 33 per cent (32).

## CASHFLOW AND LIQUID FUNDS

The Group's cash flow from operations amounted for the period to SEK 29 million (123), which corresponds to SEK 0.17 per ordinary share (1.45) taking into consideration earnings relating to preference shares. The cash flow from investment operations amounted to SEK -15 million (-89) during the period and the cash flow from financing operations was SEK -38 million (-29).

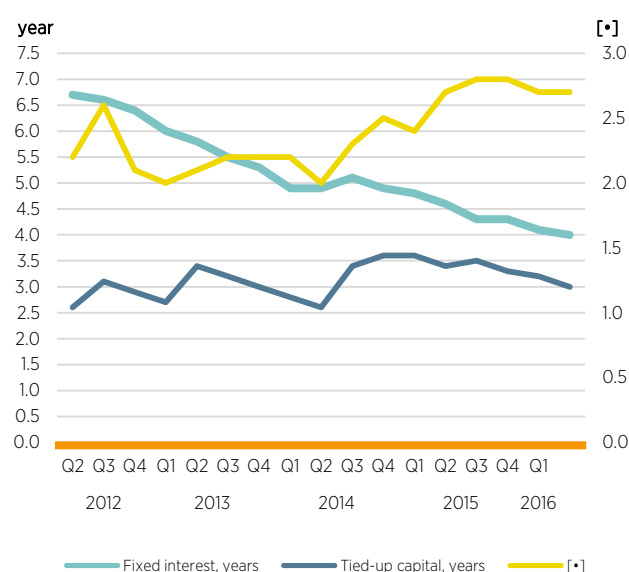
On 31 March liquid funds amounted to SEK 16 million (40), corresponding to SEK 0.22 per ordinary share (0.52). Available liquidity, including unused credit facilities of SEK 671 million (675), amounted to SEK 687 million compared to SEK 715 million per 31 December 2015.

## INTEREST AND LOAN MATURITY STRUCTURE

Maturity, year	Average interest rate		Tied-up capital		
	Average SEKm	Proportion, interest, %	Proportion, %	SEKm	Proportion, %
Floating	2,997	2.46	53		
2015	-	-	-	843 <sup>1</sup>	15
2016	56	1.88	1	1 992 <sup>1</sup>	36
2017	300	3.82	5	1 535 <sup>1</sup>	27
2018	100	6.71	2	567	10
2019	238	5.99	4	519	9
2020	300	5.72	6	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	466	5.34	8	66	1
2024	-	-	-	-	-
2025-	1,200	6.01	21	135	2
<b>Total</b>	<b>5,657</b>	<b>3.91</b>	<b>100</b>	<b>5,657</b>	<b>100</b>

<sup>1</sup> Of which SEK 200 million refers to bond that was resolved 8 June 2015, SEK 300 million during 2016, SEK 400 million during 2017 and SEK 750 million during 2018.

## FIXED INTEREST, TIED-UP CAPITAL AND INTEREST COVERAGE





# THE SHARE

## SHARE FACTS, 31 MARCH 2016

Capitalization, SEK	3.1 billion
Number of ordinary shares	75,896,586
Number of preference shares	6,611,319
Number of shareholders	3,347
Closing rate ordinary share SEK	28.50
Closing rate, preference share, SEK	147.25
Marketplace	NASDAQ Stockholm, Mid Cap

Corem is listed on NASDAQ Stockholm Mid Cap and has two classes of shares: ordinary shares and preference shares.

Corem has a total of 75,896,586 ordinary shares. Each ordinary share entitles its holder to one vote. The Board of Directors is proposing to the Annual General Meeting for 2016 that a dividend of SEK 1.50 per ordinary share (0.80) be paid.

Corem has a total of 6,611,319 preference shares. Each preference share entitles its holder to one-tenth of a vote. The Board of Directors is proposing to the Annual General Meeting for 2016 that a dividend of SEK 10 per preference shares (10.00) be paid with SEK 2.50 (2.50) being paid each quarter from July 2016.

During the period, Corem has not repurchased any ordinary shares. On 31 March Corem owned 2,505,125 repurchased ordinary shares. See [www.corem.se](http://www.corem.se) for further information.

## LARGEST SHAREHOLDERS ON 31 MARCH 2016

Shareholder	Ordinary shares	Preference shares	Share of equity, %	Share of votes, %
Rutger Arnhult via bolag	28,721,342	1,021,604	37.2	38.9
Gårdarike AB	8,937,767	94,711	11.3	12.1
Länsförsäkringar fonder	6,428,188	-	8.0	8.7
Swedbank Robur fonder	4,940,464	-	6.2	6.7
JP Morgan Bank	4,490,010	-	5.6	6.1
Fjärde AP-Fonden	2,741,684	-	3.4	3.7
CBNY-NORGES BANK	2,175,813	54,336	2.8	2.9
Pomona Gruppen AB	1,993,988	-	2.5	2.7
Staffan Rasjö	1,499,998	-	1.9	2.0
SEB. Life Intl. Assurance	1,383,363	-	1.7	1.9
Livförsäkrings AB Skandia	1,360,197	-	1.7	1.8
Patrik Tillman via bolag	1,142,882	80,000	1.5	1.6
Folksam Fonder	1,091,226	-	1.4	1.5
Sjunde AP-Fonden	894,721	-	1.1	1.2
Humle Småbolagsfond	794,094	-	1.0	1.1
Other shareholders	4,795,724	5,360,668	12.7	7.2
<b>Total number of outstanding shares</b>	<b>73,391,461</b>	<b>6,611,319</b>	<b>100.0</b>	<b>100.0</b>
Repurchased shares	2,505,125	-	-	-
<b>Total number of shares</b>	<b>75,896,586</b>	<b>6,611,319</b>	<b>100.0</b>	<b>100.0</b>

# ASSOCIATED COMPANIES

Associated companies refers to holdings reported in accordance to the equity method. Corem's shareholding in Klövern amounted on 31 March 2016 to 15 000 000 Class A ordinary shares and 150 000 000 Class B, Class B ordinary shares, corresponding to approximately 18 per cent of the outstanding votes and equity in the company. On 31 March 2015, the holding amounted to SEK 1,481 compared with

SEK 1,460 million on 31 december 2015. Corem's share of Klövern's profit of SEK 114 million has raised the book value of its holding, and the sale of Series A and series B ordinary shares for SEK 93 million has reduced the book value. The share accounted consists of Corem's share of Klövern's profit after tax, taking into account the dividend to Klövern's preference shareholders. The fair value of Corem's holding, based

on the share price on 31 March 2016, amounted to SEK 1,514 million (1,672).

In conjunction with the agreement to acquire Estancia Logistik in March 2016, it was agreed to divest 5.5 million ordinary shares A in Klövern. After this sale, Corem's voting share will total around 15 per cent

See page 17 for further information.

# OTHER INFORMATION

## OPPORTUNITIES AND RISKS

Corem has identified a number of important opportunities and risks in its business activities, which may affect the company's financial position and earnings. The risks identified are within the following main areas: Properties and property valuation, Sustainable entrepreneurship, Listed holdings, Tax and Finance. A detailed description of all opportunities and risks and how Corem has chosen to deal with them is contained in the Annual Report for 2015 on pages 7B-9B. There have been no major changes in the company's assessment of opportunities and risks, after publication of the Annual Report for 2015

## SEASONAL VARIATIONS

Operating and maintenance costs are subject to seasonal variations. Snowy, cold winters entail, for example, higher costs for heating and snow clearance while hot summers entail higher costs for cooling.

## TRANSACTIONS WITH RELATED PARTIES

Intra-group services are charged for at market prices and on commercial terms. Intra-group services consist of

administrative services and charging of group interest rates.

The Corem Group has entered into administration agreements for the Group's properties with Locellus Förvaltning AB which is controlled by board member Rutger Arnhult. All transactions take place at market prices based on commercial terms and totalled SEK 0.40 million (0.38) for the period. Corem has also entered into a construction contract with Logistic Contractor (LC) for construction of a new facility in Västerås. The project will start at the beginning of 2016 and the estimated project cost amounts to approximately SEK 200 million. Transactions with LC amounted to SEK 1.35 million (-) during the period. LC is controlled by board member Rutger Arnhult.

In addition, the Corem Group purchase ongoing legal services from the law firm MAQS Stockholm Advokatbyrå AB in which the Group Chairman Patrik Essehorn is a partner.

## EVENTS AFTER THE PERIOD

On 7 April, Corem acquired two properties encompassing around 11,600 sq.m. in the Bredden industrial estate in Sollentuna.

These properties were acquired in corporate form on the basis of a property value of SEK 111 million.

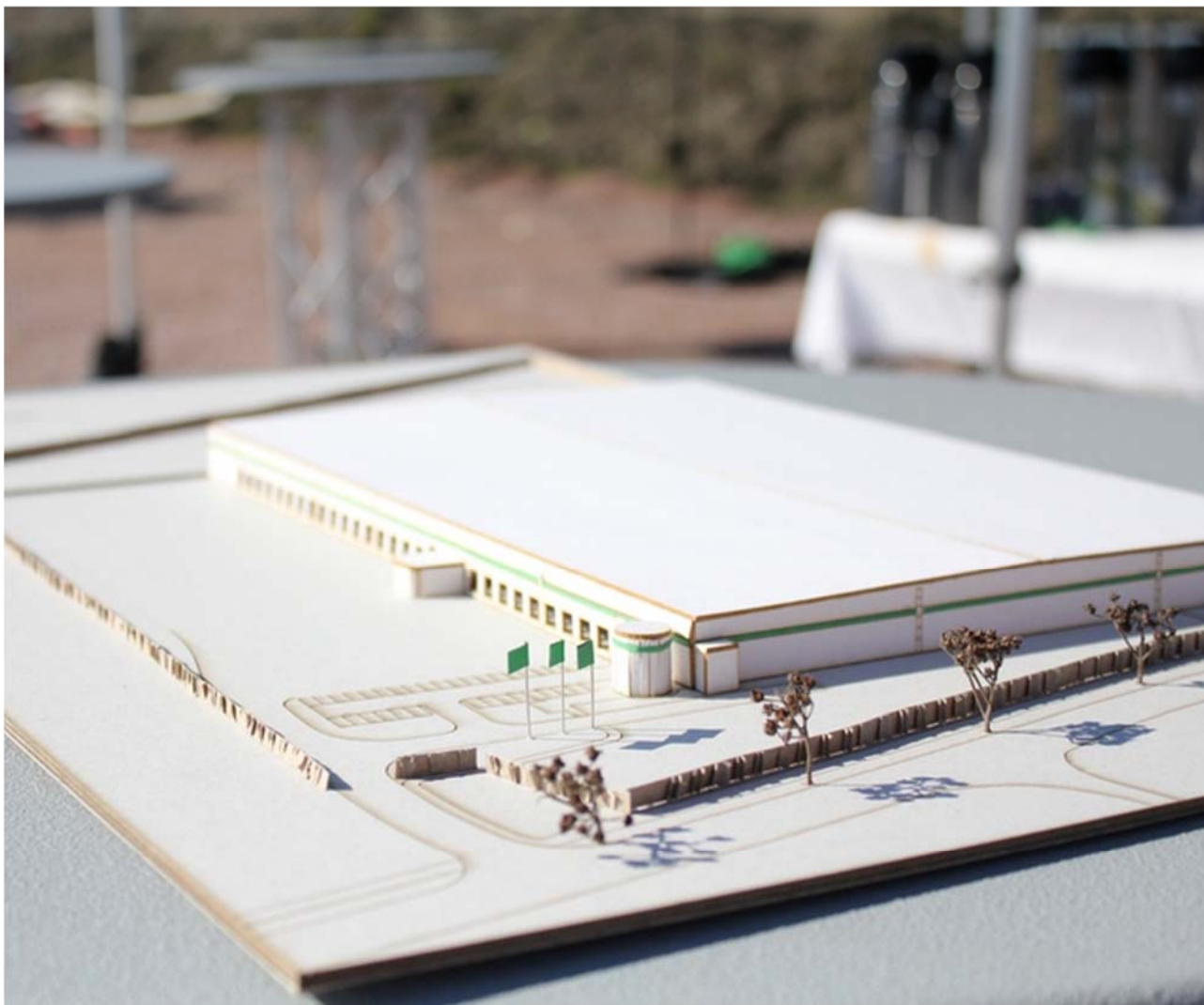
On 13 April 2016, the holders of Estancia Logistik's bond loan of SEK 200 million voted in favour of a change of terms so that Corem becomes the issuer and the annual yield is reduced to STIBOR 3M + 5 per cent.

## THE PARENT COMPANY

On 31 March 2016, Corem's parent company owned no properties but deals with issues relating to the stock market and groupwide business functions such as administration, transactions, management, project development, accounting and financing. The parent company's net profit amounted to SEK 38 million (-11) for the year. Sales, the largest part of which consisting of group invoicing, amounted to SEK 15 million (16). The parent company's assets totalled SEK 3,250 million (3,274). Liquid funds amounted to SEK 7 million (15). Equity amounted to SEK 1,290 million (1,252).

Stockholm 27 April 2016,  
Corem Property Group AB (publ)  
The Board of Directors

*This report has not been audited by the auditors.*



IN DECEMBER 2015, COREM AND SVENSKA RETURSYSTEM AB SIGNED A 15-YEAR LEASE CONTRACT FOR AROUND 30,000 SQ.M. AT HACKSTA BUSINESS ESTATE IN VÄSTERÅS. IN FEBRUARY 2016, COREM ACQUIRED THE PROPERTY ENEBERGA 3, OF AROUND 66,000 SQ.M. LAND FROM THE CITY OF VÄSTERÅS TO CONSTRUCT SVENSKA RETURSYSTEM'S NEW FACILITY. THE BUILDING WILL BE CLASSIFIED IN ACCORDANCE WITH GREEN BUILDING AND ALL MATERIALS ARE TO BE CHOSEN IN ACCORDANCE WITH THE SOUND BUILDING DATABASE OF SUBSTANCES THAT DO NOT IMPACT ON THE ENVIRONMENT. THE FIRST SOD FOR THE NEW CONSTRUCTION WAS CUT IN APRIL 2016 AND MOVING-IN IS PLANNED TO TAKE PLACE IN MARCH 2017.

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**PROPERTY** ENEBERGA 3, VÄSTERÅS

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**TENANT** SVENSKA RETURSYSTEM AB

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**AREA** 30 000 SQ.M

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THE COREM GROUP

# INCOME STATEMENT

SEK million		2016 3 mon Jan-Mar	2015 3 mon Jan-Mar	2015 12 mon Jan-Dec	Rolling 12 mon Apr-Mar
Rental income <sup>1</sup>		156	151	607	612
Other income <sup>1</sup>		0	16	19	3
Property costs		-41	-42	-145	-144
<b>Operating surplus</b>	Note 1	<b>115</b>	<b>125</b>	<b>481</b>	<b>471</b>
Central administration	Note 2	-7	-7	-41	-41
Net financial income		-59	-60	-239	-238
<b>Profit from property management</b>		<b>49</b>	<b>58</b>	<b>201</b>	<b>192</b>
Profit shares according to the equity method	Note 3	114	61	323	376
Earnings from sale of participation rights in associated companies		0	-	2	2
Realized changes in value, properties		-	0	10	10
Unrealized changes in value, properties		39	71	255	223
Unrealized changes in value, derivatives		-106	-80	114	88
<b>Profit before tax</b>		<b>96</b>	<b>110</b>	<b>905</b>	<b>891</b>
Tax	Note 4	0	0	-105	-105
<b>Net profit for the period</b>		<b>96</b>	<b>110</b>	<b>800</b>	<b>786</b>
<b>Other comprehensive income</b>					
<i>Items which can be recognized as profit for the period</i>					
Translation difference etc.		1	-4	-7	-2
<b>shareholders</b>		<b>97</b>	<b>106</b>	<b>793</b>	<b>784</b>
<b>Number of shares and earnings per share</b>					
Earning per ordinary share, SEK <sup>2</sup>		1.08	1.28	10.00	9.80
Number of outstanding shares at the end of the period		73,391,461	73,391,461	73,391,461	73,391,461
Average number of outstanding ordinary shares		73,391,461	73,393,568	73,391,981	73,391,461
Number of outstanding preference shares at the end of the period		6,611,319	6,611,319	6,611,319	6,611,319

<sup>1</sup> To better reflect the Group's business, the format for income has been changed as from 1 January 2016. The comparison periods have also been changed

<sup>2</sup> The measure earnings per share is calculated on the basis of the average number of shares taking into account preference shares' dividend rights. There is no dilution effect as no potential shares (for example, convertibles) exists.

THE COREM GROUP

# CONSOLIDATED BALANCE SHEET

SEK million		2016 31 Mar	2015 31 Mar	2015 31 Dec
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	Note 1	7,925	7,406	7,776
Holdings reported in accordance with the equity method	Note 3	1,481	1,258	1,460
Other tangible assets		2	1	2
Deferred tax asset	Note 4	54	158	54
<b>Total non-current assets</b>		<b>9,462</b>	<b>8,823</b>	<b>9,292</b>
<b>Current assets</b>				
Other current assets		53	40	38
Liquid funds <sup>1</sup>		16	53	40
<b>Total current assets</b>		<b>69</b>	<b>93</b>	<b>78</b>
<b>TOTAL ASSETS</b>		<b>9,531</b>	<b>8,916</b>	<b>9,370</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity attributable to parent company's shareholders</b>		<b>3,108</b>	<b>2,448</b>	<b>3,011</b>
<b>Long-term liabilities</b>				
Interest-bearing long-term liabilities		3,459	3,390	4,783
Derivatives		560	648	454
Other long-term liabilities		3	4	3
<b>Total long-term liabilities</b>		<b>4,022</b>	<b>4,042</b>	<b>5,240</b>
<b>Current liabilities</b>				
Interest-bearing current liabilities		2,184	2,223	877
Other current liabilities		217	203	242
<b>Total current liabilities</b>		<b>2,401</b>	<b>2,426</b>	<b>1,119</b>
<b>Total liabilities</b>		<b>6,423</b>	<b>6,468</b>	<b>6,359</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,531</b>	<b>8,916</b>	<b>9,370</b>

<sup>1</sup> Available liquidity including unutilized credit facilities on 31 March 2016 and 31 December 2015 at SEK 687 million and SEK 715 million respectively.

THE COREM GROUP

# CASH FLOW STATEMENT

SEK million	2016 3 mon Jan-Mar	2015 3 mon Jan-Mar	2015 12 mon Jan-Dec
<b>Current operations</b>			
Operating surplus	115	125	481
Central administration	-7	-7	-41
Depreciation	0	0	1
Interest recieved, etc.	0	0	54
Interest paid	-59	-58	-233
Income tax paid	0	-1	-4
<b>Cash flow from changes in working capital</b>	<b>49</b>	<b>59</b>	<b>258</b>
Change in current receivables	0	65	43
Change in current liabilities	-20	-1	37
<b>Cash flow from operations</b>	<b>29</b>	<b>123</b>	<b>338</b>
<b>Investment operations</b>			
Investment in new construction, extensions and refurbishment	-38	-24	-172
Acquisition of properties	-69	-66	-423
Divestment of properties	-	2	324
Acquisition of subsidiaries, net effect on liquidity	0	-	0
Change in tangible assets	92	-1	7
<b>Cash flow from investment operations</b>	<b>-15</b>	<b>-89</b>	<b>-264</b>
<b>Financing operations</b>			
Dividend paid to parent company shareholders	-17	-17	-124
Repurchase of own shares	-	-1	-1
Loans raised	34	54	1,267
Amortized loans	-55	-65	-1,224
<b>Cash flow from financing operations</b>	<b>-38</b>	<b>-29</b>	<b>-82</b>
Cash flow for the period	-24	5	-8
Liquid funds at beginning of period	40	48	48
Exchange rate difference in liquid funds	0	0	0
<b>Liquid funds at end of period</b>	<b>16</b>	<b>53</b>	<b>40</b>

THE COREM GROUP

# STATEMENT OF CHANGE IN EQUITY

SEK million	2016 Jan-Mar	2015 apr-dec	2015 Jan-Mar
Opening balance equity	3,011	2,448	2,343
Comprehensive income during the period	97	687	106
Dividend to ordinary shareholders <sup>1</sup>	-	-58	-
Dividend to preference shareholders, SEK 10.00 per share <sup>2</sup>	-	-66	-
Repurchase of own shares	-	-	-1
<b>Closing balance equity attributable to parent company's shareholders</b>	<b>3,108</b>	<b>3,011</b>	<b>2,448</b>

<sup>1</sup> SEK 0.80 decided upon for 2014.

<sup>2</sup> SEK 10.00 decided upon for 2014, of which SEK 16.5 million was paid out in January and April respectively.



## PARENT COMPANY

## INCOME STATEMENT

SEK million	2016 3 mon Jan-Mar	2015 3 mon Jan-Mar	2015 12 mon Jan-Dec
Net income	15	16	65
Cost of service sold	-9	-9	-38
<b>Gross profit</b>	<b>6</b>	<b>7</b>	<b>27</b>
Central administration	Note 2 -7	-7	-41
<b>Operating profit</b>	<b>-1</b>	<b>0</b>	<b>-14</b>
Earnings from sale of participation rights in associated companies	53	-	5
Interest income and similar income items	3	5	107
Interest expense and similar expense items	-17	-16	-67
<b>Profit before tax</b>	<b>38</b>	<b>-11</b>	<b>31</b>
Tax	0	0	6
<b>Net profit for the period</b>	<b>38</b>	<b>-11</b>	<b>37</b>

## PARENT COMPANY

## BALANCE SHEET

SEK million	2016 31 Mar	2015 31 Mar	2015 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Tangible assets</b>			
Machinery and equipment	1	1	2
<b>Total, tangible assets</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Financial assets</b>			
Shares in group companies	332	212	332
Shares in associated companies	581	624	620
Receivables from group companies	2,284	2,141	2,263
Deferred tax assets	31	25	31
<b>Total financial assets</b>	<b>3,228</b>	<b>3,002</b>	<b>3,246</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,229</b>	<b>3,003</b>	<b>3,248</b>
<b>Current assets</b>			
Other current receivables	14	4	11
Cash and bank deposits	7	5	15
<b>Total current assets</b>	<b>21</b>	<b>9</b>	<b>26</b>
<b>TOTAL ASSETS</b>	<b>3,250</b>	<b>3,012</b>	<b>3,274</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,290	1,328	1,252
Interest-bearing liabilities	1,917	1,636	1,959
Non-interest bearing liabilities	43	48	63
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,250</b>	<b>3,012</b>	<b>3,274</b>

# ACCOUNTING POLICIES AND NOTES

## ACCOUNTING POLICIES

This interim report for the Group has been prepared in compliance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in compliance with the Annual Accounts Act and RFR 2 Accounting for legal entities. The properties are valued in compliance with Level 3 in the IFRS value

hierarchy. The fair value of financial instruments agrees essentially with the carrying amounts. No changes have taken place during the period of the categorization of financial instruments. Derivatives are valued in accordance with Level 2 of the valuation hierarchy. No new or changed standards of

interpretations from IASB have had any impact on the interim report and the accounting policies applied are those described in Note 1 of Corem's Annual Report for 2015.

## NOTE 1 - SEGMENTS

Corem's property value amounted on 31 March 2016 to 7,925 million and consisted of 136 with a total lettable area of 1,024,363 sq.m. The property portfolio is

allocated to five geographical areas: Stockholm, Region, South Region, West Region, Småland Region and Mälardalen/North Region.

### DISTRIBUTION PER GEOGRAPHICAL AREA

Outcome per geographical area	Income, SEK million		Costs, SEK million		Op. surplus, SEK million		Operating margin, %	
	2016	2015	2016	2015	2016	2015	2016	2015
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Stockholm	69	80	-20	-21	49	59	71	74
South	20	26	-5	-6	15	20	77	77
West	26	25	-4	-4	22	21	84	84
Småland	18	13	-7	-6	11	7	63	54
Mälardalen/North	23	23	-5	-5	18	18	80	78
<b>Total</b>	<b>156</b>	<b>167</b>	<b>-41</b>	<b>-42</b>	<b>115</b>	<b>125</b>	<b>74</b>	<b>75</b>

Key ratios per geographical area	Fair value, SEK million		Lettable area, sq.m		Rental value, SEK million		Economic occupancy, %	
	2016	2015	2016	2015	2016	2015	2016	2015
	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
Stockholm	3,324	3,116	299,547	294,694	301	285	92	94
South	1,253	1,261	170,557	168,393	94	106	97	97
West	1,393	1,302	174,162	173,050	115	111	89	90
Småland	928	746	176,490	146,591	99	79	89	73
Mälardalen/North	1,027	981	203,607	209,179	105	105	86	86
<b>Total</b>	<b>7,925</b>	<b>7,406</b>	<b>1,024,363</b>	<b>991,907</b>	<b>714</b>	<b>686</b>	<b>91</b>	<b>90</b>

### DISTRIBUTION OF LETTABLE AREA BY TYPE OF PREMISES AND GEOGRAPHICAL AREA

(see [www.corem.se](http://www.corem.se) for list of properties)

Lettable area, sq.m.	Warehouse/Industrial		Office		Retail		Other	
	2016	2015	2016	2015	2016	2015	2016	2015
	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
Stockholm	185,106	181,631	88,488	87,110	15,287	15,287	10,666	10,666
South	136,775	110,312	17,182	19,981	6,511	26,265	10,089	11,835
West	146,062	146,062	19,526	18,414	6,099	6,099	2,475	2,475
Småland	136,747	111,738	22,744	18,763	5,201	5,201	11,798	10,889
Mälardalen/North	142,092	146,464	39,534	39,822	12,267	13,179	9,714	9,714
<b>Total</b>	<b>746,782</b>	<b>696,207</b>	<b>187,474</b>	<b>184,090</b>	<b>45,365</b>	<b>66,031</b>	<b>44,742</b>	<b>45,579</b>
<b>Share, %</b>	<b>73</b>	<b>70</b>	<b>18</b>	<b>18</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>5</b>

### DISTRIBUTION OF PROPERTIES, VACANCIES AND RENTAL INCOME

	Number of properties		Vacancy, sq.m.		Income <sup>1</sup> , SEK million	
	2016	2015	2016	2015	2016	2015
	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
Stockholm	56	53	30,553	22,780	278	268
South	22	22	3,315	5,183	92	103
West	17	17	27,492	27,494	103	99
Småland	25	22	27,096	54,470	88	58
Mälardalen/North	16	17	33,481	37,489	90	91
<b>Total</b>	<b>136</b>	<b>131</b>	<b>121,937</b>	<b>147,416</b>	<b>651</b>	<b>619</b>

<sup>1</sup> Refers to income on an annual basis on 31 March 2016 and 31 March 2015.

## NOTE 2 – CENTRAL ADMINISTRATION

The central administration consists of costs for group management and group-wide functions.

Expenses per 31 December 2015 include one-off items of around SEK 13 million attributable to Corem's offer for Tribona AB (publ).

## NOTE 3 – PROPERTY SHARES IN ASSOCIATED COMPANIES

In November 2008, Corem acquired 10.5 per cent of the shares in Klöver and thus became the largest owner in the company. Up until the end of 2011, additional shares were acquired and the holding was reclassified as Shares in associated companies.

Corem's shareholding in Klöver amounted on 31 March 2016 to 15 000 000 Class A ordinary shares and 150 000 000 Class B, Class B ordinary shares, corresponding to approximately 18 per cent of the outstanding votes and equity in the company. On 31

March 2015, the holding amounted to SEK 1 481 compared with SEK 1 460 million on 31 december 2015.

## KLÖVERN IN BRIEF

	2016 Q1 Jan-Mar	2015 Q1 Jan-Mar	2015 12 mon Jan-Dec
Income, SEKm	714	669	2,718
Operating surplus, SEKm	463	419	1,766
Profit from property management, SEKm	293	227	1,043
Profit before tax	876	528	2,541
Net profit for the period	712	400	2,008
<b>Key ratios</b>			
Operating margin, %	65	63	65
Occupancy rate, economic, %	91	90	91
Leverage, %	59	59	61
Equity ratio, adjusted, %	37.2	36.7	35.8
Number of properties	414	410	415
Fair property value, SEKm	36,005	30,991	35,032

## NOTE 4 – TAX

Through the possibility of making depreciation for tax purposes and deduction for certain refurbishments of properties as well as making use of tax loss carryforwards, no paid tax expense arises in principle. However, paid tax occurs in a few subsidiaries where there are no opportunities for making group contributions for tax purposes.

Reported deferred tax on changes in value is partly attributable to classification of acquisitions and the

form in which divestment takes place. The tax loss carryforwards are estimated at approximately SEK 1,496 million (1,499). The tax recoverable is attributable to tax loss carryforwards in the consolidated balance sheet amounting to SEK 271 million (271).

Deferred tax is reported net at SEK 54 million (54).

On 16 February 2016, the Administrative Court of Appeal consented to the Tax Agency's petition for an

upward adjustment of previous year's earnings, entailing a tax demand of around SEK 68 million. Corem has decided not to appeal against the judgment to the Supreme Administrative Court. Corem has already expensed and paid in the corresponding amount of SEK 68 million in 2014.

## TAX 31 MARCH 2016

SEK million	Current tax		Deferred tax		Reported tax	
	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar
Current profit from property management	0	-1	-1	-3	-1	-4
Change in value, properties	-	-	-14	-7	-14	-7
Change in value, derivatives	-	-	23	17	23	17
Increased temporary difference properties attributable to depreciation for tax purposes and direct deductions	-	-	-9	-8	-9	-8
Revaluation, tax loss carryforwards	-	-	1	2	1	2
<b>Total</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

# QUARTERLY OVERVIEW

	2016 Q1 Jan-Mar	2015 Q4 Oct-Dec	2015 Q3 Jul-Sep	2015 Q2 Apr-Jun	2015 Q1 Jan-Mar	2014 Q4 Oct-Dec	2014 Q3 Jul-Sep	2014 Q2 Apr-Jun
<b>Amounts in SEKm unless otherwise stated</b>								
Rental income	156	156	146	154	151	151	150	151
Other income	0	0	3	0	16	0	7	5
Property costs	-41	-38	-31	-34	-42	-39	-31	-32
Operating surplus	115	118	118	120	125	112	126	124
Profit from property management	49	49	40	54	58	42	55	53
Profit shares according to the equity method	114	85	58	121	61	36	32	105
Changes in value, properties	39	98	20	76	71	51	76	3
Unrealized changes in value, derivatives	-106	73	-51	172	-80	-115	-73	-96
Net profit	96	269	59	362	110	28	78	9
<b>Property and finance-related</b>								
Fair value of properties	7,925	7,776	7,530	7,340	7,406	7,259	6,866	6,803
Operating margin, %	74	75	79	78	75	74	80	79
Occupancy rate, economic, %	91	92	90	89	90	92	92	91
Return on total assets, %	11.0	12.7	7.8	13.8	11.3	9.0	10.9	11.0
Return on equity, %	12.6	37.4	8.7	56.4	18.4	4.8	13.5	1.5
Adjusted equity ratio, %	38	37	35	34	33	32	32	31
Leverage, %	52	51	55	55	51	58	59	60
Cash flow from operations	29	66	55	94	123	-14	-19	118
<b>Share-related</b>								
EPRA NAV per ordinary share, SEK	35.98	33.50	28.92	24.52	22.46	20.94	20.00	18.61
Cash flow, operations per ordinary share, SEK	0.17	0.67	0.53	1.05	1.45	-0.41	-0.47	1.33



LILLSÅTRA 1, STOCKHOLM

# KEY RATIOS

	2016 3 mon Jan-Mar	2015 3 mon Jan-Mar	2015 12 mon Jan-Dec	2014 12 mon Jan-Dec	2013 12 mon Jan-Dec	2012 12 mon Jan-Dec
<b>Property related</b>						
Fair value properties, SEK million	7,925	7,406	7,776	7,259	6,380	5,830
Required yield, valuation, %	7.0	7.3	7.1	7.4	7.7	7.7
Rental value, SEK million	714	686	696	683	640	592
Lettable area, sq.m.	1,024,363	991,907	1,016,000	982,895	916,562	868,322
Occupancy rate, economic, %	91	90	92	92	92	92
Area-based occupancy rate, %	88	85	88	87	88	91
Operating margin, %	74	75	77	77	74	75
Number of properties	136	131	133	131	132	132
<b>Financial</b>						
Return on total assets, %	11.0	11.0	11.4	9.4	6.5	6.5
Return on equity, %	12.6	18.0	29.9	4.7	16.6	8.4
Equity ratio, adjusted, %	38	33	37	32	33	32
Equity ratio, %	33	27	32	27	31	29
Net debt, SEK million	5,627	5,560	5,620	5,582	4,784	4,407
Leverage, %	52	51	51	58	61	61
Leverage, properties, %	51	58	52	59	63	67
Interest coverage ratio, multiples	2.7	2.7	2.7	2.4	2.2	2.0
Average interest, %	3.91	4.06	4.01	4.32	4.90	4.66
Average fixed interest period, years	4.0	4.6	4.1	4.8	4.9	6.0
Average tied-up capital, years	3.0	3.4	3.2	3.6	2.8	2.7
<b>Share-related</b>						
Earnings per ordinary share, SEK	1.08	1.28	10.00	0.61	4.05	1.48
Earnings per preference share, SEK	2.50	2.50	10.00	10.00	10.00	10.00
EPRA NAV per ordinary share, SEK	35.98	22.46	33.50	20.94	19.63	19.27
Equity per ordinary share, SEK	29.08	30.59	28.05	15.35	18.64	16.70
Equity per preference share, SEK	147.25	195.00	144.00	184.00	150.00	131.00
Cash flow, operations per ordinary share, SEK	0.17	1.45	3.70	0.62	2.45	1.61
Cash flow, total, per ordinary share, SEK	-0.32	0.07	-0.11	-1.10	0.17	0.21
Dividend per ordinary share, SEK	-	-	1.50	0.80	0.70	0.60
Dividend per preference share, SEK	-	-	10.00	10.00	10.00	10.00
Share price per ordinary share, SEK <sup>1</sup>	28.50	30.30	28.50	28.70	20.00	20.00
Share price per preference share, SEK <sup>1</sup>	147.25	195.00	144.00	184.00	150.00	131.00
Number of outstanding ordinary shares <sup>2</sup>	73,391,461	73,391,461	73,391,461	73,411,661	75,833,186	74,533,198
Average number of outstanding ordinary shares <sup>2</sup>	73,391,461	73,393,568	73,391,981	75,332,965	75,551,470	74,659,586
Number of outstanding preference shares <sup>2</sup>	6,611,319	6,611,319	6,611,319	6,611,319	6,611,319	6,386,416

<sup>1</sup> For 2015 the proposed dividend and the remaining years approved dividend

<sup>1</sup> At the end of the period.

<sup>2</sup> Excluding repurchased shares.

# DEFINITIONS

## Adjusted equity ratio

Equity adjusted for the value of derivatives including tax and reported deferred tax on properties, as well as charge deferred tax of 5 per cent pertaining to the difference between the properties' fair value and residual value for tax purposes, as a percentage of total assets.

## Annual rent

Rent including supplements and index on an annual basis.

## Cash flow per ordinary share

Cash flow for the period from operations, adjusted by dividend to preference shares and total cash flow in relation to the average number of ordinary shares.

## Earnings per ordinary share

Net profit in relation to average number of ordinary shares and taking into account the preference shares' share of profit for the period.

## Earnings per preference share

The preference shares' share of profit corresponding to the period's accumulated share of annual dividend of SEK 10.00 per preference share.

## Occupancy rate, economic

Income on an annual basis divided by assessed rental value.

## Equity per ordinary share

Reported equity, after taking into consideration the preference equity, in relation to the number of outstanding ordinary shares at the end of the period.

## Equity per preference share

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

## EPRA

The European Public Real Estate Association is an interest organisation for listed real estate companies and investors in Europe. Part of their work is to set standards for financial reporting and key ratios, including EPRA NAV (Net Asset Value) which can be equated with long-term net worth.

## EPRA NAV per ordinary share

Reported equity, after taking the preference equity into consideration, adjusted to include derivatives and deferred tax in accordance with the statement of financial position, in relation to the number of outstanding ordinary shares at the end of the period.

## Equity ratio

Equity as a percentage of total assets.

## IFRS

Abbreviation of International Financial Reporting Standards. International reporting standards for consolidated accounts, to be applied by listed companies within the EU from 2005 inclusive.

## Interest coverage ratio

Profit from property management, including realized changes in value, as well as the share of associated companies' profit from property management, including realized changes in value, plus financial expenses divided by financial expenses.

## Lettable area

Total area available for letting.

## Leverage

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

## Leverage, properties

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

## Net debt

The net of interest-bearing provisions and liabilities less financial assets including liquid funds.

## Net letting

Annual rent for the tenancy agreements entered into during the period, reduced for terminated tenancy agreements and bankruptcies.

## Operating margin

Operating surplus as a percentage of income.

## Realized change in value, properties

Realized property sales after deduction for the most recently reported fair value of the properties and selling expenses.

## Rental value

Contracted annual rent as applicable at the end of the period with a supplement for assessed rent of vacant premises.

## Return on equity

Net profit on an annual basis as a percentage of average equity during the period.

## Return on total assets

Net profit, excluding financial expenses and unrealized changes in value of derivatives, on an annual basis, as a percentage of total assets during the period.

## Required yield

The required return on the residual value of property valuations.

## Triple net contracts

Tenancy agreements where the tenant, in addition to rent, pays costs incurred at the property, which would normally have been charged to the property owner. These include, for example, operating and maintenance expenses and property tax.

## Triple net contracts

Tenancy agreements where the tenant, in addition to rent, pays costs incurred at the property, which would normally have been charged to the property owner. These include, for example, operating and maintenance expenses and property tax.

## Unrealized changes in value, properties

Change in fair value after deduction for investments made for the property portfolio at the end of the respective period.



# THIS IS COREM

Corem Property Group is a real estate company that owns and manages properties in central and southern Sweden as well as in Denmark. Corem's property portfolio consists of warehouse, logistics, industrial and retail properties.

## › BUSINESS STRATEGY

Corem shall create long-term growth and increase in value by managing, acquiring, building and developing properties in the warehouse, logistics, industrial and retail spheres.

## › GOALS

Corem's overall goal is to become, in selected regions, the leading real estate company in its segment as well as providing Corem's shareholders with a long-term high and stable return on equity. This is to take place with continuous efforts to work for sustainable development.

## › STRATEGI

Corem has four overall strategies to achieve the company's goals.

**INVESTMENT STRATEGY** – to actively look for and carry out transactions in order to develop and realize value.

**BUSINESS STRATEGY** – to optimize the property portfolio through long-term commitment.

**ORGANIZATIONAL STRATEGY** – to create long-term tenant relations by having a market-oriented and expert property management.

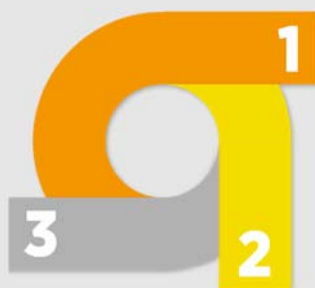
**SUSTAINABILITY STRATEGY** – to work for long-term sustainability for the company and its business environment.

## › BUSINESS MODEL

Corem's business model is based on a continuous process of strategic transactions and optimization of the property portfolio and creates value by always focusing on the tenant.

### PROPERTY DEVELOPMENT – FOKUS ON TENANTS

Corem's properties shall be managed by our own personnel. Priority is given to short decision-making paths and local presence.



### TRANSACTION – GROWTH AND CONCENTRATION

Careful business analyses are performed with a view to identifying potential growth opportunities. Divestment opportunities arise when the geographical location does not fit in the regional structure or the property type.

### PROPERTY MANAGEMENT – FOCUS ON TENANTS

Corem has a long-term commitment to all properties in the portfolio and strives to optimize the properties' yield and create long-term relationships.

### COREM'S PROPERTY PORTFOLIO IS MANAGED

**IN FIVE REGIONS::** ● Region Stockholm, ● Region South, ● Region West, ● Region Småland och ● Region Mälardalen/North. The Corem group is organized with its head office in Stockholm and regional offices in Stockholm, Malmö, Göteborg, Jönköping and Örebro.

**COREM SHALL HAVE A DECENTRALIZED ORGANIZATION** to achieve good knowledge of the market and closeness to tenants. On 31 March 2016, Corem had a total of 47 (46) employees, of which 13 (13) were women and 34 (33) men.

**ENVIRONMENTAL WORK IS A NATURAL AND IMPORTANT PART** of Corem's business operations. Within the framework of Corem's core activities, environmental work shall contribute to a long-term sustainable society, more efficient use of resources and sustainable profitability.



# CALENDAR

## FINANCIAL REPORTS AND ANNUAL GENERAL MEETING

Annual general meeting 2016	27 April 2016
Interim Report January - June 2016	13 July 2016
Interim Report January - September 2016	26 October 2016
Year-End Report 2016	February 2017
Annual Report 2016	March 2017

## DIVIDEND AND PROPOSED DIVIDEND

Last day for trading including right to dividend for ordinary shareholders	27 April 2016
Record day for dividend for ordinary shareholders	29 April 2016
Expected day for dividend for ordinary shareholders	4 May 2016
Last day for trading including right to dividend for preference shareholders	28 June 2016
Record day for dividend for preference shareholders	30 June 2016
Expected day for dividend for preference shareholders	5 July 2016
Last day for trading including right to dividend for preference shareholders	28 September 2016
Record day for dividend for preference shareholders	30 September 2016
Expected day for dividend for preference shareholders	5 October 2016
Last day for trading including right to dividend for preference shareholders	28 December 2016
Record day for dividend for preference shareholders	30 December 2016
Expected day for dividend for preference shareholders	4 January 2017
Last day for trading including right to dividend for preference shareholders	29 March 2017
Record day for dividend for preference shareholders	31 March 2017
Expected day for dividend for preference shareholders	5 April 2017

# FURTHER INFORMATION

Further information may be obtained from:

Eva Landén, CEO. E-mail: [eva.landen@corem.se](mailto:eva.landen@corem.se)

Håkan Engstam, Deputy CEO, Transactions and IR manager. E-mail: [hakan.engstam@corem.se](mailto:hakan.engstam@corem.se)

Tel: +46 8 503 853 33

Information on business operations, the board of directors and executive management, financial reporting and press releases is available on Corem's website, [www.corem.se](http://www.corem.se)

*This is the English language version of Corem's Interim Report. The Swedish language Interim Report is the binding version that shall prevail in case of discrepancies.*



Corem Property Group AB (publ), Box 56085, SE-102 17 Stockholm (Sweden)  
Visitors: Riddargatan 13 C. Telephone: +46 8 503 853 33, Fax: +46 8 503 853 34  
Corporate ID number: 556463-9440, Registered office: Stockholm  
E-mail: [info@corem.se](mailto:info@corem.se), Website: [www.corem.se](http://www.corem.se)