

PRESS RELEASE 2023-02-21

Year-end Report January-December 2022

Corem Kelly AB, renamed from Klöver AB in 2022, is consolidated in Corem from 15 June 2021.

- Income increased to SEK 4,491 million (2,805).
- Net operating income increased to SEK 2,933 million (1,894).
- Net financial items amounted to SEK -1,071 million (-579), of which dividends from shareholdings amounted to SEK 67 million (106).
- Profit from property management increased to SEK 1,675 million (1,178).
- Changes in value of properties amounted to SEK -2,934 million (3,432).
- Changes in value of financial assets at fair value amounted to SEK -1,105 million (870).
- Changes in value of derivatives amounted to SEK 1,375 million (256).
- Net profit amounted to SEK -1,938 million (4,495), corresponding to SEK -2.25 (5.52) per ordinary share of Class A and B.
- Net letting amounted to SEK -26 million, of which SEK 4 million during the fourth quarter.
- The value of investment properties amounted to SEK 78,387 million.
- Net asset value (NAV) per ordinary share of Class A and B amounted to SEK 26.42 on 31 December.
- The Board of Directors is proposing a dividend of SEK 0.40 (0,40) per ordinary share of class A and B, to be paid in four instalments of SEK 0.10.
- The Board of Directors is proposing a dividend of 20.00 per ordinary share of class D and preference share, to be paid in four instalments of SEK 5.00.

IMPORTANT EVENTS DURING THE FOURTH QUARTER

- In November, a 12-year lease contract was signed at 1245 Broadway, New York, with WonderView Studios for approximately 770 sq.m. of office space. Moving-in is planned for the summer of 2023.
- During the quarter, 14 properties were divested for SEK 619 million and of 60,715 sq.m. lettable area.
- During the quarter, contracts were also signed to divest 53 properties for totally SEK 5,585 million, with transfer of possession in 2023. The majority refer to divestment of a portfolio of 47 properties to Blackstone at an underlying property value of SEK 5,350 million.

EVENTS AFTER THE END OF THE PERIOD

- In January, a lease contract of 1,600 sq.m. was signed with R/GA in New York. The tenant moved into Corem's project property 28&7 in January 2023. The period of tenancy is five years.
- In January, a contract for divestment of the property 1 kh Rudegård Ny Holte was signed at an underlying property value corresponding to SEK 106 million, which is in line with book value. Transfer of possession took place on 10 February 2023.
- In January 2023, Corem divested the whole of its holding in Castellum, consisting of 8.7 million shares.
- In February, Corem announced that outstanding bonds of SEK 484 million at maturity 27 February not will be refinanced.
- In February, a lease agreement was signed with Sveriges Riksbank regarding the property Orgelpipan 4, in Stockholm.

Comment by the CEO

A continued stable core business with a business-intensive last quarter

Our core property management business continues to be stable and generate a fine level of earnings. The year was marked by the macroeconomic development and a volatile market for bonds and commercial papers. For Corem it was a business-intensive fourth quarter where we announced a number of divestitures, including a major portfolio to Blackstone consisting of 47 properties amounting to SEK 5,350m. These divestments are part of efforts to strengthen the balance sheet with the focus on long-term sustainable financing at a time of macroeconomic uncertainty.

Stable property management business

Demand for office premises continues to be relatively good on most markets, despite turbulence in our business environment and in the financial market. At the same time, there is still a high level of activity on the rental market for city logistics. Net letting amounted to SEK 4 million during the fourth quarter and overall letting activity has been at a high level during the year. In all, 1,528 leases were signed and renegotiated during the year with a contract value of SEK 501 million. This bears witness to a flourishing core business. The leases signed during the quarter include WonderView Studios in New York for around 770 sq.m. and the County Administrative Board in Örebro with approximately 3,900 sq.m.

During the year, the operating surplus increased by 55 per cent to SEK 2,933 million at the same time as profit from property management improved by 42 per cent to SEK 1,675 million.

Intensive transactions during the quarter

During the year, Corem announced that we intend to further concentrate our portfolio through net divestment in 2022 and 2023. Despite challenging times, the transaction market is still functioning. During the final quarter of 2022, contracts were signed to divest the equivalent of SEK 5,585 million for a total of 53 properties. In January 2023, Corem divested the remaining holding in Castellum totalling 8.7 million shares.

The largest transaction in 2022 was announced in mid-December. Through this transaction, Corem is divesting to Blackstone a portfolio of 47 properties with transfer of possession in February and April 2023. This transaction will release capital to reinforce Corem's long-term financial capacity and for prioritized investments. Through these divestments, we will further concentrate our portfolio and, with the final proceeds, create greater scope for action at a time of financial uncertainty.

During the final quarter of the year, we carried out impairment of property values by almost four per cent. This has taken place in the light of the new circumstances in our business environment with higher interest rates and rising inflation. The transactions that have been agreed upon and implemented during the year have, however, as a rule taken place at a level close to book values. This shows the stability of the valuation process.

Higher interest rates and a volatile financial market

The whole real estate sector is facing a period of increasingly high financial expenses because of higher interest rates. At the same time, the financial market has become increasingly volatile. We are working continuously to secure stable long-term financing and limit the interest rate risk by interest swaps and caps. Our share of bank financing is gradually increasing, providing increased stability in times of volatility in the capital market. During 2023, Corem has maturing bonds amounting to SEK 2,934 million where bonds amounting to SEK 484 million will mature in February and be repaid on the due date, without being refinanced.

Indexed rents

High inflation and rising energy prices create continued uncertainty. Rising inflation affects our operations in numerous ways. It results in increased costs, with regard to project and property operation costs, but has at the same time a positive effect on the company's rental income as Swedish leases are typically

indexed in relation to the consumer price index (CPI). In 2022, this had an impact on rental income of around SEK 90 million and, in 2023, it is expected to contribute over SEK 300 million to rental income.

During the year, Corem's energy costs in its Swedish portfolio increased by approximately SEK 18 million. Overall, we have a great focus on cost effectiveness in all parts of the company and also see by reason of rising energy costs increased tenant interest in energy-saving investments and measures. Our goal for energy consumption in 2022 was maximum 80 kWh per square metre, a goal we reached by a good margin.

Project development that creates value

Project development and investments in our properties are always aimed to contribute to an increased cash flow, which also contributes to the development of value of the property portfolio. Decisions on new investments are now made in a context with higher construction prices and where the cost of capital for implementation has increased. That is why we are focusing on completing ongoing projects so that project operations are reduced to the most profitable projects.

In February 2023, we had the pleasure of announcing a major lease to the Riksbank in the project property Orgelpipan 4 on Klarabergsgatan in Stockholm. The property has undergone an extensive rebuilding and modernization both inside and out and thus regains its former glory. The agreement runs over six years, with occupancy expected at the end of 2023. In addition, there are plans for a restaurant and cafe at street level, which will further contribute to the positive development in the area.

Our two largest new construction projects are two high-quality buildings with a high environmental classification at attractive locations in Manhattan where the exterior is now completed and where internal tenant customization will continue during 2023. During the last quarter, leases were signed with WonderView Studios for approximately 770 sq.m. at the 1245 Broadway project. In early 2023, a lease was also signed with the marketing agency R/GA for approximately 1,600 sq.m. at the project property 28&7 for immediate occupation. The total annual lease value of all leases signed to date in the US amounts to around USD 11 million and the average rent amounts to the equivalent of just over SEK 11,000 per square metre. We are continuing to see a recovery after the pandemic for new premium segment office buildings in New York and look forward to signing further leases in 2023.

To sum up, we have completed another year, a year affected by a swift rise in interest rates and increased prices with a financial market out of balance. However, despite the macroeconomic challenges, I am pleased about good earnings from property management and a core business that contributes fine flows to operations.

Together, we at Corem will continue to develop and optimize operations and the property portfolio with an unchanged focus on local management close to the customer. A big thank you to all staff for the past year!

Eva Landén, CEO

Stockholm 21 February 2023

Corem Property Group AB (publ)

FOR FURTHER INFORMATION, PLEASE CONTACT

Eva Landén, CEO, +46 10 482 76 50, eva.landen@corem.se

Corem Property Group AB (publ)

Address: P.O. Box 56085, SE-102 17 Stockholm

Visitors: Riddargatan 13 C

Reg.no: 556463-9440

www.corem.se

This information is such that Corem Kelly AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out in this press release, at 08:00 CET on 21 February 2023.

This press release is in all respects a translation of the Swedish original press release. In the event of any discrepancies between this translation and the Swedish original, the latter shall prevail.