

PRESS RELEASE 2021-10-27

Interim report January – September 2021

- Income amounted to SEK 1,708 million (660).
- Net operating income amounted to SEK 1,227 million (500).
- Profit from property management amounted to SEK 811 million (335).
- Investments in new constructions and refurbishments amounted to SEK 848 million. Project development, including development of building rights, contributed with increases in value of SEK 174 million. Change in property value amounted to SEK 1,514 million (286).
- Change in value of financial investments amounted to SEK 605 million (-1,135).
- Net profit amounted to SEK 2,525 million (-669), equivalent to SEK 3.70 (-2.10) per ordinary share class A and B.
- Fair value of investment properties amounted to SEK 78,290 million (14,002), after business acquisition of Klövern with investment properties valued at SEK 61,557 million at the time of acquisition. In addition, the portfolio includes 8 properties classified as current assets with a book value of SEK 1,756 million and a fair value of SEK 1,905 million. Total value of the portfolio thereby amounts to SEK 80,195 million.
- Net asset value (NAV) per ordinary share Class A and B amounted to SEK 27.21 (22.22).

IMPORTANT EVENTS DURING THE QUARTER

- After the extended acceptance period which ran until 18 August 2021, Corem controlled 98.5 per cent of the outstanding shares and 97.7 of the outstanding votes in Klövern. Compulsory acquisition procedure has been initiated and Klövern's shares have been de-listed from Nasdaq Stockholm.
- From 21 July 2021, Corem's share is listed on Nasdaq Stockholm's Large Cap list.
- A 5-year lease has been signed with Avalance Studios Group for 1,370 sq.m. of office space in the project property 1245 Broadway, New York, with moving in planned for the first half of 2022.

IMPORTANT EVENTS AFTER THE PERIOD

- A 15-year lease has been signed with A24 Films for approximately 3,800 sq.m. of office space in the project property 1245 Broadway in New York. Moving in is planned for the second half of 2022.

COMMENT BY THE CEO

A GOOD QUARTER FOR A NEW, LARGER AND STRONGER COREM

Through the acquisition of Klövern, which has been consolidated in Corem from 15 June, a leading commercial Nordic real estate company has been created with its focus on growth regions. During the third quarter, we have, without slowing down in our everyday operations, worked in a focused way to integrate the two companies. The customer offering has been broadened to include both offices and logistics as well as retail and residential properties. Furthermore, we have many new skilled colleagues to get to know and many new well-run properties to manage and further develop. At the same time, I am pleased to note that we are reporting a good quarter with positive net letting, a strong profit from property management and an improvement in net asset value (NAV) to SEK 27.21 per share.

Economic recovery

The increased activity in the office rental market, which we could note during the second quarter, has continued during the third quarter. The lifting of restrictions and return to work places now taking place provide good hope for positive future development. Logistics properties continue to benefit from increased demand for logistics close to cities.

Extensive stimulation packages and mass vaccination combined with the gradual removal of restrictions around the world create good conditions for a continued economic recovery. Concern about new variants of the virus that causes covid-19 however creates some uncertainty. Short- and long-term interest rates continue to be at historically low levels, which overall means favourable conditions for the real estate market, although there is now mention of the possibility of accelerated inflation.

Positive net letting and earnings development

In all, net letting during the quarter amounted to SEK 7 million and to SEK 31 million during the first nine months of the year. During the quarter, lease contracts have been signed with, among others, Avalanche Studios Group for approximately 1,400 sq.m. in New York, and Every Padel for around 3,800 sq.m. in Norrköping.

The profit is developing positively. During the first nine months of the year, profit from property management increased, excluding the part coming from Klöver of SEK 416 million and acquisition expenses of SEK 21 million, by 24 per cent.

Value creation from project development

Through the acquisition of Klöver, value creation from project development has increased in importance for Corem. A number of exciting projects are in progress, both in Sweden and abroad. In central Stockholm, for instance, an office property Orgelpipan 4 on Klarabergsgatan is being modernized and in Örebro a new hotel and office building is being built as part of the first stage of the project Örebro Entré. Two residential projects with a total of 233 tenant-owner apartments are in process and there is great potential in the portfolio for future residential projects. Our two largest new build projects now in process are two high-quality office buildings in attractive locations in Manhattan. Both projects will obtain LEED Gold environmental certification. This is only one of many examples of our major focus on sustainability producing results. Activity on the rental market is also increasing in New York. In addition to the letting to Avalanche, we have at the start of the fourth quarter had the pleasure of being able to communicate that we have signed a 15-year lease with A24 Films for approximately 3,800 sqm in the 1245 Broadway project. The tenant is planned to move in during the second half of 2022. A total of seven floors and a third of the project is thus leased. It is gratifying that the rental market is recovering well in New York and we hope to be able to communicate further leases before the end of the year.

Focus on the future

Our foremost focus in the new merged company is to complete projects and reduce vacancies. And it is precisely letting work which is the single most important key for Corem's future profitability. We are also working continuously to secure long-term sustainable, cost-effective financing. The aim is within two years to complement our BBB- rating from Scope with an additional investment grade rating from one of the three large rating institutions.

Long-term work with sustainability

Sustainability is now a naturally integrated part of all of our activities. It is important that we at all times live up to, and preferably exceed, the expectations of our tenants and the finance market as regards sustainability. The Board of Directors have set a number of ambitious long-term sustainability goals for the merged company, including that Corem should be climate neutral throughout the whole value chain by 2035.

I look forward to an eventful conclusion to 2021 where we in the merged company together develop and optimize our real estate portfolio with an unchanged focus on local management close to the customer.

Eva Landén, CEO
Stockholm October 27, 2021

CALENDAR

Reports

Year-end Report January–December 2021	24 February 2021
Annual Report 2021	March 2022
Interim Report January – March 2022	27 April 2022
Annual General Meeting 2022	27 April 2022
Interim Report January – June 2022	13 July 2022

Record days and dividend

Record day for dividend for holders of ordinary shares Class D and preference shares	30 December 2021
Expected day for dividend for holders of ordinary shares Class D and preference shares	5 January 2022
Record day for dividend for holders of ordinary shares Class D and preference shares	31 March 2022
Expected day for dividend for holders of ordinary shares Class D and preference shares	5 April 2022

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