

WE
CREATE SPACE
TO DEVELOP
YOUR BUSINESS

COREM ANNUAL REPORT AND
SUSTAINABILITY REPORT 2020

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A Annual Report
S Sustainability Report

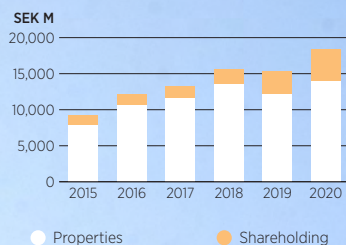
Pages 62–100 and page 109 contain Corem's Annual Report and consolidated accounts and have been reviewed by Ernst & Young AB. The Auditor's Report is on pages 110–112.

Corem's Sustainability Report has been prepared in accordance with GRI Standards. The statutory Sustainability Report required by the Swedish Annual Accounts Act is on pages 32–41 and 101–108, with the GRI index on pages 107–108. The auditor's report on Ernst & Young AB's limited assurance review is on page 113.

This document is a translation of a Swedish language original. In case of any discrepancy between the two versions, the original shall take precedence.

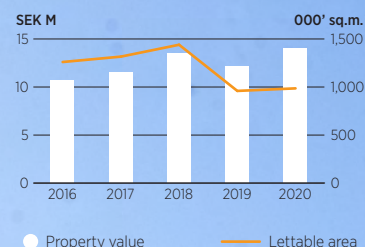
18,674

ASSETS, SEK M



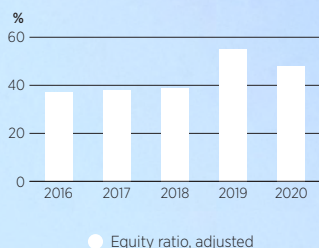
14,002

FAIR VALUE, PROPERTIES, SEK M



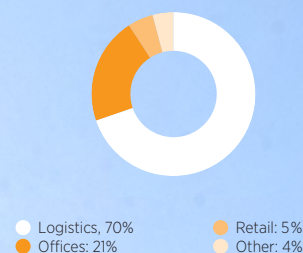
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EQUITY RATIO, ADJUSTED, %



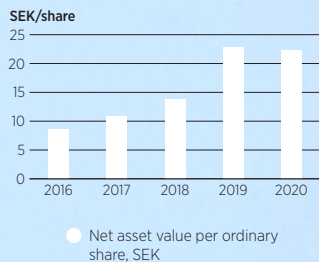
985,887

LETTABLE AREA, SQ.M.



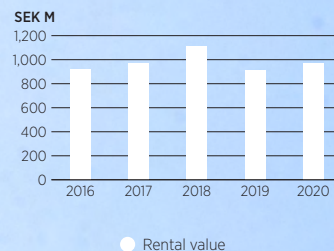
22.22

NET ASSET VALUE PER ORDINARY SHARE, SEK



970

RENTAL VALUE, SEK M



0.65

DIVIDEND PER ORDINARY SHARE, SEK

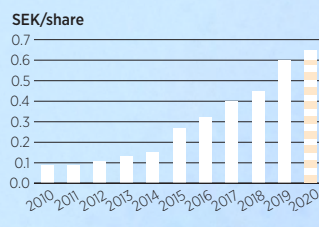
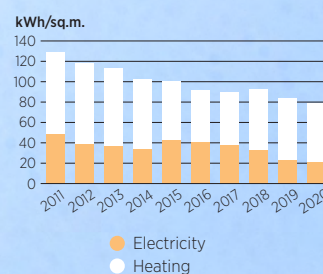


Figure for 2020, proposed dividend.
Figures for previous years, agreed dividend.

-5

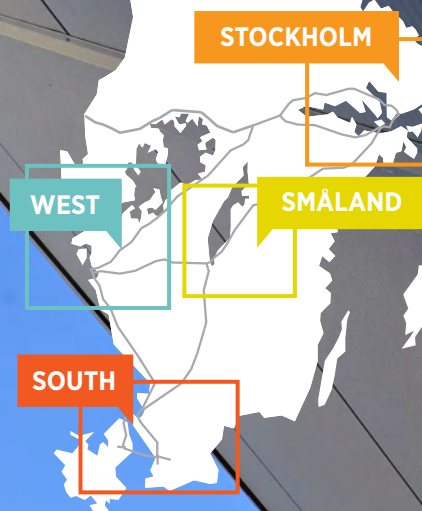
REDUCED ENERGY CONSUMPTION, %



WE CREATE SPACE TO DEVELOP YOUR BUSINESS

Corem Property Group owns, manages and develops properties located in prime logistics locations. Our goal is to be the leading provider of properties suitable for city logistics in our selected regions.

Our property portfolio is concentrated to strategic locations close to urban areas with good accessibility and growth. The portfolio is divided into four regions, and managed locally through regional property management offices. In-house property management is an important part of our strategy and a key factor in gaining a good understanding of the local market as well as having a close relationship with our tenants.



COREM'S REGIONS

STOCKHOLM

Lettable area	457,556 sq.m.
Property value	SEK 7,903 m
No. of properties	94
Percentage	57 percent

SOUTH

Lettable area	193,079 sq.m.
Fair value	SEK 1,650 m
No. of properties	25
Percentage	12 percent

WEST

Lettable area	236,954 sq.m.
Property value	SEK 3,271 m
No. of properties	26
Percentage	23 percent

SMÅLAND

Lettable area	98,298 sq.m.
Property value	SEK 1,178 m
No. of properties	22
Percentage	8 percent

For more information, see Our properties on pages 26–29.

STRONG GROWTH AND INCREASED PROFITABILITY

Corem performed strongly in 2020. Property value rose by 16 percent and profitability increased. Income from property management increased by 5 percent, despite properties corresponding to 25 percent of net operating income being sold in 2019. The occupancy rate at the end of the year was 93 percent, the highest in eleven years. Demand for properties suitable for city logistics is currently strong and boosted by societal trends such as digitalisation and sustainability.

THE FINANCIAL YEAR

- Income amounted to SEK 894 million (961). The decrease is due to the divestment of a property portfolio of 30 properties in July 2019. For a like-for-like portfolio, income increased by 4 percent.
- The economic occupancy rate has increased and amounted to 93 percent at year end (91).
- Net operating income amounted to SEK 668 million (701). For a like-for-like portfolio, net operating income increased by 5 percent.
- Profit from property management amounted to SEK 420 million (400), an increase of 5 percent.
- Changes in property value amounted to SEK 759 million (1,695).
- Changes in value of financial investments amounted to SEK -1,042 million (1,089) for the year.
- Profit after tax for the year was SEK -108 (3,114), corresponding to earnings per ordinary share of SEK -0.52 (8.35).
- Fair value of the property portfolio increased by 16 percent to SEK 14,002 million (12,114), following the acquisition of ten properties, investments of SEK 741 million in new-builds, extensions and refurbishments, and divestment of five properties in non-priority locations.
- The value of financial investments in listed shares amounted to SEK 4,347 million (4,733).
- Net asset value per ordinary share amounted to SEK 22.22, (22.74).
- Board member Rutger Arnhult announced that he intended to stand down from Corem's board on 25 March 2021.
- The main owner, M2 Asset Management (M2), acquired additional shares in Corem, triggering an obligation to make a mandatory bid for the outstanding shares.
- The Board of Directors intends to propose to the Annual General Meeting a dividend of SEK 0.65 (0.60) per ordinary share A and ordinary share B and SEK 20.00/year per preference share.

EVENTS AFTER THE PERIOD

- Tap issues of the green bond issued in the fourth quarter have totalled SEK 550 million.
- An agreement has been entered into for the acquisition of the Hedenstorp 1:99 property in Jönköping (approximately 4,000 sq.m. of lettable area).
- An agreement has been entered into for the sale of the Instrumentet 13 and 18 properties in Örnberg in Stockholm (approximately 5,700 sq.m. of lettable space).

Key financial figures and ratios

	2020	2019	2018
Income, SEK m	894	961	965
Net operating income, SEK m	668	701	733
Profit/loss from property management, SEK m	420	400	380
Profit/loss after tax, SEK m	-108	3,114	1,183
Occupancy rate, economic, %	93	91	91
Surplus ratio, %	75	73	76
Equity ratio, adjusted, %	48	55	38
Interest coverage ratio, multiple	2.5	2.8	2.9
Loan to value ratio, %	38	22	58
Earnings per ordinary share, SEK	-0.52	8.35	3.05
Net asset value per ordinary share, SEK	22.22	22.74	14.27
Dividend per ordinary share, SEK ¹⁾	0.65	0.60	0.45
Dividend per preference share, SEK	20.00	20.00	20.00

1) 2020 - proposed dividend.

- The Board's independent bid committee recommended to the shareholders not to accept M2's mandatory bid of SEK 18.60 per ordinary share and SEK 317.00 per preference share. On the basis of an overall assessment, they did not consider that the conditions represented current value or future growth opportunities.
- The outcome of M2's offer to shareholders showed the offer was accepted by the owners of 785,119 ordinary A shares, 1,557,123 ordinary B shares and 692,183 preference shares. As a result, M2's holdings increased to approximately 47.2 percent of total capital and 49.1 percent of the total number of votes. In terms of outstanding votes, this corresponds to approximately 53.8 percent.
- M2's increased ownership meant a Change of Control Event according to the terms for the Corem bonds 2020/2023 and 2020/2024 respectively. During an accept period, bondholders have the right to request repurchase of bonds at a price corresponding to 101 percent of the nominal amount plus accrued interest.



INCREASED OCCUPANCY RATE

At the end of 2020, the economic occupancy rate was 93 percent, the highest in eleven years

Strong demand and active promotion of lettings contributed to a high rate of economic occupancy. Increased e-commerce and changed consumer behaviour during the year created a strong demand for city warehousing and logistics properties, resulting in rent increases and declining vacancy rates. See further information about lettings on pages 20–21.

GREEN FINANCING

Corem's first green bond

During the year, Corem successfully issued two bonds, one of SEK 1,000 million in February and a green bond of SEK 850 million in October. Since the original issue date there have been tap issues of both bonds. See further information about financing on pages 43–47.

CHANGE IN VALUE OF PROPERTIES

Reduced yield requirements, new lettings and increased rents

Reduced yield requirements, positive net lettings, rising rent levels and value-adding investments in the existing portfolio have resulted in a positive change in value for the year. Unrealised changes in value amount to SEK 742 million.

There has been substantial willingness to invest in warehousing and logistics properties from both Swedish and foreign investors, with declining yield requirements as a result.

Corem's average weighted yield requirement has been lowered to 5.5 percent during the year. See further information about market valuation on pages 30–31.



GROWTH THROUGH PROPERTY DEVELOPMENT

Three completed projects

Property development is a core component of Corem's activities and contributes to the development of towns and cities. During the year, Corem invested SEK 741 million (506) in new-builds, extensions and refurbishment. Three major projects comprising a total investment of SEK 191 million have been completed during the year. At the turn of the year, three major projects were underway and due for completion in the first half of 2021, with a total estimated investment of SEK 682 million. Find out more on pages 22–23.

SEK 741 m

**INVESTMENT IN THE
PROPERTY PORTFOLIO**

THE COVID-19 PANDEMIC

Volatile market environment but limited impact on Corem's activities

Demand for Corem's premises has remained strong through the pandemic. Rent rebates in line with government support for affected industries amounted to SEK 3 million net.



EXPANSION IN PRIORITY LOCATIONS

Ten properties acquired

During the year, ten properties were acquired, of which nine are in Stockholm, where 57 percent of Corem's property value is now located. In total, the lettable area in the portfolio increased by 20,792 sq.m. during 2020. See further information on pages 24–25.

167

NO. OF PROPERTIES

985,887

LETTABLE AREA, SQ.M.

14,002

MARKET VALUE OF PROPERTIES, SEK M

“WE HAVE A YEAR OF STRONG GROWTH BEHIND US”

We have a year of strong growth behind us. The value of our property portfolio has increased by 16 percent through project development, acquisitions and increased market value, while profitability has improved. We have a higher surplus ratio and lower average interest rate as well as a positive level of net letting and the highest occupancy rate in eleven years. Profit from property management has increased by 5 percent and our cash flow from operating activities is on a level with 2019, even though last year we divested properties corresponding to 25 percent of net operating income.

Due to COVID-19, 2020 has been a year like no other. Looking through the rear-view mirror, however, it is clear that most of our tenants have coped well with the challenges posed by the pandemic. Our well-established strategies, with the emphasis on customer-oriented management, value-adding property development and strategic acquisition of properties for city logistics have proven to be sustainable, relevant and able to generate value, even in these uncertain times.

Success in lettings and strong financial position

Our letting activity is the key to future profitability, and net letting has performed well during the year. Cities need well-functioning logistics to enable them to grow and Corem's properties are important links in the chain that supplies products and services to our towns and cities.

A strong financial position creates stability and sustainability and enables us to drive our development projects and acquisitions forward. During the year, we have focused on reducing our interest expenses. By taking a proactive approach, we have reduced our average interest rate, which is now 2.7 percent, compared with 3.4 percent a year ago. At year-end, the loan-to-value ratio was 38 percent and the adjusted equity ratio 48 percent.

Growth through acquisitions and projects

We continue to grow, through both acquisitions and projects. During the year, we acquired ten properties, nine of which are in the Stockholm region. All are situated

close to the city with good communication links.

Property development plays a key role in our business model and has increased in importance in recent years. During 2020, we completed three major projects of over 25,000 sq.m. in Borås and Jönköping. Two projects were completed in Borås – one being the third phase of Pro Stop Borås, a specialist retail area, and the other the conversion of a previous single tenant building into Sandlid Business Park, a modern office and business premises with space for several tenants. In Jönköping we completed refurbishment and new-build for BUBS Godis.

In all, we invested SEK 741 million in our portfolio during the year. Three large projects comprising a total investment of SEK 682 million are ongoing, and will be completed in 2021.

Rising property values

The positive market conditions for warehousing and logistics properties combined with low long-term interest rates are attracting both domestic and international investors. With demand strong and increasing, we are also experiencing rising property values. Yield requirements during the year were at a record low. Corem's average weighted yield requirement was reduced from 5.8 to 5.5 percent.

Indirect property holdings enable diversification and spread risk

Corem has owned shares in the listed property company Klövern since 2008. During 2019, we also acquired shares in other listed

property companies, including Castellum, mostly as a liquidity investment following the sale of a large property portfolio.

The short-term holdings were divested in 2020, while the holding in Castellum was classified as long-term. This means that Corem now has long-term holdings in two listed property companies – Klövern and Castellum. The investment focus of both these companies is different to that of Corem, which means we are diversifying and spreading the risk of our property ownership while anticipating that they will, over time, contribute to a good return. The holdings had a combined market value of SEK 4,347 million at the end of 2020, while the total cost of their acquisition was SEK 2,343 million. As stock market prices were volatile in 2020, however, the changes in value during the year had a negative impact on earnings (SEK -1,042 million).

Intensified work on sustainability

During the year, we intensified our efforts on sustainability and set new goals for this area. 2020 brought major challenges and changed priorities, including an increased focus on establishing procedures, digital tools and leadership for remote working, but we have also worked tirelessly on our investment in clean energy and energy efficiency. Reducing energy consumption in our properties is one of our most important sustainability goals. We have also developed a framework for green bonds that mainly focuses on increased energy efficiency. During the year we also issued our first green bond.

“Corem’s properties are important links in the chain that supplies cities with goods and services.”

M2 has increased its share of ownership

In November 2020, M2 Asset Management bought additional shares in Corem, which triggered a mandatory bid, i.e. an offer from M2 to acquire all outstanding shares in the company. The outcome of the bid was that M2’s holding increased in March 2021 to approximately 53.8 of the outstanding votes.

Positive outlook

The COVID-19 pandemic continues to cause concern both in the business environment and society, but we should bear in mind that, on the other side of the current crisis, there is a normality to return to.

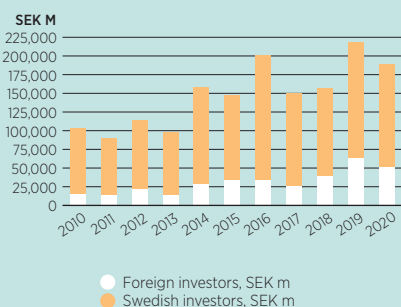
Our strategy has proven successful, we have an efficient structure and several societal trends are in our favour. Sustainable urban development and changed consumption patterns involving increased e-commerce require smart city logistics – and properties such as ours play a key role in this development.

Creating space for customers’ business is our main driver at Corem. It’s a motivation I share with my colleagues, who have shown immense commitment and a positive attitude in adapting to new circumstances during the turbulence of 2020. We are, together, setting the stage for a successful 2021.

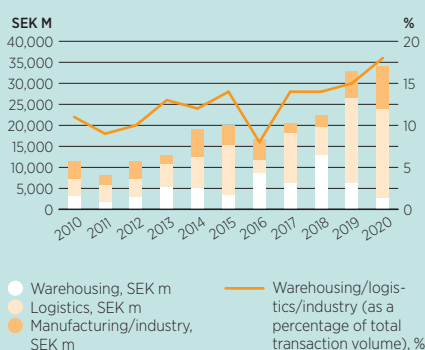
Stockholm, 19 March 2021
Eva Landén, CEO

Photography: Mikael Sjöberg

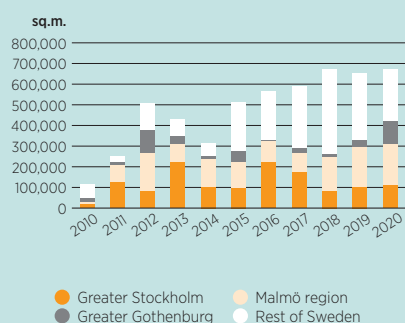
TRANSACTION VOLUME PROPERTY, SEK M



TRANSACTION VOLUME – WAREHOUSING, LOGISTICS AND INDUSTRY, SEK M



NEW-BUILD WAREHOUSING AND LOGISTICS PROJECTS, BY GEOGRAPHICAL AREA



RECORD INTEREST IN WAREHOUSING, INDUSTRY AND LOGISTICS

2020 saw strong interest in investment in established property segments with stable cash flows and good market prospects, such as warehousing, industry and logistics. Transactions in the segment were at historically high levels.

This market report, with diagrams, and the reviews of the markets in Corem's regions that follow have been produced jointly with the property advisory service Newsec Advice AB.

Macroeconomic prospects

Slowing economy strongly influenced by COVID-19

Financial performance during the year was marked by the spread of COVID-19. With economies closed, infection spreading in several waves and great uncertainty about how the pandemic would develop, global growth slowed and the recovery is expected to be volatile.

From a global perspective, the Swedish economy has coped relatively well. GDP declined sharply during the first wave of the pandemic in spring and summer, but the recovery in the second half of the year was better than expected. Statistics from Statistics Sweden show that Sweden's GDP fell by 2.8 percent in 2020 compared with 2019. Low inflation puts pressure on the Riksbank, which is maintaining the repo rate at zero percent and indicating that interest rates will not change in the coming years.

The property market in Sweden

Third strongest year for transactions to date

Despite a turbulent year, the Swedish property market has performed strongly. The now established long-term low interest rate climate, a volatile stock market, low interest rates on government securities and bonds, and continued good access to capital benefited the property market in 2020. The total transaction volume amounted to approximately SEK 189 billion, which is the third highest figure recorded to date. International investors were highly active in all sub-segments and geographical markets and accounted for 26 percent of total invested capital.



Stockholm has the highest level of economic growth in Sweden and is the country's biggest consumer market. There is considerable demand here for logistics premises in locations close to the city on major roads. The Bredden business and retail park, situated on the E4 European route north of Stockholm, is in such a location. Corem owns a cohesive property portfolio here with 33,000 sq.m. of lettable area.

Warehousing, logistics and industrial properties

Transaction volume at a historic high with strong national and international willingness to invest

Warehousing, logistics and industrial properties are a well-established class of assets in the Swedish property market and have manifested high investment volumes for several years. The segment is considered attractive and a long-term prospect, with creditworthy tenants and long contract periods.

In 2020, the appetite for investment in the segment was strong and the transaction volume reached record levels. Investment in the segment amounted to approximately SEK 34 billion, which can be compared with the record year of 2019, when the investment volume amounted to approximately SEK 33 billion. The segment's share of total transaction volume was also at a historically high level, at 18 percent. Thus, warehousing, logistics and industrial properties, were, after housing, the class of assets that attracted most investment in the Swedish property market in 2020.

The year has been characterized by several large portfolio acquisitions in the logistics segment, with eight transactions each having a value in excess of SEK 1 billion. The pursuit of returns drives development, and portfolio transactions are considered a good way of allocating large amounts of capital while quickly acquiring a large share of the market. Substantial portfolio transactions and large logistics facilities – fully let and built specifically for individual tenants – have been major factors in the high volume of transactions. Smaller properties have also been much in demand, as these offer good opportunities to build up a portfolio that can then be sold on at a premium. A total of 91 transactions were completed in the segment with an average transaction volume of SEK 375 million.

International investors were active in the segment during the year, accounting for almost half the investment volume. With a

strong willingness to invest from both national and international capital, yield requirements have continued to fall during the year and Newsec believes that yield compression will continue.

The rental market

Steadily increasing market rents with marked rent increases in individual areas

Rental levels for warehousing, logistics and industrial properties are determined by a number of parameters, such as rental structure, size, modernity and efficiency. There is also a correlation with geographical location and proximity to logistics clusters, transport hubs and major roads. In general, rental levels within the segment have been very stable in recent years. There have been notable increases in individual areas that have grown stronger over time and where there has been additional new-build.

In general terms, the setting of rental levels is governed by two principles: one applies to new buildings and the other to existing properties. For new-builds, rent is determined by the cost of construction, the cost of land and the developer's profit requirements. In general, rental levels for newly built, modern properties are relatively uniform across the country, with the exception of Stockholm and Gothenburg, where figures are pushed up by high land prices.

The rent-setting principle for existing properties is determined by supply and demand, which means that rent varies greatly from one geographical area to another. In areas with high vacancy rates and extensive choice, the market rent may be less than the rent for a new-build, while the reverse situation, in which the market rent exceeds the rent for a new-build, often occurs in areas close to cities where there is strong demand and a lack of suitable premises.



Yield requirement

Continued decline

The high level of interest in investing in warehousing, logistics and industrial properties has led to a drop in yield requirement, but there is still a big difference between attractive properties in good locations and older, outdated properties in less attractive areas. Falling interest rates and a big influx of capital into the segment have been pushing down yield requirements since 2008, with required yields now at historically low levels. During the year, the segment recorded yield requirements of 4.25–4.50 percent for new or modern facilities in favourable logistics locations with stable tenants and long leases. For other premises, yield requirement can vary greatly depending on factors such as geographical location, the standard of construction and rental structure.

Region Stockholm

Strong willingness to invest and establish operations

Warehousing, logistics and industrial properties are generally an attractive investment segment in the Stockholm region, as the region has the highest level of economic growth in Sweden and is the country's biggest consumer market. The region has also become an obvious choice as a place for companies to establish operations. In addition, the market is benefitting from the increase in e-commerce combined with population growth.

The properties in the segment for which demand is strongest are located close to urban areas with proximity to major roads that offer easy access for customers, consumers and transportation. These locations are characterised by a limited supply of land for development, with strong demand and poor availability driving up rental levels and leading to low vacancy rates. The lack of such land has meant that new areas have become of interest as potential locations for warehousing, logistics and industry. As several industrial areas are converted into urban areas, the shortage of land is becoming apparent, and so the market outlook for areas close to the city continues to be positive, meaning higher rental levels and low vacancy rates.

There is greater access to land for development in the peri-urban areas of the Stockholm region, which means that this is where the majority of new warehousing, logistics and industrial properties are built. This gives these areas modern, flexible premises that are fit-for-purpose and meet tenants' requirements. However, greater availability leads to higher vacancy rates, and the rental level is often restricted to the level for new-builds.

In 2020, major newly constructed warehouse, logistics and industrial properties in the Stockholm region amounted to approx. 110,000 square metres, of which almost 90,000 square metres were in the northern part of Greater Stockholm. This total of new-build properties in the Stockholm region is in line with the historical average, with approx. 120,000 square metres of new space being added to Stockholm's logistics market annually over the past five years.

Yield requirement in the region fell during 2020. For attractive properties in good locations, the level of yield is estimated at approximately 4.5 percent. The corresponding level for less sought-after premises is estimated at around 5.5 percent.

Region South

Strong growth in one of Sweden's foremost logistics locations

Skåne is one of Sweden's foremost logistics locations, with well-developed infrastructure enabling an extensive flow of goods both abroad and to other parts of Sweden. The region has developed from an attractive centre for food logistics into an increasingly important area for third-party logistics and e-commerce.

The region's population is growing strongly and there is considerable demand for warehousing, logistics and industrial properties. Much of the land in Skåne is protected as agricultural land, which has limited the supply of land in some geographies, but in recent years new logistics locations have been established. Newly built warehousing, logistics and industrial properties amounted in 2020 to almost 250,000 square metres, which is a historically high figure.

Yield requirement fell during 2020 and amounts to approximately 5.0 percent for the best premises. For less sought-after premises in less optimal locations, yield requirement is estimated at around 6.5 percent.

Region West

High volume of new-builds and good prospects

With a well-established commercial profile and good communications, the Gothenburg region has long been considered one of Sweden's foremost logistics locations. The region is strategically located between three capitals and features the Nordic region's largest container port and a solid railway network. The population is growing, and business is logistics-intensive. Both Chalmers University of Technology and the University of Gothenburg offer educational programmes and research in logistics, further assisting the region's development as a logistics hub. The region also includes Borås, it too being well-placed logistically with railways, major roads and proximity to Landvetter Airport and the Gothenburg customer base. Logistics is seen as a sector with good prospects, and construction and infrastructure investment to a value of over SEK 800 million is being planned for the period leading up to 2035.

In the past decade, the Gothenburg region has seen the greatest volume of new-build of all regions in Sweden. 2020 saw approximately 200,000 square metres of new-build logistics space, which is just over the historically high figure for 2019. Almost 30 percent of all the logistics new-build in Sweden in 2020 was in the Gothenburg region, a clear indicator that the market continues to be viewed positively.

The yield requirement for warehousing, logistics and industrial properties in the Gothenburg region continued to decline during



The market and external environment

INTRODUCTION

the year. For the best premises, the yield requirement is estimated at around 4.5 percent, while the yield requirement for premises in less attractive locations is around 5.5 percent.

Region Småland

A growing logistics market in a strategic location

The Småland region is growing, both in terms of logistics activity and population. Jönköping, where Corem has an extensive property portfolio, is centrally located in Sweden with good access to the country's three largest cities and well-developed infrastructure. Some 2.8 million people can be reached within a radius of 170 km, and highway 40 and the E4 pass by the city. Jönköping also has a good connection to the railway network at Nässjö. There is a strong spirit of networking and entrepreneurship in Småland, and the region has active logistics partnerships. Its strategic location and easy access to the other Nordic countries has driven demand for warehousing, logistics and industrial properties, mainly along the main railway line and the E4. The region has a large supply of undeveloped land, which, combined with low land prices, means that new-build properties are seen as an extremely interesting prospect. In general, rents for existing stock only exceed rents for new-build in established industrial areas with a high proportion of retail.

The volume of new-build in Småland has varied considerably from year to year, and in 2020 new-build warehousing, logistics and industrial properties amounted to just under 45,000 square metres, with several projects being built in established logistics parks.

Yield requirements on properties in the region vary widely. For a good lease, the yield requirement is estimated at around 5.0 percent, which is lower than the previous year. For less attractive premises in Småland, the yield requirements are significantly higher.

OTHER PROPERTY COMPANIES FOCUSING ON WAREHOUSING AND LOGISTICS IN SWEDEN

There are several listed companies in Sweden like Corem whose main activity relates to warehousing and logistics properties; these include Sagax, Stendörren and Catena.

Sagax and Stendörren focus on properties for warehousing and light industry – Sagax operates in Sweden and six other European countries, and Stendörren in Stockholm and the Mälardalen valley. Catena owns and manages logistics facilities throughout Sweden and in Denmark.

Other major players in the Swedish property sector with more diversified portfolios, such as Castellum and FastPartner, have increased their investment in warehousing and logistics in recent years.

A growing number of large international companies have also expanded within this segment, including Prologis and Blackstone. A number of privately owned, local players are also active in the market.



SEVEN TRENDS AND HOW THEY AFFECT COREM

2

E-COMMERCE INCREASES THE NEED FOR LOGISTICS PROPERTIES

According to the 2020 E-ba-rometer report there was a significant upturn in e-commerce in 2020, increasing by 40 percent in the year. A significant factor in this development was the COVID-19 physical distancing requirements.

Increased e-commerce entails added volumes and more stringent requirements for efficient logistics chains that can facilitate rapid delivery, which in turn requires warehousing and logistics facilities close to cities.

There is increasing need, for example, for facilities for third-party logistics, flexible storage areas in last-mile locations and delivery points close to residential areas. Handling returns also creates a demand for properties for reverse logistics.

According to property consultancy CBRE, pure e-retailers need on average 2.4 times more logistics space than store-based traders within existing logistics holdings.

How Corem is affected

Corem is one of Sweden's leading property companies in the city logistics segment with a flexible portfolio in locations close to urban areas and near major roads. Over ten years of experience in the segment has given us an understanding of customer needs and motivators. Demand for Corem's premises increased in 2020, and so the portfolio is being expanded in order to continue to meet the needs of the market.

1

URBANISATION - MORE AND MORE PEOPLE LIVE IN CITIES

Growing cities increase the need not only for housing but also for infrastructure, traffic solutions, warehousing, services, logistics properties, transport and workplaces. Urbanisation means that there is a large available workforce in these areas.

How Corem is affected

Corem's portfolio is concentrated to Stockholm, Gothenburg, Malmö and Jönköping. In Stockholm, the properties are located within a 20 km radius of the city, and in other cities are usually within a 10 km radius. Being located close to the cities mean the properties are well suited for different types of city logistics and make it easier for our customers to find employees for their businesses. High land prices and residential construction mean that there is little possibility for additional warehousing and logistics properties in locations close to the cities, which further increases the demand for existing premises.

3

SUSTAINABILITY - AN ISSUE FOR US ALL

Sustainability issues are being pursued at all levels of society – from the UN's Sustainable Development Goals and the EU's new taxonomy for sustainable activities to Sweden's national goal to be fossil-free by 2045 and a range of initiatives in the business sector. Corem is no exception: sustainability is high on the agenda and our focus is on the environment and reduced consumption of resources, business ethics and satisfied employees and customers.

How Corem is affected

Investors are increasingly demanding environmental sustainability in particular, and in 2020 Corem launched a green framework and issued a green bond. We conducted a dialogue with stakeholders and updated our sustainability goals. Our work on energy efficiency improvements and property certification is intensifying.

4

ROAD TRANSPORT STILL THE MOST COMMON MEANS OF TRANSPORT

About 90 percent of domestic transport in Sweden is still road-based, with an average journey length of less than 300 km. For foreign trade, 90 percent of goods pass through at least one Swedish port.

How Corem is affected:

Corem's properties are very often located adjacent to major roads that are practical for road-based transport, making them attractive and easily accessible. The portfolio also includes properties near the port of Norvik and Malmö's Northern Harbour. The conversion to climate-neutral fuels is leading to increased demand for charging stations for electric vehicles.

Corem monitors the external environment closely so that it can seize opportunities and avoid risks. A number of leading societal trends are currently having a major impact on operations – and many of them are boosting business for Corem.

5

NEW CUSTOMER NEEDS REQUIRE FLEXIBILITY

Patterns of consumption and transport flows can change quickly as a result of political decisions or consumer trends. This means flexibility and market insight are needed in order to be able to continuously be able to provide customers with the premises they need.

How Corem is affected

With extensive experience in the industry, local market presence, in-house management and – not least – a flexible and conveniently located property portfolio, Corem is well able to adapt its operations to new needs and trends.

6

HIGHLY ACTIVE TRANSACTION MARKET

There is substantial interest in investing in property, and warehousing and logistics properties have become increasingly attractive to investors in recent years. In 2020, the COVID-19 pandemic generally reduced the volume of transactions, but there continued to be a high level of interest in the property segment. Potential acquisitions attract large numbers of interested parties, and acquisition prices are generally high.

How Corem is affected

Increased competition for the more attractive properties means there is greater need of access to cheap financing and an understanding of the market. Corem is well placed here, with sound finances and a good reputation in the market, local market knowledge and solid experience of property acquisition.

7

SCARCITY OF LAND CLOSE TO URBAN AREAS

In the bigger cities there is a noticeable lack of land in prime locations. There is also a trend for former industrial land to be converted, for example into residential areas. This means industries gradually move to more peripheral locations and new, innovative ways of using land close to cities efficiently are needed.

How Corem is affected

Corem is working constantly on the innovative use of properties and development rights. One example of an innovative solution previously seen in major cities, mainly in Asia, is the multi-storey warehouse. Corem is currently building the first three-storey warehouse in the Nordic region for our customer MTAB. Municipalities are increasingly including well-thought-out city logistics in their master planning documents.

BUSINESS MODEL AND STRATEGIES

Corem's business model aims to create increasing, sustainable value over time while maintaining profitability. The route to achieving this involves proactive management, continuous investment and strategic acquisitions. Sustainability is integrated into every aspect of our business model.

BUSINESS CONCEPT:

Corem aims to create long-term growth and increased value by acquiring, managing, refining and building properties in logistics areas in a sustainable way.

VISION:

We create space to develop your business.





A model for strong performance in the long term

Corem's overall goal is to be leading within the segment of city logistics properties in selected geographical regions and to generate a good return on equity for its shareholders.

The business model is based on a continuous process of customer-oriented management and value-adding property development along with strategic property acquisitions for continued growth. The company has been managing its own warehousing and logistics properties since it was established in 2007 and has extensive expertise and experience within this segment of the property market.

All company activity is directed at creating long-term, sustainable shareholder value. To help achieve the company's goal, five target areas have been identified, which are measured and monitored on an annual basis:

- Improvement, growth and development
- Proactive, customer-focused management
- An attractive employer with good business ethics
- Environmental consideration and resource efficiency
- Long-term, stable finances

Read about targets and outcomes on pages 15–17.

Sustainability at every stage

Corem's business model is characterised by a long-term approach. All aspects of the business aim to create value not just for today, but in the long term. The properties are intended to be used for many years, to be adaptable and able to meet needs that change over time.

The economically sustainable business model is combined with good business ethics, social responsibility and environmental consideration. The business must be sustainable in the long term from a social, ecological and economic perspective.

Sustainability is a vital part of the company's overarching strategy, and sustainability goals are measured and monitored in the same way as other business and operational goals. This means sustainability efforts are a natural part of our business and are seen as hygiene factors – a natural part of the way we do business.

Read more about our strategies on the next page.

STRATEGIES

Corem's strategic focus areas derive from its business model and drive the company towards its set targets.

Management strategy for effective management with the focus on tenants

Corem creates long-term tenant relationships through proactive and market-oriented in-house management with streamlined decision-making and a local presence.

At the heart of our way of working is maintaining focus on the customer. It means our management is proactive and ensures we are in close contact with the market. Our properties are managed by our own staff, which enables us to build long-term relationships.

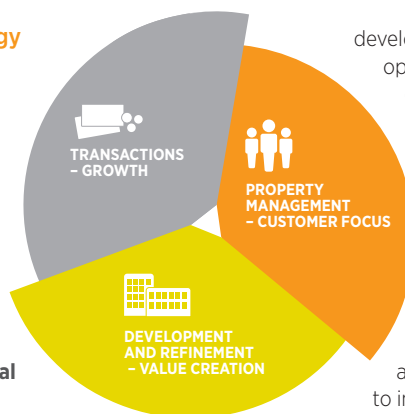
We prioritise streamlined decision-making and a local presence in our markets, which helps us gain a good understanding of tenants' current and changing needs. By working closely together, we are able to offer flexible, adaptable local solutions that help Corem fulfill its vision: to create space to develop our customers' business.

Business strategy for value creation through improvement and property development

Corem improves and optimises its property portfolio through long-term investment and commitment.

Property development is an increasingly important aspect of our business, enabling us to meet the changing requirements of tenants and further develop and add value to our property portfolio. Investment in existing properties is usually made in conjunction with new leases and for the purpose of adapting and modernising premises.

Through long-term sustainable investment, Corem improves and develops properties, areas and companies. Property



development provides good opportunities for value creation and extended customer relationships.

Project development includes everything from long-term work on local development plans and major new-build, refurbishment and extension initiatives to improvements on tenant changeover and energy saving measures. All investment aims to create value that lasts, which means that objectives such as sustainability and customer satisfaction are prioritised. Modernising our buildings and continuously adapting our portfolio to changing market conditions facilitates lettings and optimises returns.

Investment strategy for continued growth

Corem actively seeks out and undertakes transactions with the aim of increasing the size of the company and improving its property portfolio. Corem is continuously increasing the lettable area of and the value of its property portfolio through the acquisition of properties in prime logistics locations in selected growth regions. The focus is on logistics properties close to the cities of Stockholm, Gothenburg, Malmö and Jönköping.

The creation of geographically concentrated management units provides economies of scale for management and also additional opportunities to meet customers' needs. Properties that are outside priority geographical areas, are judged to have low return potential or are in a non-priority property segment may be divested.

As a complement to this, we may undertake acquisitions in listed Nordic property companies that are expected to help generate a good return on equity over time.

TARGETS AND OUTCOMES

Corem has five overall target areas, with sustainability objectives integrated into the various aspects of its activities. The long-term targets extend over five years and are also broken down on an annual basis.



IMPROVEMENT, GROWTH AND DEVELOPMENT

Strategic transactions and value-adding property development

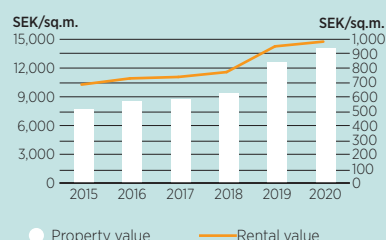
Achieve a continuous increase in property value and growth in selected segments and regions. Corem will actively analyse the market and seek out interesting opportunities for acquisition, improvement and development. The aim is a long-term increase in value, a broader customer offering, greater flexibility, increased synergies within the regions and healthy risk diversification.

TARGET

Continuous increase in value

The property portfolio is continuously increasing in value through the improvement of existing properties. This is measured in terms of property value per sq.m. and rental value per sq.m.

OUTCOME



Growth in selected segments

Corem is growing by means of new-builds as well as acquisition of properties in selected segments and geographical locations.

57,767

COMPLETED NEW-BUILD AND ACQUISITIONS DURING 2020, SQ.M.



PROACTIVE, CUSTOMER-FOCUSED MANAGEMENT

Active, customer-oriented management that is locally rooted

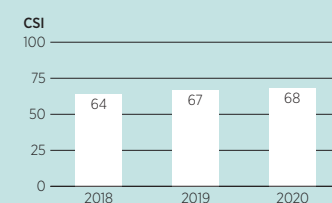
Corem aims to be the natural first choice of customers seeking warehousing and logistics premises, being perceived as a good business partner. This is achieved through effective, proactive, customer-focused management. Corem therefore employs its own staff for property management, maintenance and development.

TARGET

Customer satisfaction (CSI)

Corem aims to be a valuable, long-term business partner. This requires effective management, an attractive range of premises and satisfied customers. Customer satisfaction is measured annually by means of a customer survey. The result for 2020 was 68, increased from 67 in the previous year.

OUTCOME





AN ATTRACTIVE EMPLOYER WITH GOOD BUSINESS ETHICS

Good business ethics and competent and dedicated employees

Knowledgeable and dedicated employees help drive Corem towards its vision. This is achieved by ensuring equal rights and opportunities, a healthy work environment, good development opportunities and skills development.

TARGET

Dedicated employees (ESI)

The ESI (Employee Satisfaction Index) comprises annual measurements to monitor overall employee satisfaction and well-being. The long term target is for ESI to be at least 75 over time. The figure for 2020 was 83.

OUTCOME

83

ESI 2020



ENVIRONMENTAL CONSIDERATION AND RESOURCE EFFICIENCY

Positive, long-term development for Corem and its environment

Environmental consideration and resource efficiency are a key area in the pursuit of a sustainable society.

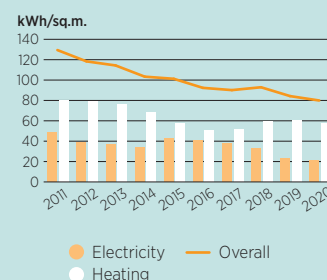
The overall purpose of our environmental work is to reduce the emissions our business generates. A focus on resource efficiency and continuously reducing our use of resources is a high priority within property management.

TARGET

Energy savings – 2016–2020

Reduction of energy use is an important factor in reducing emissions generated by the business. Corem's long-term target for the 2016–2020 period was to achieve a 15 percent saving in kWh/sq.m. The outcome for the five-year period was 14 percent kWh/sq.m. For the past ten-year period, savings have amounted to 38 percent kWh/sq.m.

OUTCOME



Energy savings – 2020

The target for 2020 was to reach energy saving of 2 percent compared with 2019. The outcome for the year shows a reduction of 5 percent kWh/sq.m. in energy used.

-5

REDUCED ENERGY CONSUMPTION IN COMPARISON WITH 2019, %

Environmental certification of new-build properties

Corem's new-build properties should use environmentally sound materials and be built to a standard which enables some form of environmental certification. This target was achieved for all new-build projects completed in 2020.





FINANCIAL

Long-term, stable finances with good returns for shareholders

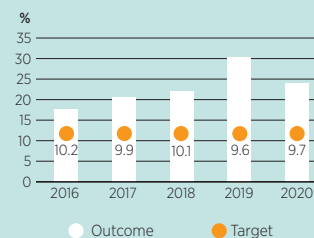
Corem operates in a capital-intensive market, and, in order to further develop the company to become the leading player in its segment, the company needs good access to capital at the right time and at the right cost. Stable and long-term sustainable finances with good returns for shareholders constitute an important focus area.

TARGET

Return on equity

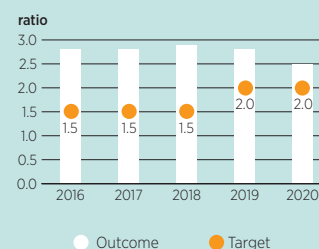
Corem aims to produce an average return on equity which over time is greater than the risk-free interest rate plus 10 percentage points. 'Risk-free interest rate' refers to the average five-year government bond yield. For 2020, this equalled a target of 9.7 percent return on equity. Seen over the past five years, the average return on equity has been 24.0 percent.

OUTCOME



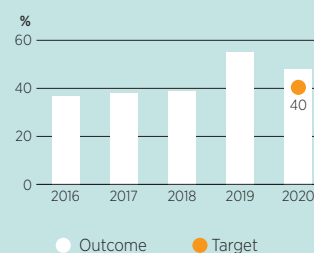
Interest coverage ratio

Interest expenses are Corem's single largest expense item. It is important for earning capacity to exceed the level of interest expenses by a good margin. The target for the interest coverage ratio in the long term is at least 2.0. As at 31 December 2020, the interest coverage ratio was 2.5.



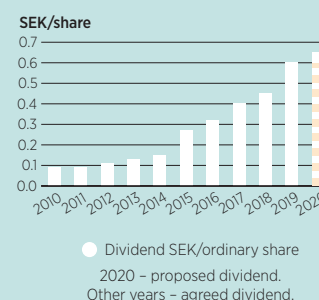
Equity ratio, adjusted

The equity ratio target has been set to ensure a healthy capital structure. It is of the utmost importance that equity is utilised optimally to ensure long-term success and facilitate future investment. The target for the adjusted equity ratio in the long term is at least 40 percent. As at 31 December 2020, the adjusted equity ratio was 48 percent.



Dividend

Corem's dividend policy is that, over time, the company will pay a dividend of at least 35 percent of the company's profit from property management less preference shareholders' right to dividend. For 2020, the proposed dividend amounts to SEK 0.65 per ordinary A and B share, which corresponds to a dividend of 64 percent (58) of the profit from property management less preference share dividend.



LOCAL MANAGEMENT WITH THE CUSTOMER IN FOCUS

Customer-oriented property management with our own staff available at local offices, combined with extensive market knowledge and short routes in decision-making all contribute to making Corem an appreciated business partner. The large portfolio of properties for city logistics gathered in efficient clusters establishes good conditions for long-term customer relationships.

Today's business world is fast-moving, and tenants place high value on flexibility, functionality and level of service. Corem is well placed to meet these needs through vast experience of warehouse and logistics properties and a well-established organisation with a focus on proactive customer-focused management. The organisation is fast-moving with short routes in decision-making and decentralised responsibility.

Offering local management with its own staff is a central part of Corem's strategy. We therefore have local offices in seven locations – one each in Malmö, Gothenburg and Jönköping, and four in Stockholm (in Haninge, Järfälla, Arlandastad and Skärholmen).

Meets customers' changing needs

With geographically concentrated clusters, property management is made more efficient and increases Corem's capacity to flexibly meet tenants' changing premises needs. This expands opportunities for long-term collaborations, and benefits both tenants and Corem.

Also in terms of Corem's own long-term property management, concentrated property portfolios have positive effects. Some examples are good market knowledge, reduced need for travel, extensive local networks and advantages in procurements and deliveries of goods.

OUR REGIONS AND MUNICIPALITIES

STOCKHOLM

Botkyrka
Haninge
Järfälla
Nacka
Sigtuna
Sollentuna
Stockholm
Tyresö
Täby
Upplands-Bro
Upplands Väsby
Hallstahammar

Lettable area **457,556 sqm.**
Fair value **SEK 7,903 m**
No. of properties **94**

SOUTH

Copenhagen
Malmö
Svedala

Lettable area **193,079 sqm.**
Fair value **SEK 1,650 m**
No. of properties **25**

WEST

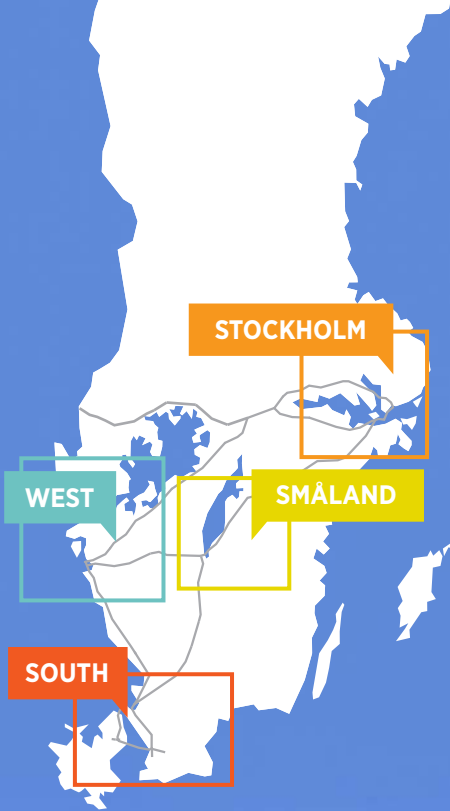
Borås
Göteborg
Härryda
Mölndal

Lettable area **236,954 sqm.**
Fair value **SEK 3,271 m**
No. of properties **26**

SMÅLAND

Jönköping
Växjö

Lettable area **98,298 sqm.**
Fair value **SEK 1,178 m**
No. of properties **22**



985,887

LETTABLE AREA,
SQM

14,002

FAIR VALUE, PROPERTIES,
SEK M

894

INCOME,
SEK M

93

ECONOMIC OCCUPANCY RATE,
%

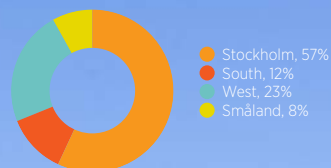
670

TENANTS,
NO OF

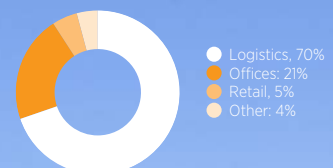
6

NET LETTING,
SEK M

FAIR VALUE, PROPERTIES
BY REGION



LETTABLE AREA
BY TYPE OF PREMISES



CONTRIBUTING TO CUSTOMERS' BUSINESS

Corem's tenants are found in many different industries, and range in size from small family-owned companies to large international groups. The goal is to be a long-term business partner and contribute to customers' business. Letting activity was successful in 2020, and net letting for the year was positive.

Tenants and lease structure

At the end of 2020, Corem had 670 unique tenants with a total of 1,060 premises leases. The customers are found in a variety of industries, with industrial goods and services, transport and wholesale being the three largest customer categories. Contracted rental income amounted to SEK 906 million and the economic occupancy rate was 93 percent, the highest in eleven years.

Average lease length at 31 December 2020 was 4.4 years, with 40 percent of the leases expiring in 2025 or later. Rental value on an annual basis was estimated at SEK 970 million at year-end.

The three largest tenants together accounted for approximately 10 percent of contracted rent, spread over five leases and with an average remaining lease length of 8.1 year.

Letting work locally and centrally

The letting work is carried out both locally, close to the customer, and through a central function for letting and property development within Corem's portfolio as a whole. The combination of local market knowledge and ability of finding opportunities for development in other parts of the portfolio results in long-term tenant relationships.

In 2020, the accelerated development of e-commerce has boosted demand for warehouse and logistics premises in city close locations. The letting work has been successful, and net letting for 2020 amounted to SEK 6 million. Lettings and renegotiations

amounted to SEK 118 million, with 42 percent relating to new tenants and the remainder to existing customers. Redundancies for the year amounted to SEK 113 million, of which redundancies for renegotiation/amendment of terms accounted for 35 percent.

Customers' interest in sustainability issues has increased during the year, which is well in line with Corem's own ambitions. Sustainability is discussed proactively and green leases are increasingly proposed.

Significant lettings 2020

A number of major lettings and renegotiations have taken place during the year. Some of the larger ones are described below.

MatHem, one of Sweden's leading online grocery stores, experienced a significant increase in demand in connection with the pandemic, and signed a lease for 5,000 sqm in the property Veddesta 2:63 in Järfälla. The goal was to quickly increase capacity in Stockholm, and MatHem was also able to move in after a record-breaking rapid adaptation of the premises.

Coop's e-commerce also experienced strong demand in 2020, and increased its space in Corem's portfolio by 4,100 sqm to 9,100 sqm in Måseskär 5 in Malmö.

The freight services company Instabox, which is also benefiting from increased e-commerce, signed a lease for 2,400 sqm in Öskaret 16 in Jönköping.

Sun-Com Logistics, active in e-commerce-related to furniture assembly, moved into 6,700 sqm in Jordbromalm 5:2, 5:3 in Haninge.

A new 15-year lease was signed with Denmark's leading machine rental company GSV. They are expanding their space to 13,400 sqm of building area and 90,000 sqm of land in Kappelgårde outside of Copenhagen. A conversion and extension, which is expected to be completed in the second quarter 2021, is underway.

Traffic safety company Ramudden, an existing tenant already leasing from Corem in other properties, signed a new lease for 1,500 sqm of warehouse and office space and 5,000 sqm of outdoor space in Neongasen 2 in Borås.

Pharma distributor Tamro signed a new lease for 4,300 sqm of warehouse and logistics space in Region West, adjacent to space they are already leasing.

The logistics consulting company Logic Consulting signed a lease for 4,300 sqm of warehouse space in Kärra 91:1 in Gothenburg.

670

NUMBER OF TENANTS

4.4

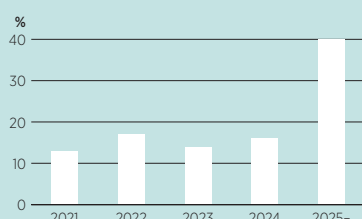
AVERAGE LEASE LENGTH, YEARS

6

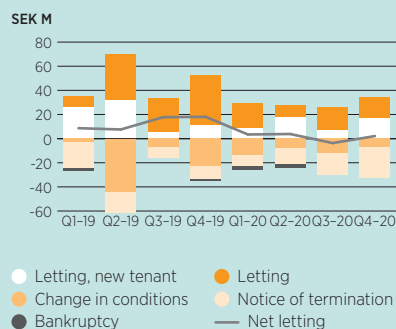
NET LETTING, SEK M

CASE STUDY

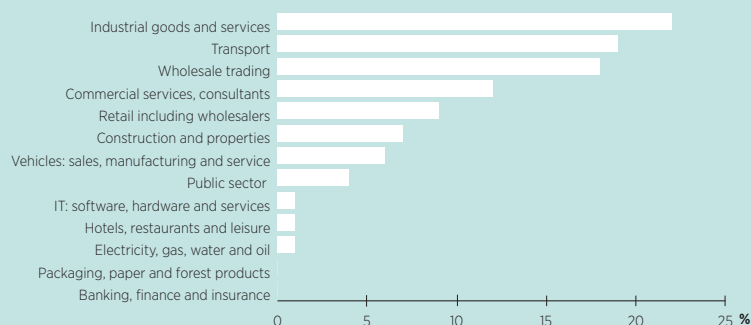
LEASE CONTRACT MATURITY, %



NET LETTING



LEASE CONTRACT DISTRIBUTION PER CUSTOMER CATEGORY %



TEN LARGEST TENANTS AT 31 DECEMBER 2020

Tenant	Average remaining lease length, years	Region	Percentage of revenue, %	Number of leases
Silex Microsystems AB	11.0	Stockholm	4.1	1
PostNord Sverige AB	7.3	Stockholm, Småland	3.0	2
Finisar Sweden AB	6.1	Stockholm	2.7	2
Bilia AB	5.9	Stockholm, South, West	2.8	4
ARITCO Lift AB	7.7	Stockholm	2.2	1
DSV Solution A/S	3.9	South	1.8	1
ST Engineering Aerospace Solutions A/S	5.8	Stockholm	1.6	1
Engelska Skolan	14.5	Stockholm	1.3	4
Webbhallen Sverige AB	1.4	Stockholm	1.2	4
ICA Fastigheter AB	6.5	West	1.2	3
Others	3.6	All	78.1	1037
Total	4.4		100	1,060



RAMUDDEN IS GROWING WITH COREM

Customer-oriented management and creating space for customers to develop their business are cornerstones of Corem's operations. The long-standing cooperation with Ramudden is a good example of how Corem has been able to meet customer needs over time and in different parts of the country.

Ramudden, a leader in solutions for safe traffic workplaces, has been renting premises in Jönköping since 2015. In 2016 they expanded by moving into Veddesta, and in recent years, Ramudden has also established itself in two of Corem's properties in Region West. The most recent establishment was in Neongasen 2 in Mölndal outside of Gothenburg.

"We have been a customer of Corem for several years and have always had a good dialogue. When we needed to expand it felt good to have an existing contact and get help right away," said Ronnie Olsson, Regional Manager West at Ramudden, in connection with the latest letting.

Corem's CEO Eva Landén:

"The Ramudden lease is a fine example of how we work with customer-oriented management."

FACT FILE

Property: Neongasen 2, Mölndal
Space: 6,500 sqm, of which 1,500 sqm warehouse and office space and 5,000 sqm outdoor space.

Lease length: seven years

Access: 1 April 2021

52,800

ONGOING
NEW BUILDS,
SQM

741

INVESTMENT IN PROPERTY
DEVELOPMENT AND NEW
BUILDS 2020, SEK MPROJECT INVESTMENTS
IN 2020, SEK M

- Tenant adaptations, conversions, 20%
- Energy saving and maintenance projects, 13%
- New builds (projects over SEK 25 m), 67%

PROJECTS THAT CREATE VALUE FOR THE CUSTOMER AND FOR COREM

Project and property development is an important part of Corem's operations and enables us to meet tenants' demand for premises while creating new value in the portfolio. As yield requirements for properties have fallen, project and property development often yields higher returns than acquisition.

Property development is an important part of Corem's operations and includes improving existing properties as well as new builds, conversions and extensions. The projects make it possible to meet customers' varying needs for premises and further develop and add value to the property portfolio. Investments in existing properties are often made in connection with new leases and for the purpose of adaptation, energy efficiency improvements and modernisation.

The investments create value in the form of higher standards, which increases the attractiveness of the properties on the market and ultimately leads to more satisfied tenants. Often, the projects also lead to higher rents and lower operating costs. The property development projects also contribute to the development of the areas where Corem operates.

Investments of SEK 741 million in 2020

During 2020 Corem invested SEK 741 million in its property portfolio. The majority of the projects were of a relatively limited size. Of the projects underway during the year, 89 percent, in terms of number of projects, had an investment of less than SEK 2 million.

Six major projects, with more than SEK 25 million in investment, were underway during the year, of which three were completed and one was started. Estimated investment for major ongoing projects amounted to SEK 682 million at year-end.

To start a new-build, Corem's policy is that a lease must be signed.

Completed projects 2020

Skruben 3, Pro Stop Borås

New-build of Pro Stop Borås, a specialist retail area, which when completed will cover 20,000 sqm. Construction is taking place in stages, and by year-end, 15,000 sqm had been completed and with tenants moved in. Stage 3A was completed in 2020. Granngården, which rents 1,900 sqm of retail and warehouse space and 550 sqm of outdoor sales space, moved in in March; Högbergs Rör, which rents 1,150 sqm, moved in in June; and Würth, which rents 475 sqm, moved in in September.

Stage 3B, approximately 4,000 sqm, is being planned and will start once leases have been signed. For Stage 4 a lease has been signed with a car washing firm, and the project will start during the first quarter of 2021.

Skruben 3, Borås

Tenant adaptation has been completed for the 6,700 sqm of office space of ICA Bank & Försäkring and for existing tenant Ericsson. ICA moved into its new premises in July, and the former single-tenant property has thus been converted into a multi-tenant property called Sandlid Business Park.

Flahult 21:36, Jönköping

Conversion of 9,500 sqm and new-build of 3,400 sqm for existing tenant BUBS Godis. BUBS has signed a 20-year lease and the project was completed during the third quarter of 2020.

CASE STUDY

Ongoing projects 2021

Veddesta 2:79, Järfälla

New-build of a three-storey green warehouse with a total area of 16,900 sqm. A former high-bay warehouse has been demolished and instead, a modern, three-storey warehouse of 16,170 sqm is being built. An existing office building of 760 sqm is being renovated into a new head office for MTAB, which has signed a 15-year lease for the entire facility. Occupancy will take place during the second quarter of 2021.

Backa 96:2, Gothenburg, Pro Stop Backa

New-build of Pro Stop Backa, Gothenburg, a specialist retail area, which when completed will cover 22,500 sqm. Din Bil, K-Rauta, Elektroskandia, Wangeskogs Maskinuthyrning and Würth have signed leases. The first building of approximately 6,000 sqm is complete, and Din Bil moved in in September. The second building is expected to be ready for occupancy during the first quarter 2021.

Kappelgårde, Copenhagen, Denmark

Conversion and extension for the tenant GSV, Denmark's leading machine rental company. The project increases the lettable area by approximately 1,000 sqm to a total of approximately 13,400 sqm. GSV has signed a 15-year lease that also covers land of approximately 90,000 sqm. The project will be completed in the second quarter of 2021.

Development rights with potential

Corem has approximately 63,250 sqm of development rights on its own land. The development rights refer to warehouse and logistics use.

Several properties are located in metropolitan regions and could thus, over time, change character to residential use after a change in the local development plan. Examples of such properties are Veddesta 2:63 in Järfälla and Sicklaön 356:1 in Nacka.

At 31 December 2020, just under 2 per cent of the total property value consisted of development rights. The value of the development rights depends, among other things, on geographical location and attractiveness in the rental market.



INVESTMENT STRENGTHENS GSV'S POSITION IN COPENHAGEN

Denmark's leading machine rental company, GSV, signed a 15-year lease with Corem in 2020. The lease also includes for Corem to invest approximately SEK 88 million in conversions and extensions leading to a 1,000 sqm increase in the lettable area.

"The project gives us a much stronger set-up in Greve and means that GSV can really contribute to the construction industry in the Copenhagen region. We are happy about the good cooperation with Corem that allows us to lay this important cornerstone for the future," says Dan Vorsholt, CEO of GSV Materieludlejning A/S.

GSV is already a tenant in the property.

FACT FILE

Property: Kappelgårde, Greve, Copenhagen

Area: Increase of lettable area by 1,000 sqm to a total of approximately 13,400 sqm.

Lease length: 15 years

Access: Second quarter 2021

DEVELOPMENT RIGHTS

Property	Municipality	Type of premises	Development rights in local development plans, sqm GFA
Hammarby-Smedby 1:435	Upplands Väsby	Warehouse/logistics	1,250
Jordbromalm 5:2 och 5:3	Haninge	Warehouse/logistics	5,000
Kryptongasen 8	Mölnadal	Warehouse/logistics	2,000
Kullen 5	Malmö	Warehouse/logistics	2,000
Märsta 15:7	Sigtuna	Warehouse/logistics	30,000
Ringpärmen 2	Sollentuna	Warehouse/logistics	3,000
Skruben 3	Borås	Warehouse/logistics	5,000
Stridsyxan 4	Malmö	Warehouse/logistics	2,000
Törnrosen 5	Mölnadal	Warehouse/logistics	2,000
Veddesta 2:43	Järfälla	Warehouse/logistics	7,000
Viby 19:32	Upplands-Bro	Warehouse/logistics	4,000
Total			63,250

LARGER INVESTMENT PROJECTS (ABOVE SEK 25 MILLION)

Property	Description	Completion	Sqm	Investment, SEK m	
West, Skruven 3, Borås	New-build project for Pro Stop Borås	Q3 2020	3,750	49	
West, Skruven 3, Borås	Tenant adaptation for Ica and Ericsson	Q3 2020	20,000	95	
Småland, Flahult 21:36, Jönköping	Conversion and new builds, Bubs Godis	Q3 2020	3,400	47	
Total completed projects			27,150	191	
Property	Description	Completion	Sqm	Used, SEK m	Estimated inv., SEK m
Stockholm, Veddesta 2:79	Conversion and new builds for MTAB, Järfälla	Q2 2021	16,900	171	219
West, Backa 96:2	New-build project for Pro Stop Backa, Gothenburg	Q4 2020/Q1 2021	22,500	345	375
South, Kappelgårde	Conversion and new build for GSV, Denmark	Q2 2021	13,400	32	88
Total ongoing projects			52,800	548	682



During the third quarter 2020, Corem Anoden 2 and 5 acquired two warehouse and logistics properties in Flemingsberg just south of Stockholm, with a total of 8,300 sqm of lettable area.

COREM IS GROWING THROUGH ACQUISITIONS IN GROWTH AREAS

Corem's holding strategy is to own, manage and develop properties on a long-term basis, with an emphasis on city logistics properties in selected growth regions. Transactions are made continuously to expand and refine the portfolio. In 2020, the portfolio grew by ten properties – all warehouse and logistics properties in locations that complement and develop the existing portfolio.

Corem seeks acquisition possibilities on an ongoing basis and analyses market developments continuously to identify growth, development and refinement opportunities.

Potential acquisitions are carefully analysed to ensure long-term potential, good returns and synergies with the existing portfolio.

Divestments take place to a lesser extent, mainly to refine and optimise the portfolio and increase the Group's profitability. The properties being considered for divestment are either of a different

property category than the one Corem focuses on, have a geographical location that does not fit the regional structure, or have too low a return.

In 2020, five smaller properties were divested: Bulten 2 in Avesta, Norsen 12 in Hedemora, Strömmen 1 and 4 in Fagersta and Hexagonen 1 in Lund. All are located outside of Corem's priority areas.

Ten properties were acquired – nine in Stockholm and one in Småland. The acquisitions in Stockholm are concentrated in the southern suburbs.

Flemingsberg – Stockholm

Anoden 2 and 5

In the expansive Flemingsberg area in Huddinge, Anoden 2 and 5 were acquired with 8,300 sqm of warehouse, production and office space. The spaces are fully let to one tenant with a remaining lease length of five years. The total annual rental value is SEK 8.3 million.

Jordbro – Stockholm

Jordbromalm 6:59 and 4: 5

The existing portfolio of eleven properties in Jordbro in Haninge was expanded through the acquisition of Jordbromalm 6:59 and Jordbromalm 4: 5. The new properties have very good locations, both logistically and in relation to Corem's existing portfolio. Jordbro is a well-established area with growth potential.

Jordbromalm 6:59 has a lettable area of 3,272 sqm, mainly production and warehouse space. The property is fully let, and the total annual rental value is SEK 3.3 million.

Jordbromalm 4: 5 is a warehouse property with an area of 925 sqm and approximately 3,000 sqm development rights. The total annual rental value is approximately SEK 2 million, and the property is fully let.

Älvsjö – Stockholm

Fabrikören 6

Fabrikören 6, in close proximity to the existing portfolio in Älvsjö within the municipality of Stockholm, was acquired. The property is fully let and has a lettable area of 1,594 sqm – mainly warehouse and workshop space. The total annual rental value is approximately SEK 2 million and the remaining lease length is 3.5 years.



In 2020, the Hedenstorp 2:41 property in Jönköping was acquired, with two modern warehouse and logistics facilities. The lettable area amounts to 10,583 sqm and the occupancy rate is 85 percent. The acquisition was Corem's first in the Hedenstorp industrial area.

Länna – Stockholm

Ångmaskinen 5 and Slipskivan 9

During the year, the portfolio was also expanded by acquiring two properties in the Länna industrial area in Huddinge. Länna is strategically located about 15 minutes south of Stockholm city centre along highway 73 towards Nynäshamn and the forthcoming port Norviks Hamn. The area is a natural extension of Corem's investment in Jordbro.

The property Ångmaskinen 5, which is a modern logistics and office building with 2,623 sqm of lettable area, was acquired in February. The property is fully let to one tenant with an annual rental value of SEK 2.9 million and a remaining lease length of 3.8 years.

In December, the warehouse and industrial property Slipskivan 9 was acquired, with a lettable area of just over 900 sqm. The property has an annual rental value of just under SEK 1.4 million and is fully let.

Botkyrka – Stockholm

Koborg 2 and Skyttbrink 36

Two properties in the Skyttbrink industrial area in Botkyrka municipality, where Corem is already established, were also acquired in 2020: Koborg 2 and Skyttbrink 36 in Botkyrka. The total lettable area amounts to approximately 2,400 sqm.

Jönköping – Småland

Hedenstorp 2:41

In Region Småland, the portfolio was expanded with the property Hedenstorp 2:41 in Jönköping. The property includes two modern warehouse and logistics facilities. The lettable area amounts to 10,583 sqm and the occupancy rate is 85 percent with a remaining lease length of 8.5 years.

Jönköping is one of Corem's priority areas and the company already owns 20 properties in the municipality. The acquisition is Corem's first in the Hedenstorp industrial area.

TRANSACTIONS

Quarter	Property	Location	Municipality	Property category	Lettable area, sqm
Q1	Ångmaskinen 5	Stockholm	Haninge	Logistics	2,623
Q3	Anoden 2, 5	Stockholm	Huddinge	Logistics	8,300
Q3	Jordbromalm 6:59	Stockholm	Haninge	Logistics	3,272
Q3	Fabrikören 6	Stockholm	Stockholm	Logistics	1,594
Q3	Bulten 2	Avesta	Avesta	Logistics	-3,853
Q3	Norsen 12	Hedemora	Hedemora	Logistics	-3,043
Q3	Strömmen 1, 4	Fagersta	Fagersta	Logistics	-2,011
Q4	Hedenstorp 2:41	Jönköping	Jönköping	Logistics	10,583
Q4	Jordbromalm 4:5	Stockholm	Haninge	Logistics	925
Q4	Koborg 2	Stockholm	Botkyrka	Logistics	1,548
Q4	Slipskivan 9	Stockholm	Huddinge	Logistics	912
Q4	Skyttbrink 36	Stockholm	Botkyrka	Logistics	860
Q4	Hexagonen 1	Lund	Lund	Other	-918
Total, net transactions					20,792

30,617

ACQUIRED LETTABLE AREA,
SQM

-9,825

DIVESTED LETTABLE AREA,
SQM

PROPERTIES IN ATTRACTIVE LOGISTICS AREAS

Corem's property portfolio consists mainly of warehouse and logistics properties suitable for city logistics. The portfolio is geographically concentrated with local management in attractive, urban and accessible locations in areas with good growth.

On 31 December 2020, Corem owned 167 properties with a lettable area of 985,887 sqm and a property value of SEK 14,002 million. The rental value was estimated to be SEK 970 million. The properties are situated in easily accessible locations near major traffic routes in growth areas, with 70 percent being logistics properties, often with adjacent office space. 57 percent of the property value is located in Stockholm.

Four regions and local management offices

Organisationally, the property portfolio is divided into four regions: Stockholm, South, West and Småland. (See further information on the next two pages.) The day-to-day property management is done locally within Corem and, thanks to the close geographical proximity of most properties, efficient management clusters are created. This also results in fast service to customers and good knowledge of local conditions.

Some of Corem's largest management clusters are:

- Västberga, Sättra and Jordbro in southern Stockholm
- Veddesta in western Stockholm
- Bredden and Arlandastad in northern Stockholm
- Fosie/Elisedal in Malmö
- Mölndal and Hisings Backa in Gothenburg
- Ljungarum in Jönköping.

The portfolio is expanded and improved through transactions and property development with the goal of being a leader in city logistics properties.

Read more about our properties and management clusters at www.corem.se. A complete list of properties can be found on pages 118–122 and at www.corem.se.

Picture below: During the fourth quarter of 2020, Corem signed an agreement to acquire a modern industrial property with mainly warehouse and production space in expansive Albyberg in Haninge municipality. The property Kalvsvik 16:20 has a lettable area of 6,224 sqm and is located next to highway 73.

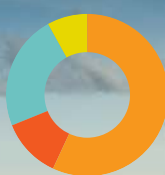
985,887

LETTABLE AREA,
SQM

970

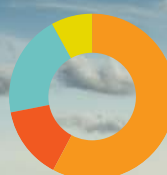
RENTAL VALUE,
SEK M

PROPERTY VALUE
BY REGION



● Stockholm, 57%
● South, 12%
● West, 23%
● Småland, 8%

RENTAL VALUE
BY REGION



● Stockholm, 58%
● South, 14%
● West, 20%
● Småland, 8%

AREA
BY TYPE OF PREMISES

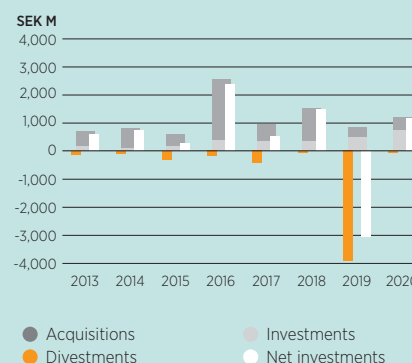


● Logistics, 70%
● Offices, 21%
● Retail, 5%
● Other, 4%

CHANGE IN FAIR VALUE, NUMBER OF PROPERTIES AND LETTABLE AREA

	2020			2019
	Number of	Sqm	SEK million	SEK million
Total per 1 January	162	959,495	12,114	13,479
Acquisitions	10	30,617	478	350
New builds, extensions and conversions	0	5,600	741	506
Divestments	-5	-9,825	-60	-3,920
Changes in value, unrealised	0	0	742	1,695
Currency translations	0	0	-13	4
Total at 31 December	167	985,887	14,002	12,114

NET INVESTMENTS, SEK M



DISTRIBUTION OF PORTFOLIO BY REGION

Corem's property portfolio and operational activities are divided into four geographic regions: Region Stockholm, Region South, Region West and Region Småland. The regional division is in accordance with the internal follow-up model for the CEO and the Board of Directors.

Earnings by geographic area	Income, SEK m		Expenses, SEK m		Net operating income, SEK m		Surplus ratio, %		Investments and net acquisitions	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Stockholm	515	483	-147	-150	368	334	71	69	600	-33
South	126	164	-29	-41	97	123	77	75	42	-1,177
West	187	174	-37	-36	150	138	80	79	339	246
Småland	66	92	-13	-22	53	70	80	76	178	-811
Mälardalen/North ¹⁾	-	48	-	-11	-	37	-	77	-	-1,289
Total	894	961	-226	-260	668	701	75	73	1,159	-3,064

Key figures by geographic area	Number of properties		Fair value, SEK m		Rental value, SEK m		Financial occupancy rate, %		Vacancy, sqm	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
Stockholm	94	89	7,903	6,925	564	532	94	91	38,382	58,449
South	25	26	1,650	1,514	134	133	95	92	14,224	21,093
West	26	26	3,271	2,776	196	179	91	92	24,005	26,217
Småland	22	21	1,178	899	76	68	92	88	10,534	13,172
Mälardalen/North ¹⁾	-	-	-	-	-	-	-	-	-	-
Total	167	162	14,002	12,114	970	912	93	91	87,145	118,931

Lettable area, sqm	Total		Logistics		Offices		Retail		Other	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Stockholm	457,556	452,651	300,448	291,715	123,044	122,180	18,247	21,481	15,817	17,275
South	193,079	194,072	153,643	153,983	26,359	26,624	5,840	5,840	7,237	7,625
West	236,954	228,556	164,271	175,812	43,573	36,260	24,025	13,072	5,085	3,412
Småland	98,298	84,216	69,874	57,564	17,051	15,279	3,939	3,939	7,434	7,434
Mälardalen/North ¹⁾	-	-	-	-	-	-	-	-	-	-
Total	985,887	959,495	688,236	679,074	210,027	200,343	52,051	44,332	35,573	35,746
Percentage of area, %			70	71	21	21	5	4	4	4

1) The former Mälardalen/North Region was dissolved in 2019 since the majority of the portfolio was sold. A few of this region's smaller properties were not sold and these are included, as of 30 September 2019, in Region Stockholm in the tables. Previous years' comparative figures have been left intact. During the third quarter 2020, all but one of the remaining properties from the former Mälardalen/North Region were sold.

COREM'S REGIONS

Corem's operations are focused to Sweden's largest cities and logistics hubs. The property portfolio is divided into four regions: Stockholm, South, West and Småland. Region Stockholm is the largest, with 57 percent of the portfolio.

STOCKHOLM

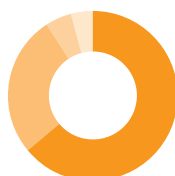
Stockholm is Corem's largest region. It is home to 57 percent of the portfolio's total property value and a lettable area of 457,556 sqm.

Stockholm is Sweden's largest and fastest growing region. The rental market for logistics properties is strong but also differentiated depending on location. Buildable land in locations close to urban areas is scarce, which means that industrial land is increasingly being converted into, for example, residential areas. Improvement and development of use to meet market needs are therefore key factors.

Corem's properties are grouped in a number of management areas, such as Arlandastad, Bredden and Sättra, all of which have very good conditions for logistics. During the year, the region was expanded through acquisitions in Jordbro, Länna, Flemingsberg and Älvsjö. A major investment was made in existing property in Veddesta.

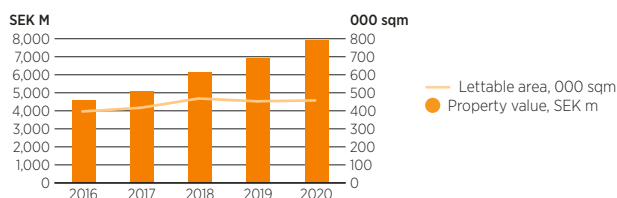


AREA BY TYPE OF PREMISES

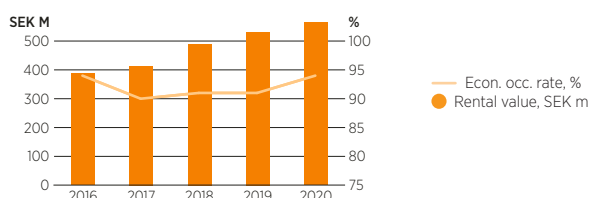


● Logistics 66%
● Offices: 27%
● Retail 4%
● Other: 3%

PROPERTY VALUE AND LETTABLE AREA



RENTAL VALUE AND ECONOMIC OCCUPANCY RATE



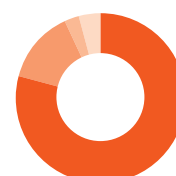
SOUTH

Malmö and Copenhagen together make up Corem's Region South, with the majority of the properties located in Malmö. 12 percent of the total property value is in the region and the lettable area amounts to 193,079 sqm. With a well-developed infrastructure that enables travel beyond Sweden's borders and a geographical location that allows a large flow of goods to the rest of the country, Skåne is one of Sweden's main logistics hubs. The region is characterised by relatively good availability of land, which creates many establishment options. The rental market is benefiting from expansion and population growth in the region.

Corem's portfolio is concentrated in Fosie/Elisedal and in Malmö's Östra Hamn, Copenhagen and Svedala.

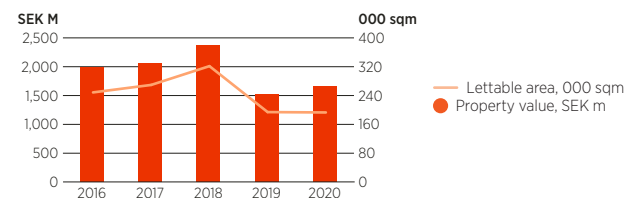


AREA BY TYPE OF PREMISES

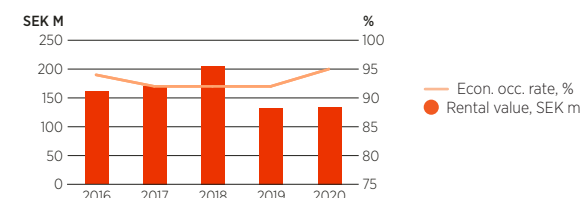


● Logistics 80%
● Offices: 14%
● Retail: 3%
● Other: 4%

PROPERTY VALUE AND LETTABLE AREA



RENTAL VALUE AND ECONOMIC OCCUPANCY RATE





Lillsätra 3, Skärholmen, Region Stockholm



Stigglädet 11, Malmö, Region South



Kärre 91:1, Gothenburg, Region West



Hedenstorp 2:41, Jönköping, Region Småland

WEST

Region West, which includes Gothenburg and Borås, is Corem's second largest region. Here, 23 percent of the portfolio is spread over 236,954 sqm. Much of Corem's new-build work is taking place here.

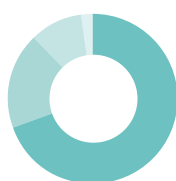
Gothenburg is strategically located between three capital cities and has the largest import and export port in the Nordic region, with a reach of around 190 million people. Corem's portfolio in Gothenburg is concentrated in Härryda, Mölndal and Hisings Backa.

Thanks to railways and motorways as well as its proximity to Landvetter and Gothenburg, Borås has good communications and is a well-established logistics area.

In 2020, three major development projects were underway in the region, two of which were part of the Pro Stop concept – a specialist retail area.

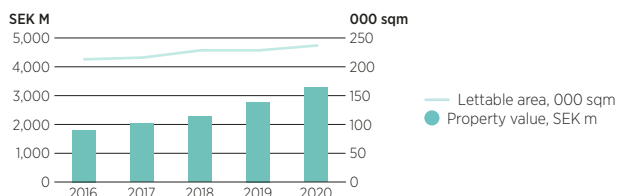


AREA BY TYPE OF PREMISES

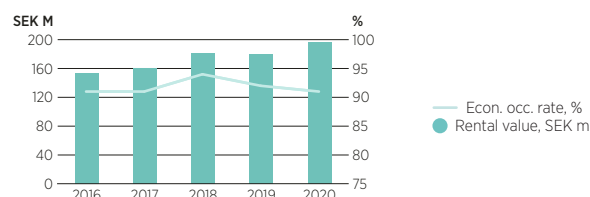


- Logistics 69%
- Offices 18%
- Retail 10%
- Other 2%

PROPERTY VALUE AND LETTABLE AREA



RENTAL VALUE AND ECONOMIC OCCUPANCY RATE



SMÅLAND

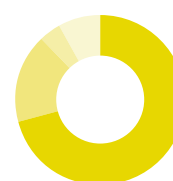
Småland is Corem's smallest region in terms of property value, accounting for 8 percent of the portfolio. The properties are primarily located in Jönköping and comprise approximately 98,298 sqm.

Jönköping is centrally located in Sweden and has one of the best logistics locations in the country. About 30 percent of Sweden's population lives within a radius of 170 kilometres. The region has very good road connections with both the E4 from Stockholm to Helsingborg/Malmö and highway 40 to Gothenburg. A strong entrepreneurial culture contributes to high demand for warehouse and light industrial space, mainly along the railway's main line and the E4 motorway.

Corem's properties in Jönköping are located mainly in Ljungarum and Torsvik. During 2020 the company has also established itself through acquisitions in the Hedenstorp industrial area. There is one property in Växjö.

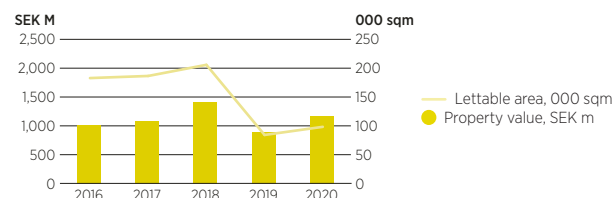


AREA BY TYPE OF PREMISES

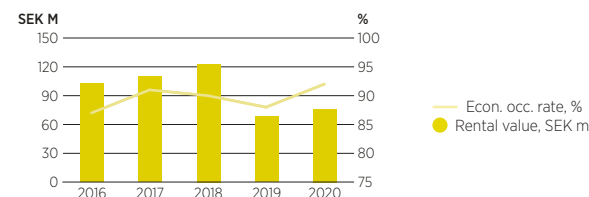


- Logistics 71%
- Offices 17%
- Retail 4%
- Other 8%

PROPERTY VALUE AND LETTABLE AREA



RENTAL VALUE AND ECONOMIC OCCUPANCY RATE



MARKET VALUATION

The total market value of the property portfolio at year-end amounted to SEK 14,002 million, a 16 percent increase in property value during the year.

At 31 December 2020, the total market value of Corem's property portfolio amounted to SEK 14,002 million (12,114). The increase in property value is explained by changes in value of SEK 742 million, investments in new builds, extensions and conversions of SEK 741 million and net acquisitions of properties of SEK 419 million.

Unrealised changes in the value of the property portfolio for the full year amounted to SEK 742 million, which corresponds to approximately 6 percent. Lower yield requirements, rising rental levels, positive net letting and value-enhancing investments explain the increase in value for the year. The average yield requirement at year-end was 5.5 percent, down from 5.8 percent at the beginning of the year.

Property and transaction market

The COVID-19 pandemic led to uncertainty, a wait-and-see approach and at times high volatility in global financial markets in 2020. This contributed to increased demand for assets in low-risk segments which, despite the crisis, have stable cash flows and good market prospects, such as warehouse and logistics properties in good communications locations.

The record-breaking interest in property investments of recent years has thus continued in 2020, and warehouse, logistics and industrial properties are now a well-established asset class with transaction and new-build volumes at record levels.

The total property transaction volume for 2020 amounted to approximately SEK 189 billion, which is the third highest figure recorded to date. Warehouse and logistics properties accounted for 18 percent of the total transaction volume, a historically high share. The prices of modern assets in attractive locations are at a record level, with a prime yield of 4.25 per cent, and they are continuing to rise.

Corem sees continued high demand in the rental market in the warehouse/logistics segment, strong investor interest from

both domestic and international actors and further yield compression.

For a further description of market conditions in Corem's selected segments and regions, see the section on the market and external environment on pages 6–9.

Valuation of properties

Corem's property portfolio undergoes valuation every quarter. A selection of the properties undergo external valuation and the remaining properties undergo internal valuation by an authorised property appraiser. In 2020, properties representing 99.9 percent of the total property value underwent external valuation. External valuations were performed by Savills Sweden AB, Cushman & Wakefield Sweden AB and CBRE A/S. Corem continuously obtains market information from external valuation institutions to support the internal valuation process.

The value estimates are based on cash flow analyses, which estimate the capacity of the individual property to generate returns. In this method, the value of the property is based on the present value of forecast cash flows, together with the residual value. A ten-year calculation period is normally used. The value-affecting parameters used in the valuation reflect the interpretation by the valuation institutions of how investors and other players in the market reason and act.

The weighted average yield requirement at the end of the calculation period was 5.5 percent at 31 December 2020, compared to 5.8 percent at the beginning of the year. In the valuations, the deviation between the weighted average cost of capital for the present value calculation of net operating income and the corresponding costing interest rate for residual values is extremely small. The average cost of capital is 7.4 percent for discounting cash flows and 7.5 percent for residual values.

For a further description of valuation and the valuation method, see Note 10 on pages 91–92.

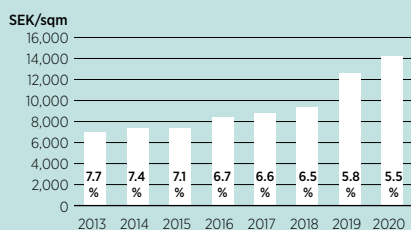


CHANGE IN PROPERTY VALUE 2020



- Acquisitions SEK 478 m
- New builds, extensions and conversions SEK 741 m
- Divestments SEK 60 m
- Changes in value, unrealised SEK 742 m
- Currency translations SEK 13 m

PROPERTY VALUE AND YIELD REQUIREMENT



- Property value, SEK/sqm
- Yield requirement, valuation, %

YIELD AND COST OF CAPITAL

Region	Yield requirement (nom), %		Cost of capital (nom)			
			Residual value, %		Net operating income and investment, %	
	low	high	low	high	low	high
Stockholm incl. M/N	4.40%	7.25%	6.38%	9.29%	6.38%	9.29%
South	5.55%	6.64%	7.56%	8.67%	5.80%	8.67%
West	5.10%	7.00%	7.10%	9.03%	7.10%	9.03%
Småland	4.90%	7.45%	6.95%	9.49%	4.95%	9.49%
Weighted average	5.5		7.5		7.4	

SENSITIVITY ANALYSIS

	Change	Impact on value, SEK m	Impact on value, %
Yield requirement and cost of capital	+ 0.5 percentage point	-1,169	-8.4
Yield requirement and cost of capital	-0.5 percentage point	1,384	9.9
Market rent	+5%	656	4.7
Operating and maintenance costs	+5%	-173	-1.2
Long-term vacancy rate	+1 percentage point	-176	-1.3

FAIR VALUE BY REGION AT 31 DECEMBER 2020

Region	Value, SEK m	Share of value, %
Stockholm	7,903	57
South	1,650	12
West	3,271	23
Småland	1,178	8
Total	14,002	100

VALUATION ASSUMPTIONS

Time of value	31 December 2020	31 December 2019
Inflation assumption, % ¹⁾	2	2
Calculation period, years	10-20	10-20
Yield requirement, %	4.40-7.45	4.65-7.45
Cost of capital, %	4.95-9.49	5.48-9.60
Long-term vacancy, %	Mainly 4-10	
Rent assumptions	Existing rent and market rent	
Operating and maintenance costs	Individually calculated on the basis of the outcome for each property and the valuation institute's experience of similar cases	

1) Inflation assumed at 1.0 percent in 2021 and 2.0 percent in other years.

A SUSTAINABLE BUSINESS MODEL

Corem's operations shall be conducted in a responsible manner, with good business ethics and using solutions that are sustainable from a social, ecological and economic perspective. This creates the conditions for long-term success. It also enables Corem to be a positive, sustainable force in business and society.

“A sustainable approach is a means of future-proofing the company and strengthening its competitiveness.”

Operations centred around a long-term approach

Since Corem was founded, a long-term approach has been an integral part of the business and way of working. Our properties are intended to be used for many years, be adaptable and able to meet needs that change over time. Every part of the business aims to create value not just today but over the long term. This means combining an economically sustainable business with high standards of business ethics, social responsibility and concern for the environment. We are sustainable and apply long-term thinking from a social, ecological and economic perspective.

Active sustainability efforts helps to future-proof the business by both reducing operational risks and ensuring that Corem is a good business partner. It also contributes positively to trust in Corem as an employer, by keeping a focus on health, safety and the well-being and development of employees.

When sustainability efforts are complemented with close dialogue with stakeholders, it strengthens competitive power further. Close contact with the markets and societies in which we and our customers operate leads to greater insight into the challenges we and our surroundings may face. Good profitability and financial strength enable us to continue to develop our business and provide scope to make further investments for increased sustainability.

Focusing on where Corem can have the greatest positive impact

New long-term sustainability targets have been set during the year with the aim of having an even clearer focus on the areas where Corem can have the greatest positive impact – both on Corem and its surroundings. Read more about future focus areas and targets on pages 34–41 and 104.

Objectives based on national and global initiatives

Corem's sustainability targets are based on the ten principles of the UN Global Compact, as well Sweden's environmental goals and the 2030 Agenda. Among the 17 overarching goals of the 2030 Agenda, Corem has identified seven as particularly relevant to the company and to which has the greatest opportunity to contribute.



Reliable and transparent sustainability reporting

Transparency, comparability and balance are important factors in all sustainability work. To ensure that Corem's sustainability reporting addresses them all, our annual Sustainability Report is prepared in accordance with the Core level of the GRI Standards, and is audited by E&Y since 2019.

Corem's Sustainability Report can be found on pages 32–41 and on pages 101–108, and contains sustainability notes and the GRI index.

A natural part of our business

Corem's sustainability policy describes the basis on which the business will be conducted. In short, it requires Corem to:

- ✓ **Comply with or exceed applicable laws and regulations**
- ✓ **Operate with profitability and good ethics**
- ✓ **Maintain close dialogue with stakeholders**
- ✓ **Safeguard diversity and development among its employees**
- ✓ **Be a good business partner**
- ✓ **Minimise the environmental impact of operations**

CASE STUDY



Corem's organisation is decentralised, with a local presence and short routes to decision-making. Tony Andersson, Martin Eriksson and Anders Lövgren work together in management in Region Stockholm.

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ESI 2020

THRIVING EMPLOYEES THAT HELP COREM TO DEVELOP

Corem measures employee satisfaction annually via an employee survey. The survey is designed to measure how well Corem corresponds to an ideal employer. This year's survey showed an Employee Satisfaction Index of 83, a very good overall score indicating very high employee satisfaction. This is also confirmed by the fact that 96 percent of respondents gave Corem good or very good recommendations as an employer.



SOLAR POWER CONVERTED TO CANDY

In Jönköping, a solar energy plant with 972 solar panels and a total area of 1,890 sqm has been commissioned on the Flahult 21:36 property. The plant was installed in connection with the expansion of the operations by the tenant BUBS Godis. The solar energy produced by the plant is estimated to reduce carbon dioxide emissions by 150,232 kg/year.

COREM'S NEW SUSTAINABILITY TARGETS – CONTINUED PURSUIT OF GLOBAL GOALS

A lot has changed in recent years, both in terms of technical possibilities and the needs and requirements of the outside world. Interest in sustainability issues has increased among stakeholders and global goals and initiatives have emerged. For the coming years, Corem has developed new overarching sustainability targets within three focus areas: Good business partner, Environmental consideration and resource efficiency, and Attractive employer.

Good business partner

Corem must have a stable financial basis, and sound business methods always be used in its operations. Being a good business partner also includes how we relate to those around us – customers, suppliers, contractors and other parts of society.

- Satisfied customers in long-term partnerships
- Adjusted equity ratio of at least 40 percent
- Suppliers and contractors work in accordance with the Corem Code of Conduct
- All employees are trained in anti-corruption

Environmental consideration and resource efficiency

Environmental consideration and resource efficiency is one of the sustainability areas where Corem can have the greatest positive impact on global development. The overall goal is to reduce the emissions generated by the business, and to have a life-cycle approach to environmental responsibility:

- Continuously increased energy efficiency
- Fossil-free for reduced emissions
- Certification and environmental classification of buildings for continued improvement
- Sound materials in construction

An attractive employer

It is through the skills and commitment of its employees that Corem achieves long-term success. Employees who feel at home and choose to stay and develop within Corem provide good continuity and expertise.

- Healthy and safe work environment with proactive work for good health
- Good well-being with a high employee satisfaction index



Investments in the Måseskär 5 property in Malmö have resulted in significant energy savings.

INVESTMENTS FOR IMPROVED PERFORMANCE AND ENERGY EFFICIENCY

Investments in control systems, upgrading installations and day-to-day optimisation work are important elements in ensuring that the properties perform at their best and are resource-efficient. During the year, a total of SEK 95 million was invested in various operational and energy-saving projects.

One such project is Måseskär 5 in Malmö, where great focus has been placed on property automation. A new control system has been installed and the property's installations have been optimised. The result is that the property can be monitored and managed in a highly efficient way, while achieving significant energy savings.

GREEN FRAMEWORK

During the year, a green framework for bonds was developed, which was evaluated by Cicero with a Medium green rating. The framework focuses on green and energy-efficient buildings, but also includes investments in energy-saving measures such as charging stations and solar panels.

The green framework is the basis for Corem's issuance of green bonds, which means that the proceeds are used to finance investments that contribute to reducing environmental impact.

FUTURE COMPETENCE

Each year, Corem offers a number of students the opportunity of an internship to give them an insight into the industry and professional experience. Since 2018, Corem has had a collaboration with Newton, which conducts vocational and diploma programmes in Stockholm, Gothenburg and Malmö. During the year, three students of maintenance and property management completed their internship at Corem, and were involved in letting work, as well as financial and technical management.

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CSI 2020

CONTINUED INCREASE IN CUSTOMER SATISFACTION

A cornerstone of Corem's strategy is proximity to customers and to have long-term partnerships which enable customers and Corem grow together.

Overall customer satisfaction is measured regularly to find out how well we are meeting customer expectations. For 2020, the results show an CSI of 68, which is an increase compared to the previous year and a continuation of an upward trend.

The fact that increased customer satisfaction was achieved despite the challenging conditions that have characterised 2020 is solid confirmation that Corem has solution-oriented, committed and responsible employees.

DIGITALISATION FOR EFFICIENT OPERATIONS AND REDUCED TRAVEL

Efforts to increase the use of digital tools show major benefits for both operations and the environment. Systems that automate data collection and monitoring or eliminate the need for manual calculation or compilation make operations more efficient and improve the quality of information.

During the year, new business systems for lease administration, projects and administration were implemented, which has streamlined work while improving quality. In parallel, the use of digital solutions for premises viewing, meetings and training sessions has led to a significant reduction in the amount of travel within the organisation.

ENVIRONMENTAL CONSIDERATION AND RESOURCE EFFICIENCY

Buildings affect the environment at all stages of its life cycle. Corem's environmental work therefore encompasses how the properties are managed, new builds and conversions as well as innovative solutions to adapt and extend the life of existing buildings.

Initiatives to decrease environmental footprint and conserve resources are present in all parts of Corem's operations. The emphasis of the environmental efforts lies on resource-efficient and environmentally friendly management of the properties and is largely related to increased energy efficiency and becoming fossil-free.

Life cycle perspective to minimise negative environmental impact

Each new building which is constructed has an environmental impact for many years to come. A life-cycle approach which extends the life of existing buildings is therefore an important factor in reducing the negative environmental impact of property operations. Innovative solutions which enable existing buildings to be adapted to new market needs and requirements reduce our environmental impact.

A large part of the total environmental impact of a property is determined by its design and construction. In new builds Corem therefore focuses on both resource efficiency, where both the building and installations are designed for maximum resource efficiency, and the use of sound materials. In this way, we get the best effect throughout the life cycle of the building.

Certification of properties

Corem has so far worked with certification of properties according to Green Building, but in recent years the work has been broadened to include additional certification systems. Green Building focuses on the property's energy consumption and serves as good proof of energy efficiency. Interest in the broader types of certifications which also take into account other factors impacting the environment as well as biodiversity

is gradually increasing among stakeholders. Examples of such environmental certifications are Miljöbyggnad and Breeam. During the year, new builds were completed in accordance with Miljöbyggnad Silver, at the same time as BREEAM In Use was used in a conversion project.

Reduced emissions by going fossil-free and increasing energy efficiency

The overall goal of Corem's environmental efforts is to reduce the total amount of carbon dioxide emissions generated by its operations. The amount of emissions generated is affected by the amount of energy consumed and the type of energy used. Corem therefore aims to always use environmentally friendly, renewable energy sources while continuously investing to increase energy efficiency.

AIM TO BECOME FOSSIL-FREE

A milestone on the journey towards becoming fossil-free has been that none of Corem's properties are to use oil as main heat source, a goal that was reached as early as 2019. Continued efforts to become fossil-free include ongoing optimisation to reduce the amount of district heat consumed, and investing in renewable energy sources. An example of this is the geo-energy plant in combination with solar panels that is being installed in Veddesta 2:79.

RENEWABLE ELECTRICITY

Electricity used in Corem's property management is to always come from renewable sources. The electricity purchased during the year is EPD-labelled and comes from hydropower. Corem also makes investments in solar panels to increase access to renewable electricity.

Energy-reduction efforts giving a positive impact over time

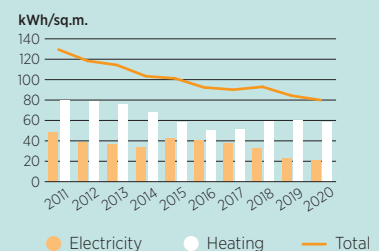
Energy efficiency is an ongoing effort that has long been a priority for Corem. The work focuses on measures that reduce the environmental footprint of the properties in the long term and provide continuous improvement, while maintaining performance and function. For the year as a whole, the work has resulted in a saving of 5 percent kWh/sqm compared to 2019. The impact of the long-term work shows a reduction in energy used amounting to 14 percent per sqm over the past five-year period and 38 percent over ten years.

Investments include, for example, new installations and control systems. In 2020, SEK 95 million was invested in various maintenance and energy-saving projects.

-5

REDUCED ENERGY CONSUMPTION DURING THE YEAR, %

ENERGY CONSUMPTION, PER SQM, IMPACTABLE PORTFOLIO



“To be as environmentally responsible as possible, it is necessary to manage properties in a resource-efficient manner and to look at their life cycle as a whole.”

CASE STUDY



VEDDESTA 2:79 BECOMES COMPLETELY FOSSIL-FREE

In Veddesta, northwest of Stockholm, Corem is building a state-of-the-art, green logistics building of approximately 17,000 square metres for its tenant MTAB.

“The new warehouse, which connects to the existing building on the property, will be unique with both safety and environmental performance of the highest order,” says Simon Fors, CEO of MTAB, which has specific needs as the company handles, among other things, art objects and advanced technical equipment.

MTAB's new warehouse is being constructed with three levels, contributing to both more efficient use of land and higher environmental performance. The building is heated by geothermal energy and cooled by cold water from the same borehole. Furthermore, solar panels will be installed on the southern facade. Corem plans to environmentally certify the building, in line with the goal of all new builds in the company being environmentally certified.

In addition to MTAB, the Veddesta 2:79 property also has the world-leading lift manufacturer Aritco Lift as a tenant, and adaptations were made to the existing premises on their behalf a few years ago. These investments included technical solutions which improved both indoor environment and environmental performance. In addition, reuse was an important keyword when Aritco furnished its new premises. Aritco's existing premises will also receive heating and cooling from the geothermal energy plant.

Together, the investments will make Veddesta 2:79 completely fossil-free, both in terms of property operation and tenants' energy use.



AN ATTRACTIVE EMPLOYER

Corem shall be an attractive employer with competent and committed employees with high work satisfaction who contribute to driving the company towards its vision.

Corem's organisation is decentralised and characterised by high accessibility and short routes in decision-making. There are seven local property management offices which are responsible for operations, management and day-to-day contact with the tenants. The head office is located in central Stockholm and provides business support to the local management offices, with functions such as accounting, finance, property transaction, lettings, communication, HR and IT. Corems' work climate is characterised by a high degree of individual responsibility and a strong spirit of cooperation and entrepreneurship.

As of 31 December 2020, Corem had 57 employees, of whom 21 women and 36 men. The average age in the company is 46.

An attractive employer

In order to capture employees' work situation and development, annual employee performance appraisals are held. During the interviews, the employees' work situation, well-being, skills development and goals are discussed. Close cooperation between employees and managers is the tool deemed most important for a good work environment and high level of commitment.

An annual employee survey complements and provides a more comprehensive picture of the work situation and well-being of employees. The survey ranges from questions about workload, physical and social work environment to covering communication, cooperation and management, in order to measure overall work satisfaction.

The results for 2020 showed an overall ESI (Employee Satisfaction Index) score of 83, which is a good overall score, indicating high employees satisfaction. High scores were received for work climate, cooperation, confidence in management and for recommending Corem as an employer. Areas of improvement included information and communication between local offices.

Continuous development

Continuous skills development enables employees and Corem as a company to keep developing and improving together. It provides benefits for the development of the business and contributes to employee satisfaction over time. The corporate culture within Corem aims to encourage co-operation, learning and skills development. Opportunities for specialisation and further training linked to the role and continued development of the business are offered on an ongoing basis.

Corem also encourages internal recruitment so that employees may have further opportunities to develop into a new role. For Corem, this also has the advantage of retaining skills and know-how within the company.

To help and encourage future skills supply in the property sector, Corem welcomes interns and summer workers annually. During the year, three trainees worked in the business as part of their education.

Fewer training courses than usual were held during the year due to the current pandemic, but a number of courses were held with the help of digital tools. These included courses in sustainability, property valuation, maintenance of fire alarms, work on roofs, and the work environment when working from home. Furthermore, new business systems have been implemented

57

NUMBER OF EMPLOYEES

83

EMPLOYEE SATISFACTION INDEX

“Employee commitment and responsibility have contributed to Corem’s good performance during the 2020 pandemic.”



during the year, which has contributed to the digitalisation of several administrative processes. In connection with this, digital training was conducted. All staff receive ongoing CPR training, as well as regular reviews of policies, code of conduct and guidelines.

Profit-sharing fund

To further strengthen employee involvement in the business and development of Corem, a profit-sharing fund has been in place since 2011 in which employees receive shares. Provisions are based on Corem’s earnings, dividends to shareholders and yield requirements.

Recruitment based on merit

Qualification and suitability for the role shall be base in all recruitments made. Corem’s recruitment process includes aptitude tests, as well as interviews with external recruiters to further ensure objectivity.

Fair and attractive working conditions and equal rights

Corem shall provide an environment free from discrimination or unjust treatment. Good working conditions, equal rights and opportunities apply to all employees. All employees should be able to combine work and parenthood, and Corem encourages both men and women to take parental leave.

Corem, like the property sector as a whole, are at the forefront when it comes to gender equality in managerial positions. In 2020, Corem’s management team consisted of three women and two men. For the fifth year in a row, Corem was also included in Allbright’s green list of most equal listed companies. Property maintenance has historically been a field that relatively few women have applied for, something that has led to that the proportion of men and

women in this part of the organisation is still more uneven.

According to Statistics Sweden, people of foreign background are defined as those born abroad or born in Sweden of parents who were both foreign-born. Within Corem, 19 percent of employees have a foreign background according to this definition.

Healthy and safe work environment

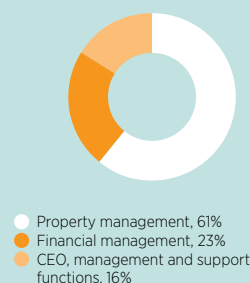
The work environment at Corem aims to be healthy and safe, with a proactive approach to good health. The goal is to have low absence due to sickness while promoting the long-term health of employees. Efforts regarding health and safety issues is based on continuous mapping of risks and training in the area in order to proactively prevent work-related accidents and avoid work-related injuries.

Employees are offered regular health checks and are also covered by a favourable health insurance policy that ensures prompt and qualified care if necessary.

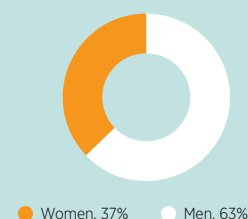
In 2020, short-term sickness absence amounted to 1.6 percent and total sickness absence 4.4 percent. The long-term target is to reduce sickness absence to be maximum 3 percent per year. The past year brought pressures due to COVID-19 and its restrictions. Through remote working, digital meetings, flexible working hours, increased cleaning and providing access to hygiene products such as face masks and hand sanitisers, Corem has attempted to help reduce the spread of infection.

Wellness is encouraged through annual wellness grants as well as through joint activities. Due to the coronavirus pandemic, no traditional wellness activities were organised during the year, but a digital Run for Life was still completed with 12 Coremites among the 274 race participants.

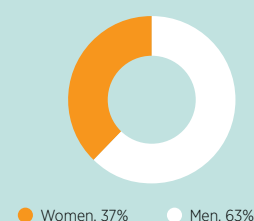
DISTRIBUTION OF EMPLOYEES PER FUNCTION, NUMBER



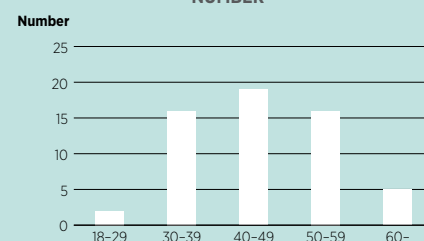
DISTRIBUTION OF EMPLOYEES, NUMBER OF



DISTRIBUTION, MANAGEMENT POSITIONS, NUMBER



AGE DISTRIBUTION, NUMBER



A GOOD BUSINESS PARTNER WITH CLOSE COOPERATION

Good cooperation with business partners is the secret to long-term success. Professionalism, transparency and close dialogue with both customers and suppliers are cornerstones of this work.

Doing business on a commercially sound basis and an active anti-corruption focus are a matter of course at Corem. This also applies to the pursuit of transparency and openness in business relationships and providing of information. But being a good business partner involves more than that. Corem's work in this area therefore includes both our own actions, the way we cooperate with our stakeholders and taking responsibility for services purchased. Tenants being satisfied customers are a prerequisite for long-term success, and professional suppliers guarantee good quality in the work performed.

Accessible property management for satisfied customers who grow with Corem

Property management within Corem is based on being close to the customers in the daily work, to be able to provide rapid help when needed. Being established locally, paired with experience in warehouse and logistics properties, also means Corem has a knowledge of the market and local developments which enables it to be a long-term partner also when needs change.

INCREASED CUSTOMER SATISFACTION

This year's customer survey shows an overall Customer Satisfaction Index of 68. The results represent an increase of one unit compared to the previous year and form part of an upward trend. The COVID 19 pandemic has posed major challenges for several of Corem's customers during the year while creating a need to change ways

of working internally, both in management and letting. A continued increase in the CSI is testament to the solution-orientation, commitment and accountability of our employees in finding ways to ensure effective functionality and service delivery despite the challenging conditions during the year.

Purchasing based on good business ethics and sustainability

Corem purchases a variety of goods and services each year which complement its own operations. These include construction and installation, specialist technical skills and consultancy services. Suppliers and contractors are important to ensure high quality in the work performed and to enable Corem to provide premises that best support its customers' operations. Local suppliers are often used. This supports the local business community, but above all provides advantages in the operational, day-to-day work, with the opportunity for speed and flexibility.

THE CODE OF CONDUCT

Corem's Code of Conduct is designed to ensure a consistent basis for collaboration with external partners and is included in major supplier and contractor agreements. The Code of Conduct contains a summary of how the business should be conducted with regard to, for example, environmental considerations, business ethics and work environment. This way, it provides an opportunity to make a positive and sustainable impact. Corem expects all suppliers to act in accordance with the Code of Conduct.

CASE STUDY

Cooperation with municipalities and building sustainable city districts

Corem cooperates with the local business community and municipalities in the areas which it operates – to be part of the development of local areas and in creating sustainable solutions for the growing cities. A well-functioning supply of goods and services is vital for the positive development of cities.

With a concentrated portfolio, in which Corem owns a number of properties in geographically proximate areas, Corem is able to focus on individual properties while contributing to the development of entire city districts, so that both properties and areas better support changing needs and can provide effective functionality for the city, business community and residents.

Stockholms Stadsmission

Since 2009, Corem has been a partner of Stockholms Stadsmission, an organisation which makes a difference every day by supporting the most vulnerable in society and create a more humane society for all. With our sponsorship, we want to support the important work they do, show responsibility and social commitment, and generate pride among our employees.

A life in motion for young people

Corem sponsors the Swedish Handball Federation as a proud part of Framtidslandslaget and is the main sponsor of the Båstadtennis Corem Open, the world's largest outdoor junior tennis competition.



RECORD-BREAKING CONVERSION FOR THE MATHEM E-STORE

When the coronavirus pandemic during the spring of 2020 triggered rapidly increasing demand in online grocery stores, MatHem quickly needed new warehouse space in a good city logistics location. Corem was quick to meet MatHem's needs and able to offer 5,000 sqm of warehouse space in Veddesta, northwest of Stockholm. A lease was signed in March and by April MatHem was able to move into the premises, which then had been completely adapted to their operations.

"The warehouse increases our capacity and was established in just four weeks. Thanks to the new warehouse, we can offer even more delivery times," commented Johan Lagercrantz, CEO of MatHem, which is one of Sweden's leading online grocery stores.

"Thanks to efficient and customer-oriented letting work, we were able to create space to develop MatHem's business – and to also quickly let out space that had only just become vacant. We look forward to a long and fruitful cooperation with MatHem," commented Eva Landén, CEO of Corem.

Corem has a property portfolio of approximately 100,000 sqm in the Veddesta area in Järfälla. Located near the city, Veddesta industrial area is a valuable location for businesses with high accessibility requirements.

FACT FILE

Property: Veddesta 2:63, Järfälla, Stockholm

Area: 5,000 sqm.

Lease length: 4 years

Access: April 2020

LONG-TERM SHAREHOLDINGS IN LISTED PROPERTY COMPANIES

Corem has long-term shareholdings in the property companies Klöver and Castellum, both of which are listed on the Nasdaq Stockholm Large Cap and have highly liquid shares.

Klöver and Castellum have a different investment focus than Corem, which means diversifying to Corem's directly-owned properties. The companies are considered to have strong potential and to be well run, and the holdings are expected to help generate good returns on equity over time.

The holdings are recognised in the income statement at their current market value, which means that fluctuations in the companies' share prices over the period affect Corem's earnings accordingly.

Due to the size of its shareholding in Klöver, Corem has a representative on the Board, allowing it to have an active influence. It also has a seat on Castellum's Nomination Committee.

Klöver

Corem has owned shares in Klöver AB since 2008 and is now its second largest shareholder. Klöver is a property company that offers attractive premises in growth locations, in Sweden, Denmark and also New York.

Klöver is listed on the Nasdaq Stockholm Large Cap and is rated BBB- by Scope. Klöver has signed the UN Global Compact and has ambitious sustainability targets, including in the environmental field.

The properties in Klöver's portfolio had a property value of SEK 57.4 billion and a rental value of SEK 3.8 billion at year-end. The loan-to-value ratio was 50 percent.

In December, Corem took part in the share issue carried out by Klöver and subscribed for shares worth approximately SEK 347 million at a price of SEK 10 per share.

At 31 December 2020, Corem's shareholding in Klöver amounted to 11,875,000 class A ordinary shares and 161,750,000 class B

ordinary shares, equivalent to approximately 14.6 percent of the company's votes and 15.2 percent of its capital, based on the total number of shares.

The average historical cost of the shareholding for the A and B shares respectively totals SEK 4.82 per share, and the share price in December 2020 was SEK 15.55 for the A shares and SEK 15.54 for the B shares respectively.

Until 1 July 2019, the Klöver holding was reported as an associate. It has subsequently been reclassified to Financial assets at fair value.

Castellum

Corem has held shares in property company Castellum since 2019. Castellum is one of the Nordic region's largest listed property companies, listed on the Nasdaq Stockholm Large Cap. The company owns office and logistics properties in Swedish growth locations, as well as in Copenhagen and Helsinki, and is the only Nordic property and construction company in the Dow Jones Sustainability Index (DJSI). Castellum has signed the Global Compact, and is the first property company in the Nordic region to have had its climate targets approved by the Science Based Targets (SBT) initiative. The company has a Baa2 rating from Moody's.

The property value of Castellum's property portfolio amounted to SEK 103 billion and its rental value to SEK 6.5 billion at 31 December 2020. The loan-to-value ratio was 44 percent.

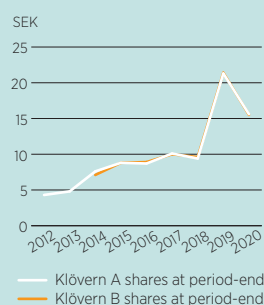
Corem was Castellum's fifth largest shareholder at the end of 2020, with a shareholding amounting to 7,900,000 shares. This represents 2.9 percent of the votes and 2.9 percent of the equity, based on the total number of shares.

The average cost of the shares was SEK 190.63 per share and the share price on 31 December 2020 was SEK 208.70.

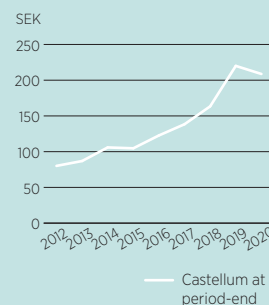
KEY RATIOS

	Klöver		Castellum	
	2020	2019	2020	2019
Income, SEKm	3,294	3,638	6,004	21
Profit from property management, SEKm	1,269	1,462	3,380	3,146
Fair value of properties, SEKm	57,448	52,377	103,042	95,168
Total assets, SEKm	62,395	57,615	109,916	98,985
Occupancy rate, economic, %	87	90	93	94
Interest coverage ratio, multiple	2.5	2.6	5.3	5.0
Loan-to-value ratio (LTV), %	50	50	44	43

KLÖVERN SHARE PRICE



CASTELLUM SHARE PRICE



FINANCING

Corem operates in a capital-intensive industry. To develop and expand its property portfolio and the business further it needs both short- and long-term access to capital, with a good balance between cost and risk.

DISTRIBUTION OF INTEREST-BEARING LIABILITIES, SEKM



- Loans secured by real estate, 67%
- Bonds, 13%
- Green bonds, 9%
- Stock loans, 10%
- Unsecured loans 1%

5,258

NET BORROWINGS, SEKM

9,620

INTEREST-BEARING LIABILITIES, SEKM

2.5

INTEREST COVERAGE RATIO, MULTIPLE

48

EQUITY RATIO, ADJUSTED %

DISTRIBUTION OF LIABILITIES AND EQUITY, SEKM



- Equity, 39%
- Lease liabilities, 1%
- Deferred tax liabilities, 4%
- Derivatives, 3%
- Interest-bearing liabilities, 51%
- Non-interest-bearing liabilities, 2%



A strong balance sheet and a good return on equity over the long term

Corem's goal is to record an average return on equity of no less than the risk-free interest rate plus 10 percentage points. The risk-free interest rate means the average five-year government bond rate. Over the past five years, average returns have reached 24 percent.

This has been an extraordinary year given the impact of Covid-19 on the financial market. The bond market and the certificate market have periodically ceased to fully function. The banking market has operated effectively throughout the year, however. Corem's well-diversified capital structure, multiple sources of capital and risk-weighted fixed interest rate and capital tie-up periods ensure Corem's continued financially sound and successful development and provide a long-term return on equity in line with the targets set.

Governance of financial activities, financial targets and financial management risks

As a net borrower, Corem is exposed to financial risks. Corem is above all exposed to financing risk, interest rate risk, credit risk and currency risk. The company's financial activities are focused on using the existing risk mandate granted to it as an instrument for adjusting the business's level of financial risk to the development of Corem's operating risk.

Financial activities are governed by a finance policy decided on by the Board of Directors. The purpose of the finance policy is to limit the risks associated with the company's financing, and to set out guidelines and rules for the conducting of financial activities. The finance policy is a guide for the financial function on how to conduct financial transactions, based on an assessment of the group's global liquidity, capital and interest rate risk needs. The policy includes set targets aimed at achieving a good relationship between financial risks and returns. Liquidity forecasts are continually produced for effective financial management and to ensure that Corem can fulfil its payment obligations at all times. Financial issues, for which decisions or information are required, are a standing item on the Board's agenda. The group management is responsible for risk monitoring. To spread its risk, Corem continuously analyses and evaluates opportunities to broaden its financing base and add to its sources of financing. During the year, the financial targets were updated and the long-term adjusted equity ratio will be at least 40 percent.

See pages 69 to 71 for more information about risks.

Lenders

Corem obtains 78 percent of the financing for its business from Nordic banks and credit institutions and 22 percent from the Swedish bond market. In 2020, bank loans were taken out with eight banks and credit institutions: Brunswick Real Estate Capital, Danske Bank, DNB, Handelsbanken, Nordea, Realkredit in Denmark, Sparbanken in Enköping and Swedbank. Corem finances its foreign properties in local currency, in this way minimising its currency risks. Its agreements with banks and credit institutions offer the option of short- and long-term financing.

Interest-bearing liabilities, cash and cash equivalents and unused credit facilities

Corem's interest-bearing liabilities amounted to SEK 9,620 million (7,375) at year-end. Borrowing costs totalled SEK 24 million, meaning that there were SEK 9,596 million (7,355) of interest-bearing liabilities on the balance sheet. Interest-bearing net liabilities, interest-bearing liabilities less interest-bearing assets, short-term and long-term shareholdings and cash and cash equivalents amounted to SEK 5,258 million (2,629). The company's interest-bearing net liabilities are used as an indicator of its financial risk.

Corem had cash and cash equivalents of SEK 15 million (8) at 31 December 2020. It also had unused credit facilities of SEK 567 million (993).

Interest-bearing liabilities owed to credit institutions, covenants and collateral

Several of the loan agreements that Corem has entered into contain commitments or covenants that must be complied with to retain the benefit of the loans. Examples of covenants include a minimum interest coverage ratio and a maximum loan-to-value ratio. Corem carries out continuous monitoring to ensure that no covenants are in danger of being breached and the conditions are well within the targets set in Corem's finance policy.

Corem has granted shares in subsidiaries, mortgage deeds on properties, internal promissory notes, pledges on listed shareholdings, and undertakings to comply with its covenants as security for interest-bearing liabilities. Corem believes that these are in accordance with market practice. Corem has granted mortgage deeds on properties and/or shares in subsidiaries as collateral for 67 percent of its loans and listed shares for 10 percent of its loans. The proportion of secured financing, in relation to the company's assets, is 45 percent (38).



FINANCIAL TARGETS/RESULTS

	Targets for 2020	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Return on equity, 5-year average, %	9.7	24.0	30.3	22.0	20.5
Adjusted equity ratio, %	≥40	48	55	39	38
Interest coverage ratio, multiple	≥2.0	2.5	2.8	2.9	2.8
Fixed credit term, years'	≥1.5	1.9	2.2	3.0	2.5
Fixed interest rate term, years	≥1.5	2.7	3.4	2.1	3.0
Interest rate-hedged liabilities, %	≥50	53	71	60	54
External financing in local currency, %	100	100	100	100	100

CHANGE IN INTEREST-BEARING LIABILITIES

SEKm

Interest-bearing liabilities at 31 December 2019	7,375
Refinancing of loans by banks and credit institutions	1 137
Loans newly taken out with banks and credit institutions	517
Bonds (net)	750
Repayments	-155
Changes in exchange rates	-4
Interest-bearing liabilities at 31 December 2020	9,620
Accrued borrowing costs	-24
Interest-bearing liabilities recognised at 31 December 2020	9,596

INTEREST RATE AND CREDIT MATURITY STRUCTURE

Maturity, year	Fixed interest rate term			Fixed credit terms	
	SEKm	Interest, %	Share, %	SEKm	Share, %
2021	6,990	2.8	73	4,036	42
2022	100	0.3	1	2,398	25
2023	121	3.0	1	1,681	18
2024	35	2.4	1	884	9
2025	490	1.7	5	509	5
>2025	1,884	2.7	19	112	1
Total	9,620	2.7	100	9,620	100

INTEREST-BEARING NET LIABILITIES

Amount	31 Dec 2020	31 Dec 2019
Interest-bearing liabilities	9,620	7,375
Interest-bearing assets	0	-5
Long-term shareholdings	-4,347	-3,191
Short-term investments	0	-1,542
Cash and cash equivalents	-15	-8
Interest-bearing net liabilities	5,258	2,629

BONDS OUTSTANDING AT 31 DECEMBER 2020

Maturity, year	Amount, SEKm	Interest
Feb 2023	1,250	3M STIBOR + 2.5%
April 2024 (green)	850	3M STIBOR + 3.5%
Total	2,100	

INTEREST RATE DERIVATIVES

Maturity, year	Interest rate swaps, SEKm	Interest rate caps, SEKm	Total interest rate derivatives, SEKm	Market value, SEKm	Average interest rate of interest rate derivatives, %	Strike price of interest rate caps, %
2021	-	-	-	-	-	-
2022	100	2,060	2,160	-1	0.3	1.75-2.5
2023	-	107	107	0	-	1.75
>2024	2,290	336	2,626	-454	3.7	2.0
Total	2,390	2,503	4 893	-455	2.4	2.0

During the year, Corem renegotiated its loans from banks and credit institutions for an amount of SEK 1,137 million. The company repaid SEK 1,505 million, took out SEK 2,617 million of new loans and increased its credit facilities by SEK 400 million. In total, the company had SEK 7,470 million of secured debt at the end of 2020. All of the loans were taken out with existing lenders.

Green framework and bonds

A green framework for bonds was developed during the year. The framework, which was given a "Medium green" rating by Cicero, aims to reduce carbon emissions and covers Green Building-certified and energy class A and B properties. It also covers other environmental certifications and investments in energy-saving measures, such as charging stations and solar panels. About 20 percent of Corem's property portfolio met the green framework's criteria at year-end. Corem has since completed its first SEK 850 million green bond issue within the framework.

On the balance sheet date, Corem had carried out two issues of listed unsecured bonds totalling SEK 2,100 million. The bond issues diversify Corem's financing base and create increased scope for both acquisitions and investments. The bonds are accompanied by financial commitments whereby the company must have a minimum 20 percent equity ratio and an interest coverage ratio of at least 1.25x. If the company is delisted from Nasdaq, bondholders have the right to request redemption at 101 percent of the principal amount.

In February, a SEK 1,000 million unsecured bond issue was completed, with a 3-year maturity and a yield of 3M Stibor + 2.50 percent without an interest rate floor. This was increased by a SEK 250 million tap issue, with a yield of 3M Stibor + 2.25 percent. The proceeds were used, among other things, to refinance a SEK 500 million bond issue with a yield of 3M Stibor + 4.25 percent and an interest rate floor.

In October, Corem issued its first green bond, a SEK 850 million unsecured bond issue with a 3.5-year maturity and a yield of 3M Stibor + 3.50 percent, without an interest rate floor. The proceeds were used for the early redemption of a SEK 850 million bond issue with a yield of 3M Stibor + 4.35 percent, maturing in the first quarter of 2021.

Fixed credit terms

The company's target is for its average capital tie-up period to be at least 1.5 years. Its average fixed credit term at year-end was 1.9 years (2.2). Its loans have credit periods of between 1 month and 49 years.

Average interest rate and fixed interest rate term

The average interest rate decreased during the year, to 2.7 percent (3.4) at year-end. The average fixed interest rate term was 2.7 years (3.4), including derivatives.

Derivatives

Corem holds derivatives in the form of interest rate swaps and interest rate caps in order to minimise its interest rate risk. Interest

rate swaps ensure that the company's interest expenses are known in advance. Under these swaps Corem pays interest at a fixed rate and receives variable interest over a predetermined period. When interest rates rise, the swaps gain value, and when they fall they lose value. The interest rate swaps mature between 2022 and 2031. A number of the swaps were extended during the year.

Interest rate caps protect the fixed-income portfolio from sudden, significant interest rate hikes. The interest rate caps have a strike price of between 1.75 percent and 2.5 percent. The interest rate caps mature between 2022 and 2025. At year-end the company held SEK 2,390 million of interest rate swaps and SEK 2,503 million of interest rate caps. This means that, including fixed-interest rate loans, 53 percent of the loan portfolio was interest rate-hedged on the balance sheet day.

Valuation of derivatives

In accordance with IFRS 9 accounting rules, interest rate derivatives must be marked to market, which means that they will theoretically be over- or undervalued if the agreed interest rate differs from the current market rate, in which case Corem records the change in value in the income statement. The derivatives' value is dictated by three factors: the current market interest rate, the derivatives' interest rates and the derivative's residual maturities. On the maturity date, their value is always zero and the result is the same from a cash flow perspective. The market value of the interest rate derivative portfolio was SEK -455 million (-424) on the balance sheet date. The change in value over the year amounted to SEK -31 million (-17).

Other non-interest-bearing liabilities

Corem's SEK 1,801 million of other liabilities consist of accrued expenses, prepaid rent, tax liabilities, lease liabilities, trade payables, dividends to preference shareholders decided on and derivatives measured at fair value.

Equity

The group's equity is divided up into class A and class B ordinary shares and preference shares and amounted to SEK 7,227 million (8,172) at 31 December 2020. The change in equity over the year is attributable to the total earnings for the year and the dividends to shareholders.

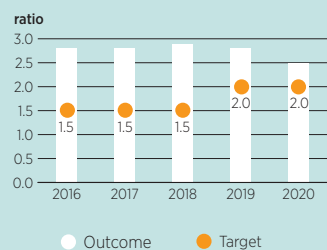
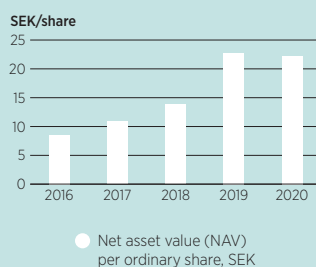
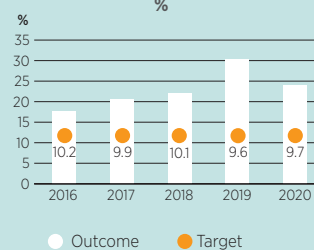
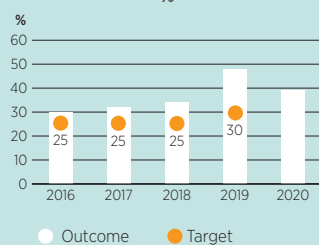
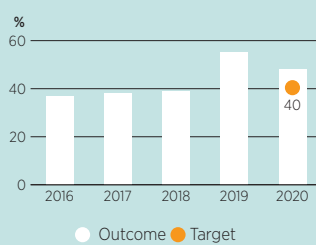
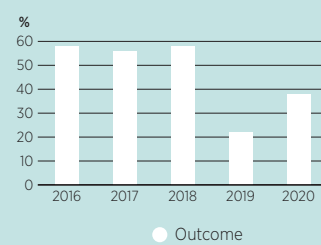
The equity per share was SEK 18.56 per ordinary share (19.95) and SEK 251.67 per preference share (251.67). The net asset value (NAV) per ordinary share amounted to SEK 22.22 (22.74).

The equity ratio, loan-to-value ratio and interest coverage ratio

The equity ratio target was updated in 2020, meaning that the long-term adjusted equity ratio must be at least 40 percent. Previous equity ratio targets set the equity ratio at at least 30 percent. On the balance sheet day, the adjusted equity ratio was 48 percent, while the equity ratio amounted to 39 percent.

At 31 December 2020, the loan-to-value ratio was 38 percent. The long-term interest coverage ratio target is set to be at least 2.0x. At 31 December 2020, the interest coverage ratio was 2.5x.

INTEREST COVERAGE RATIO, MULTIPLE

NAV,
SEK PER ORDINARY SHAREAVERAGE RETURN
ON EQUITY,
%EQUITY RATIO,
%ADJUSTED EQUITY RATIO,
%LOAN-TO-VALUE RATIO,
%

SHARES AND SHAREHOLDERS

Corem is listed on the Nasdaq Stockholm Mid Cap and has three classes of shares: class A ordinary shares, class B ordinary shares and preference shares.

Shares and share capital

The Corem Property Group is listed on the Nasdaq Stockholm Mid Cap with three classes of shares: class A ordinary shares, class B ordinary shares and preference shares. Class A ordinary shares entitle holders to one vote, while class B ordinary shares and preference shares entitle holders to one tenth of a vote.

At 31 December 2020, there were a total of 379,338,880 registered shares. These are divided up into 32,510,224 class A ordinary shares, 343,228,656 class B ordinary shares, and 3,600,000 preference shares. In February and August 2020, conversion requests were made relating to 492,819 class A ordinary shares, which were converted in March and September into class B ordinary shares.

Corem is connected to Euroclear Sweden AB's account-based securities system, which is why no physical share certificates are issued. All the rights attached to shares belong to the shareholders registered in the share register maintained by Euroclear Sweden AB. The shares are denominated in Swedish krona and have been issued in accordance with the Swedish Limited Companies Act.

At 31 December 2020, Corem's share capital amounted to SEK 759 million, resulting in a quotient per share of SEK 2.00.

Shareholders

The number of shareholders increased by 6 percent over the year, standing at 7,662 (7,231) at 31 December 2020. The number of private individual Corem shareholders at year-end was 7,094 (6,742) and the number of legal entity Corem shareholders was 568 (489).

Dividend policy

Over the long term, Corem will distribute a minimum of 35 percent of the company's profit from property management, less the dividend of SEK 20.00 per preference share per year to which preference shareholders are entitled. During the financial year 2020, Corem distributed SEK 0.60 per ordinary share and SEK 20.00 per preference share, amounting to a dividend yield of 2.2 percent for class A ordinary shares, 2.2 percent for class B ordinary shares, and 5.1 percent for preference shares, at 31 December 2019.

Proposed dividend and dividend yield

If the Annual General Meeting approves the proposal, the proposed dividend for 2021 of SEK 0.65 per ordinary share and SEK 20.00 per preference share amounts to a dividend yield of 3.5 percent per class A

ordinary share and class B ordinary share, and 6.3 percent per preference share, at 31 December 2020.

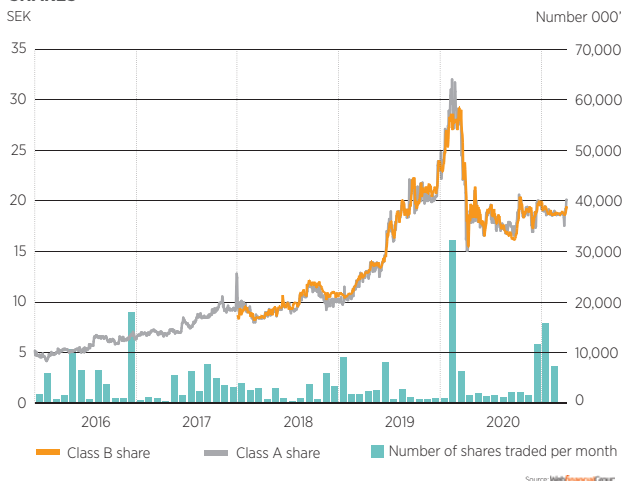
The share of the dividend accounted for by the proposed dividend to ordinary shares amounts to 64 percent (58) of the profit from property management at 31 December 2020, less the preference share dividend.

SHARE FACTS AT 31 DECEMBER 2020

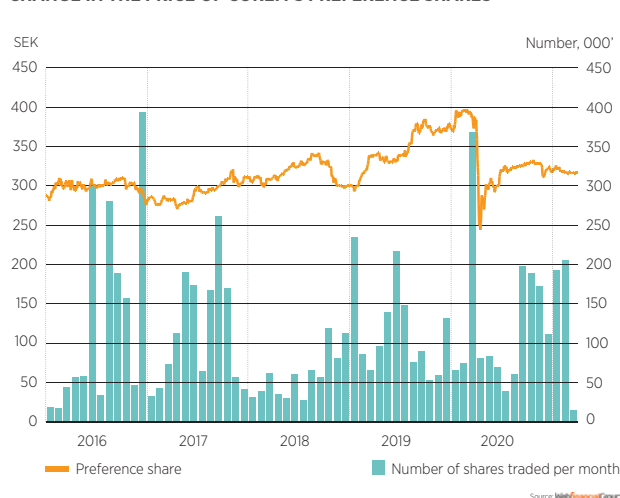
**Marketplace: Nasdaq
Stockholm Mid Cap**

Market capitalisation	8.2 billion
Number of shareholders	7,662
Class A ordinary shares	
Number	32,510,224
Closing price	18.80 SEK
ISIN	SE0010714279
Class B ordinary shares	
Number	343,228,656
Closing price	18.80 SEK
ISIN	SE0010714287
Preference shares	
Number	3,600,000
Closing price	320.00 SEK
ISIN	SE0010714311

CHANGE IN THE PRICE OF COREM'S CLASS A AND B ORDINARY SHARES



CHANGE IN THE PRICE OF COREM'S PREFERENCE SHARES



Share repurchase and transfers

The 2020 Annual General Meeting authorised the Board of Directors to decide on repurchase of shares in the company until the next AGM. The repurchase programme provides the company with greater scope for adapting the company's capital structure to capital requirements from time to time, including the option of transferring repurchased shares as payment in connection with acquisitions. Repurchases may not exceed a limit whereby after each repurchase of shares, the company holds no more than 10 percent of the company's total shares.

In 2020, 21,075,000 ownclass B shares were repurchased for an average price of SEK 23.64. At 31 December 2020, Corem holds a total of 2,913,825 class A ordinary shares and 29,630,550 class B ordinary shares. The shares were repurchased for an average price of SEK 18.35 per share.

Mandatory bid from M2 Asset Management

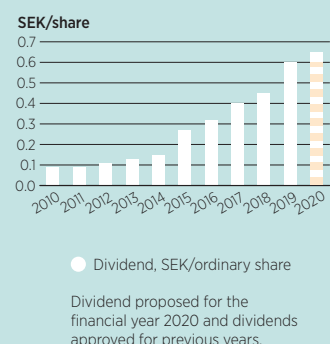
Corem's lead shareholder, M2 Asset Management (M2), acquired additional shares in Corem in November, which triggered an obligation to announce a mandatory bid.

The mandatory bid was announced with a bid of SEK 18.60 per class A and class B ordinary share, and SEK 317.00 per preference share, after which an independent bid committee was formed, appointed by Corem's Board, to conduct an independent assessment of its terms. In its conclusions, the bid committee recommended that shareholders should not accept the bid, a recommendation based on an overall assessment that found that the terms did not reflect Corem's current value or future growth outlook.

The outcome of M2's offer to Corem shareholders was announced on 2 March 2021 and showed that the holders of 785,119 class A ordinary shares, 1,557,123 class B ordinary shares and 692,183 preference shares had accepted the offer. As a result, in March 2021 M2's shareholding increased to around 47.2 percent of the company's total capital and around 49.1 percent of its total votes. When calculated based on outstanding votes, M2's ownership share increases to about 53.8 percent.

ADDITIONAL INFORMATION
Additional information about shares can be found in the directors' report on pages 64 to 64, and in Note 17.

DIVIDEND PER ORDINARY SHARE, SEK



THE LARGEST SHAREHOLDERS AT 31 DECEMBER 2020

Shareholders	Class A ordinary shares	Class B ordinary shares	Preference shares	Share of capital, %	Share of outstanding votes, %	Share of total votes, %
Rutger Arnhult through companies ²⁾	15,967,692	159,679,211	512,802	46.4%	52.2%	47.6%
Gårdarke ²⁾	5,787,959	49,476,560	47,355	14.6%	17.5%	16.0%
Länsförsäkringar Fondförvaltning	837,387	14,451,160	-	4.0%	3.7%	3.4%
Swedbank Robur Fonder	951,000	7,000,000	-	2.1%	2.7%	2.5%
Fredrik Rapp privately and through companies	749,999	7,499,990	-	2.2%	2.4%	2.2%
Fjärde AP-Fonden	606,532	5,783,031	57,612	1.7%	1.9%	1.8%
Livförsäkrings AB Skandia	729,075	4,239,768	-	1.3%	1.9%	1.7%
Patrik Tillman privately and through companies	571,441	5,714,410	40,000	1.7%	1.9%	1.7%
Prior & Nilsson	145,836	8,931,319	-	2.4%	1.7%	1.5%
Handelsbanken fonder	-	9,646,611	-	2.5%	1.6%	1.4%
UBS Switzerland AG, NQI	434,307	4,473,970	-	1.3%	1.4%	1.3%
CBNY-Norges Bank	692,364	949,726	-	0.4%	1.3%	1.2%
Verdipapirfondet Odin Eiendom	-	7,094,238	-	1.9%	1.2%	1.1%
Nilsson, Magnus	265,000	1,250,000	-	0.4%	0.6%	0.6%
Alfred Berg	144,599	1,735,618	-	0.5%	0.5%	0.5%
Other shareholders	1,713,208	25,672,494	2,942,231	8.0%	7.5%	6.8%
Total number of outstanding shares	29,596,399	313,598,106	3,600,000	91.4%	100.0%	91.3%
Repurchased shares ¹⁾	2,913,825	29,630,550	-	8.6%	-	8.7%
Total number of shares	32,510,224	343,228,656	3,600,000	100.0%	100.0%	100.0%

1) Repurchased shares do not have voting rights, and receive no dividends.

2) The holdings managed by Ålandsbanken are currently reported in EuroClear as "Ålandsbanken in place of the owner" with the aggregate total amount, instead of showing the underlying owner. These data have been adjusted to reflect the underlying ownership more fairly.

FIVE REASONS TO INVEST IN COREM

Corem is a long-term property owner as well as an active shareholder in Nordic property companies. Through its property business, Corem acquires, manages and transforms properties in attractive logistics locations, with the goal of becoming a leader in the city logistics property market.

Corem has been active in warehouse and logistics properties since it was founded in 2007, creating value for its shareholders through dividends and by increasing the value of its shares. Its solid industry knowledge is a good foundation both for active ownership of other listed property companies and for creating value in its own property portfolio. Ensuring sustainable working methods is an integral part of the business and a prerequisite for long-term value creation.

1 A growing property company

Ever since it was founded, Corem has actively developed and expanded its property portfolio, primarily by acquiring properties. It has grown at a steady pace while maintaining its profitability. The company's focus is on properties in growth zones with strong future potential, with the aim of be-

coming a leader in the city logistics property market in selected locations. Continued growth is therefore an important part of Corem's strategy and the right geographical location and potential for transformation are key factors in acquisitions. In 2020, the portfolio was expanded through project development and acquisitions.

2 Solid foundation in focused management

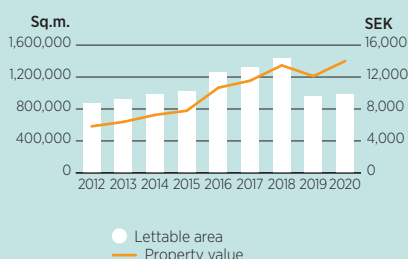
Corem owns and manages attractively situated properties with a lettable area of nearly 1 billion sqm. With a rental value of SEK 970 million, a broad customer base with 670 unique tenants, and an economic occupancy rate of 93 percent at the end of 2020, the portfolio provides a sound base for the business and a solid foundation for future investment. A geographically pooled portfolio ensures proximity to clients and valuable management synergies. Corem's

own management of its properties is key to creating value over time and its proactive management approach has produced good returns from the outset.

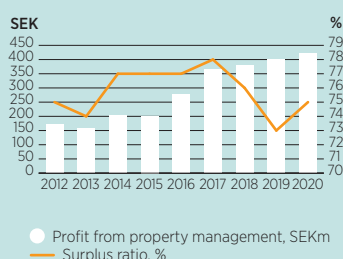
3 Continuous development and transformation

The transformation and development of the property portfolio has become an ever more important part of the business in recent years, increasing value creation by increasing property values, reducing operating expenses and satisfying clients. Corem continuously invests in property transformation and in 2020 SEK 741 million was invested in tenant adaptations, new builds, maintenance projects and energy-saving measures. Continuous investment in transformation and development is important to ensure good long-term development of the company and the strong development of the property portfolio's value.

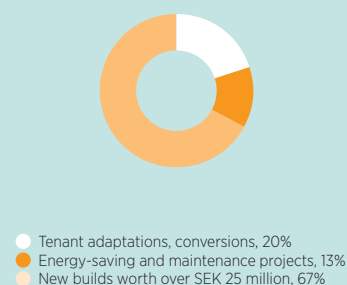
LETTABLE AREA AND VALUE OF PROPERTY PORTFOLIO/SQM



PROFIT FROM PROPERTY MANAGEMENT AND SURPLUS RATIO



DISTRIBUTION OF PROJECT INVESTMENTS IN 2020, SHARE, %





4 A good return to shareholders

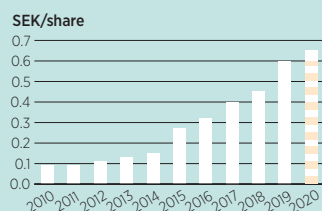
Corem is listed on the Nasdaq Stockholm Mid Cap with three classes of shares: class A ordinary shares, class B ordinary shares and preference shares. The company's dividend policy is to distribute at least 35 percent of the reported profit from property management over the long term, less preference shareholders' right to a SEK 20.00 dividend per share and per year. Corem has continuously provided its shareholders with steadily increasing returns on invested capital since 2007.

5 Sustainable over time

Corem's business model is based on long-term property ownership, with continuous management, transformation and development, to effectively develop the company's value over many years. Every part of the business creates value not just for today, but over a long period of time. This means combining an economically sustainable business with high standards of business ethics, social responsibility and concern for the environment. This creates a long-term perspective that informs both our way of doing business

and our way of working. Sustainability is integral to every part of the business and is critical to our long-term value creation. Sustainable entrepreneurship increases Corem's competitiveness, by reducing its operational risks and ensuring that Corem is a good business partner and attractive employer that is highly trusted. The sustainability approach will be managed from 2021 based on three focal areas: being environmentally-friendly and saving resources, being a good business partner and being an attractive employer. Making energy savings is one of the core sustainability goals.

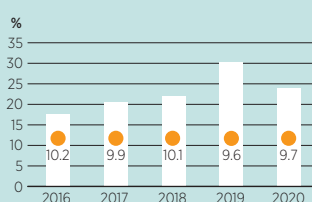
**DIVIDENDS
SEK/SHARE**



● Dividend, SEK/ordinary share

Dividend proposed for the financial year 2020 and dividends approved for previous years.

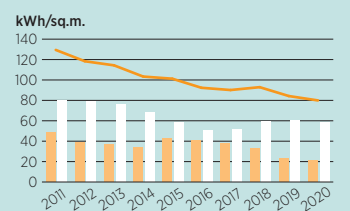
**AVERAGE RETURN ON
EQUITY,
%**



● Actual

● Target

**ENERGY SAVINGS OVER 10 YEARS,
KWH/SQM**



● Electricity

● Heating

— Total

COREM PROPERTY GROUP'S CORPORATE GOVERNANCE

Corem's corporate governance report describes how rights and obligations are divided between the company's bodies in accordance with the applicable laws, rules and processes, and the functioning of the company's overall governance and management.

Corem Property Group AB (publ) ("Corem") is a Swedish public property company listed on the Nasdaq Stockholm Mid Cap. The company is governed by its shareholders, through the General Meeting and the Board. They ensure that the CEO and the operational management work to create value and that the business's risks are managed. The corporate governance report has been issued as a special report in addition to the annual report, in accordance with the Swedish Annual Accounts Act (1995:1554 Chapter 6, Section 6) and the Swedish Code of Corporate Governance. The report has been audited by Corem's auditor in accordance with the Swedish Annual Accounts Act and a special report from the auditor is attached to this document.

Corporate governance framework

The external corporate governance framework is the Swedish Limited Companies Act, the articles of association, Nasdaq's issuer rules and the Swedish Code of Corporate Governance ("the Code"). Internal rules are also issued by the Board of Directors, the most important of which are the Board's rules of procedure, the instructions for the CEO and the policies that provide a framework for day-to-day

operations, including risk management and the code of conduct.

The Code, which is managed by the Swedish Corporate Governance Board, www.bolagsstyrning.se, is based on self-regulation and the principle of "comply or explain". The aim is to create good conditions for active and responsible ownership. Corem complied with the Code in 2020 and believes that there are no deviations to report.

Shareholders and shares

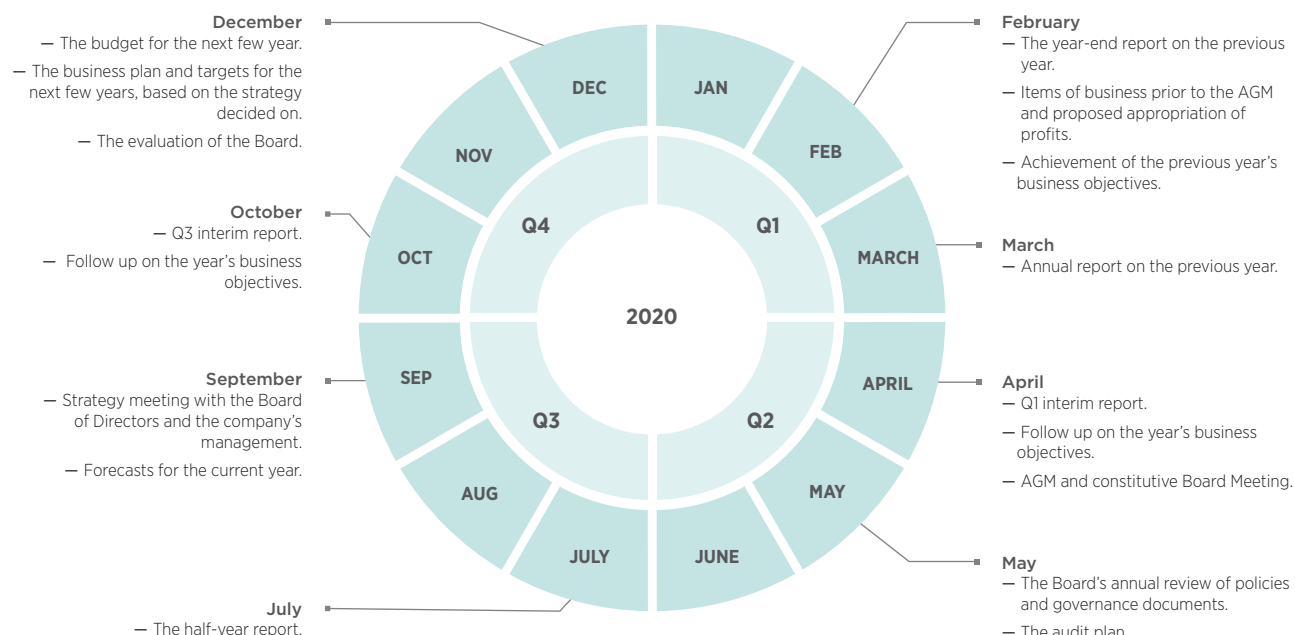
Corem is listed on the Nasdaq Stockholm Mid Cap with three classes of shares: class A ordinary shares, class B ordinary shares and preference shares. Class A ordinary shares grant one vote per share, while class B ordinary shares and preference shares each grant a tenth of a vote.

ARTICLES OF ASSOCIATION

The company's name is the Corem Property Group AB. The company is a Swedish public (publ) company whose registered office is in Stockholm. Its headquarters are also in Stockholm.

Corem's business consists of acquiring, directly or indirectly through subsidiaries, owning, managing and developing properties, and related activities.

The Board's work during the year



Shares may be issued as class A ordinary shares, class B ordinary shares or preference shares. There is a conversion right whereby class A ordinary shares may be converted into class B ordinary shares during two periods each year. The company's financial year is the same as the calendar year. Changes to Corem's articles of association are made in accordance with the Swedish Limited Companies Act.

The articles of association, which contain information about, inter alia, the share capital, the redemption of preference shares, dividends, the number of directors and auditors, and the rules governing the convening and agenda of Annual General Meetings, can be found in their entirety on the company's website at www.corem.se.

OWNERS

Corem had 7,662 shareholders (7,231) at year-end. The three largest shareholders by voting rights, calculated based on the total number of shares, were Rutger Arnhult, through companies, with 46.4 percent (41.8) of the capital and 47.6 percent (42.5) of the votes, Gårdarike AB with 14.6 percent (14.6) of the capital and 16.0 percent (15.9) of the votes, and Länsförsäkringar Fondförvaltning with 4.0 percent (11.9) of the capital and 3.4 percent (7.8) of the votes.

SHARES

In February and August 2020, a conversion request was made for a total of 492,819 class A ordinary shares, which were converted into class B ordinary shares in March and September respectively.

At 31 December 2020, there were a total of 379,338,880 shares, made up of 32,510,224 class A ordinary shares, 343,228,656 class B ordinary shares and 3,600,000 preference shares. All the shares have a par value of SEK 2.00. The closing price on the balance sheet date was SEK 18.80 (27.00) per class A ordinary share, SEK 18.80 (27.00) per class B ordinary share and SEK 320.00 (392.00) per preference share, resulting in a total market capitalisation of SEK 8.2 million (11.6).

Over the year, Corem repurchased 21,075,000 class B shares for an average price of SEK 23.64 per share.

At 31 December 2020, Corem held a total of 2,913,825 class A ordinary shares and 29,630,550 class B ordinary shares. The shares were repurchased for an average price of SEK 18.35 per share.

There are no warrants or equivalent securities outstanding that may result in additional shares in the company being issued. See pages 48-51, and Corem's website, www.corem.se, for more information about share classes, shareholders and changes in the share price over time.

General Meeting of Shareholders

ANNUAL GENERAL MEETING

Corem's 2020 Ordinary Annual General Meeting took place on Friday 28 April 2020 in Stockholm. The Meeting was attended by 58 (43) shareholders, who together represented 80.3 percent (64.8) of the outstanding votes. 18 of the shareholders participated through postal voting, in accordance with the temporary legal rules introduced due to the ongoing pandemic, while 40 shareholders attended in person or by proxy. Patrik Essehorn was elected Chairman of the Meeting.

The Meeting was attended by Chairman of the Board Patrik Essehorn, directors Rutger Arnhult, Fredrik Rapp and Christina Tillman, elected by the Meeting, new directors Katarina Klingspor and Magnus Uggla, and the company's auditor for 2020, Ernst & Young, represented by principal auditor Katrine Söderberg.

Resolutions passed at the Annual General Meeting

The minutes of the AGM can be found on Corem's website, www.corem.se. In addition to the mandatory items of business set out in the articles of association, the Meeting decided:

- That there should continue to be a total of six directors. On the re-election of directors Patrik Essehorn, Rutger Arnhult, Fredrik Rapp and Christina Tillman. On the election of new directors Katarina Klingspor and Magnus Uggla.
- On the re-election of Patrik Essehorn as Chairman of the Board.
- That there should continue to be one auditor. On the re-election of Ernst & Young AB, with the appointment of Katrine Söderberg as principal auditor.
- On a dividend of SEK 0.60 per ordinary share and a dividend of SEK 20.00 per preference share, to be distributed at a rate of SEK 5.00 per quarter.
- On the determining of the fees to the Board and the auditor.
- On the determining of the guidelines for the remuneration of senior executives.
- On amendments to the articles of association.
- As proposed by the Board, not to vote on the previously submitted proposal for the reduction of the share capital through the cancellation of own shares and a subsequent bonus issue.
- On the renewed authorisation of the Board of Directors to decide on new share issues.
- On the renewed authorisation of the Board of Directors to acquire and transfer the company's own shares.

Nomination Committee

The 2020 Annual General Meeting decided that the Nomination Committee should be appointed annually and should consist of the Chairman of the Board and one representative of each of the company's three largest shareholders as of the last trading day in the month of August, the year before the AGM. If a shareholder does not wish to appoint a member of the Nomination Committee when asked, the next largest shareholder will be asked until the Nomination Committee has four members. The Nomination Committee appoints the Chairman, who cannot be a member of the company's Board of Directors.

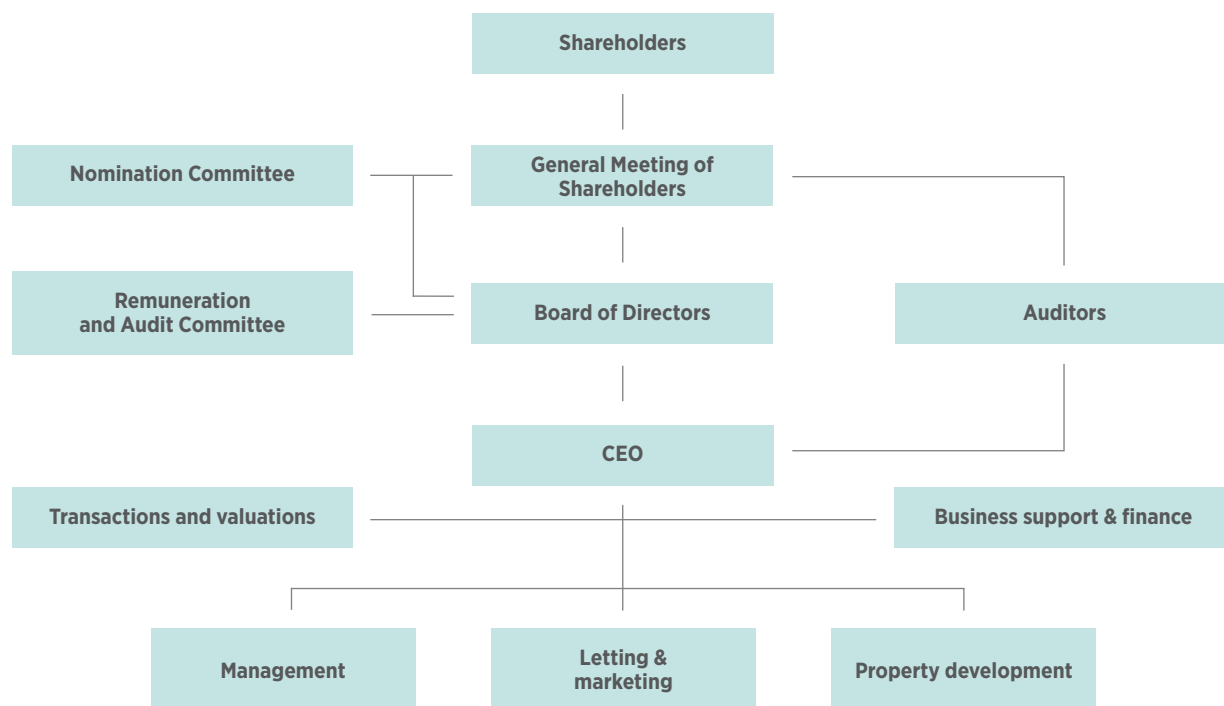
THE NOMINATION COMMITTEE'S REMIT

The Nomination Committee submits proposals to the Annual General Meeting relating to:

- The Meeting's Chair
- The Chairman of the Board
- The Board's composition, including the election of directors, the number of directors, and fees
- Takes note of the Audit Committee's recommendations on the choice of auditor and its fee, and then submits proposals to the AGM for the election of an auditor.
- Remuneration for committee work
- Proposes rules for the composition of the Nomination Committee to the Meeting
- The procedure for the replacing of a member of the Nomination Committee before the end of their term

The Nomination Committee is also tasked with taking into account the issues addressed in the Code in its work. The Nomination Committee must take account in its work of the need for diversity and a gender balance in the Board's composition, in accordance with the Code's recommendations and Corem's sustainability policy and its section on diversity within the Board of Directors.

Corem's governance structure



NOMINATION COMMITTEE PRIOR TO THE 2021 AGM

The Nomination Committee prior to the 2021 Annual General Meeting consists of Mia Arnhult (appointed by Rutger Arnhult through companies), Lars Höckenström (Gårdarike AB), Sofia Aulin (Länsförsäkringar Fondförvaltning) and the Chairman of the Board, Patrik Essehörn. The members of the Nomination Committee have considered the matter and concluded that there are no conflicts of interest in accepting their appointment to Corem's Nomination Committee. The composition of the Nomination Committee was announced on Corem's website on 22 September 2020.

The Nomination Committee accounts for 73.4 percent of the outstanding votes at 31 December 2020. The members of the Nomination Committee do not receive any remuneration. Mia Arnhult was the Nomination Committee's Chair over the year.

The Nomination Committee's work consisted of taking part in the assessment of the Board carried out and analysing the experience and expertise required to ensure that the Board operates effectively based on the company's strategy, position and environment. The Nomination Committee had three minuted meetings and were in contact by telephone and email ahead of the 2021 AGM.

The guidelines for the largest shareholders for the selection of appointees are that the individuals put forward should have knowledge and experience that are relevant to Corem and the company's future development. The Nomination Committee has further taken into account the need for diversity and a gender balance in the Board's composition. At the end of 2020, two of the Board's members were women and four were men. The rules applicable to independent directors under the Code were observed. The Nomination Committee also took note of and considered the Audit Committee's recommendation for the election of an auditor.

On 29 December 2020, Rutger Arnhult announced to the Board and the Nomination Committee that he intended to leave the Board on 25 March 2021.

Auditors

The auditors are required to audit the company's annual report and accounts, and its management by the Board of Directors and the Chief Executive Officer. After the end of each financial year, the auditors are required to submit an audit report to the AGM. The auditors are appointed by the AGM, usually for a one-year term.

At the 2020 Annual General Meeting, it was decided that the company should continue to have one auditor. The registered audit firm Ernst & Young AB was re-elected as the company's auditors, and Katrine Söderberg was announced as its principal auditor. The auditor attended three meetings of Corem's Board of Directors during the period between the 2020 and 2021 AGMs.

SEKM	2020	2019
Ernst & Young AB's audit engagement	1.6	2.0
Ernst & Young AB's auditing services in addition to its audit engagement	0.5	0.3
Tax advice	0.1	0.2
Ernst & Young AB's other advisory services	–	0.2
Total	2.2	2.7

Board of Directors

COMPOSITION OF THE BOARD

Corem's Board consists of six members elected at the 2020 Annual General Meeting, four of whom had their terms renewed from 2019, and two of whom were newly elected in 2020. Each director's term

will continue until the end of the next AGM. The Board is therefore composed as follows: Patrik Essehörn (Chairman), Rutger Arnhult, Katarina Klingspor, Fredrik Rapp, Christina Tillman and Magnus Ugglå. Corem's Board of Directors will consist of at least five and no more than eight members, without alternates, in accordance with the articles of association. See page 60 for more information about the members of the Board.

DIVERSITY POLICY FOR THE COMPOSITION OF THE BOARD

Corem's Board of Directors must have overall expertise that is appropriate to the company's business and be able to identify and understand the risks posed by this business. The goal is for the Board to consist of members of varying ages, genders and geographical origins, with varying educational and professional backgrounds, who collectively contribute to the Board's independence and questioning attitude. This policy works in favour of diversity and the creation of a good, open work environment.

INDEPENDENCE OF THE BOARD

In accordance with Nasdaq Stockholm's rules and the Code, the majority of the directors elected at the AGM must be independent of the company and the company's management, and at least two must also be independent of the company's largest shareholders. Directors who are independent of the company and its main shareholders should not have extensive business relationships with the company or individually represent more than 10 percent of Corem's shares or votes, whichever is higher.

According to the Board's assessment of the directors' dependency, which the Nomination Committee agrees with, Corem meets these requirements. The respective directors' assessed dependency in relation to the company and its shareholders is presented in the table below entitled "Composition of the Board". In total, the directors' holdings at 31 December 2020 amounted to 190,938,845 shares, of which 17,299,132 class A ordinary shares, 173,086,611 class B ordinary shares, and 553,102 preference shares. The holdings amount to 50.33 percent (45.75) of the company's share capital and 51.59 percent (46.59) of its votes, calculated based on the total number of shares.

THE WORK OF THE BOARD OF DIRECTORS

The Board is appointed by the General Meeting and manages Corem on behalf of its shareholders by setting targets and strategies, evaluating the operational management, and establishing

procedures and systems for following up on the targets set. This means, among other things, that the Board of Directors continuously assesses the company's financial position and that this is being monitored in a satisfactory way. Under the Swedish Limited Companies Act, the Board of Directors is responsible for the company's organisation and the management of the company's affairs.

The Board must also appoint the Chief Executive Officer, verify that the CEO is meeting their commitments, and determine their salary and other remuneration and those of the other senior executives. Furthermore, the Board is responsible for ensuring that proper information is provided to Corem's stakeholders, that Corem complies with the laws and regulations, and that the company produces and implements internal policies and guidelines.

Corem's Board of Directors has established rules of procedure for its work and instructions for the Chief Executive Officer that govern the Board's and the CEO's commitments and the division of labour between them. The instructions for the CEO set out, inter alia, the limitations on the agreements that the CEO may enter into.

REMUNERATION COMMITTEE AND AUDIT COMMITTEE

As decided by Corem's Board of Directors, the Board itself performs the tasks that would otherwise be entrusted to a Remuneration Committee and an Audit Committee, respectively, as this was considered to be the most effective and economical solution for a company of Corem's size. One of the consequences of this decision is that the Board of Directors is tasked with analysing accounting issues that are important for Corem, ensuring the quality of the company's financial reporting, and following up on the results of the external auditors' audits.

The Board of Directors continuously meets with the company's auditor to acquire information about the focus and scope of audits and to discuss the perception of the company's risks. The Board of Directors establishes guidelines for any services other than auditing that the company may procure from the company's auditor. The Board evaluates audit engagements and informs the company's Nomination Committee of the outcome of these evaluations, as well as helping the Nomination Committee to determine who to propose as auditors and the fee for audit engagements.

The Remuneration Committee's job is to prepare issues relating to the remuneration awarded to the CEO and senior executives to be decided on by the Board.

COMPOSITION OF THE BOARD

Member	Elected	Position	Year born	Nationality	Independent in relation to the company and the company's management	Independent in relation to the company's largest shareholders	Board meetings	
							Total number of meetings	Attendance
Rutger Arnhult	2007	Member	1967	Swedish	No	No	19	19
Patrik Essehörn	2008	Chairman	1967	Swedish	No	No	19	19
Katarina Klingspor	2020	Member	1963	Swedish	Yes	Yes	12	12
Fredrik Rapp	2018	Member	1972	Swedish	Yes	Yes	19	19
Christina Tillman	2010	Member	1968	Swedish	Yes	No	19	19
Magnus Ugglå	2020	Member	1952	Swedish	Yes	Yes	12	12
Carina Axelsson	2017	Member	1965	Swedish	Yes	Yes	7	7
Jan Sundling	2007	Member	1947	Swedish	Yes	Yes	7	7

THE CHAIRMAN OF THE BOARD

The Chairman of the Board is appointed by the AGM and has special responsibility for ensuring that the Board's work is well organised and carried out effectively. In particular, the Chairman:

- Is in continuous contact with and acts as a discussion partner for and supports the CEO, whom the Chairman consults on strategic matters.
- Ensures that the Board receives satisfactory information and decision-making support for its work.
- Ensures that the members of the Board of Directors continuously receive, on the CEO's initiative, the information necessary to keep up to date with the company's position and development.
- Chairs Board meetings, consults the CEO about the agenda and makes sure that meetings are convened.
- Organises and leads the Board's work, and encourages open and constructive discussions between Board members, to create the best possible conditions for its work.
- Makes sure that matters are dealt with in accordance with the provisions of the Swedish Limited Companies Act and the articles of association.
- Makes sure that Board members are aware of insider information legislation and the company's insider information policy.
- Is responsible for ensuring that new Board members undergo the requisite introductory training, and the other training that the Chairman and the director in question jointly consider appropriate.
- Is responsible for making sure that the Board's knowledge of Corem is continuously updated and expanded.
- Takes responsibility for contact with shareholders about ownership-related matters and communicates the shareholders' views to the Board.
- Follows up on the effective and proper enforcement of the Board's decisions.
- Is responsible for the annual evaluation of the Board's work.

THE WORK OF THE BOARD OF DIRECTORS OVER THE YEAR

The Board has held meetings during the year on 19 (24) occasions, 1 of which was constitutive (1). The company's market position, property acquisitions and other major investments, sales, strategic initiatives, economic monitoring and financial position are addressed at each Board meeting. The company's performance is compared quarterly against the business objectives set. Major events affecting management and project organisation, issues relating to customers and letting conditions, and conditions on the credit and financial market are also reported on. Issues relating to the work environment and any incidents, and deviations from established policies, are dealt with on an ongoing basis.

The annual financial statements and issues to be dealt with prior to the AGM, including the proposed appropriation of profits, are examined in February, while the interim financial statements are examined in April, July and October. At every Board meeting, a session is held that is not attended by the company's management. The issues addressed over the year include the transactions completed during the year, ongoing and planned property projects, financial investments in listed property companies, analyses of the future focus of the company's sustainability approach, and the overall business plan for the company's future development.

The Board's work is continuously evaluated and an annual systematic, structured evaluation is carried out in writing. The evaluation for 2020 has been produced and presented to the Nomination Committee. It concludes that the Board has a workable decision-making process and a good and constructive climate.

Subsequent discussions between Board members serve as a basis for the ongoing development of the Board's working methods.

THE BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board ensures the quality of the company's financial reporting by giving instructions to the CEO, and instructions for financial reporting to the Board of Directors, through the information policy, and by addressing the Audit Committee's report in the form of established protocols, observations, recommendations and proposals for decisions and measures to be taken. The Board further ensures the quality of the company's financial reporting by subjecting its interim reports, year-end reports and annual reports to in-depth examination. The meeting of the financial targets set by the Board is continuously monitored in connection with the production of the budget and the quarterly reports.

The Board of Directors has tasked the company's management with ensuring the quality of press releases with financial content and of the presentation materials used in meetings with the media, shareholders and financial institutions.

The group management

The Chief Executive Officer, or general manager, manages the business in line with the Swedish Limited Companies Act, the other laws and regulations, the rules applicable to public limited companies, including the Code, the articles of association, and the framework laid down by the Board, including the instructions for the CEO.

The CEO, in consultation with the Chairman of the Board, provides the information and documents required as the basis for the Board's work and for it to make well-founded decisions, prioritise issues and justify proposed decisions, and report to the Board on the company's development.

The CEO heads the work of the group management and makes decisions in consultation with the other senior executives. At 31 December 2020, the group management consisted of five people including the CEO:

- CEO, Eva Landén
- CFO, Anna-Karin Hag
- Project and Business Development Manager, Jerker Holmgren
- Property Manager, Anna Lidhagen Ohlsén
- Lettings and Marketing Manager, Jesper Carlsöb

Corem holds a group management meeting every two weeks.

Meetings follow a pre-determined agenda of items to be addressed at each group management meeting and cover both strategic and operational matters, such as transaction-related, rental, organisational and sustainability issues, and financing and economic monitoring.

See page 61 for more information about the group management.

Remuneration

THE REMUNERATION OF SENIOR EXECUTIVES

The following principles for the remuneration of Corem's senior executives were determined at the 2020 Annual General Meeting, for application until the 2024 AGM. The guidelines have not significantly changed since last year.

Corem's principles for the remuneration of senior executives are based on the company offering conditions in line with the market that allow it to recruit, develop and retain senior executives. Corem continuously gathers and evaluates information about market remuneration levels for relevant industries and markets. The compensation structure consists of fixed and variable pay, a pension and other components of remuneration that together constitute the individual's total compen-

sation. Remuneration is also determined by the person's responsibilities and powers. Satisfactory work is remunerated with a fixed salary. Variable pay is based on measurable business generation-related criteria, which are established annually by the Remuneration Committee. The remuneration and benefits awarded to other senior executives belonging to the group management are decided on by the Board of Directors, in accordance with principles established at Corem's AGM.

The remuneration, benefits and other employment conditions granted to Corem's CEO and group management are set out in the table below and in Note 4.

THE REMUNERATION OF THE BOARD

Board fees are awarded as decided at the Annual General Meeting. For 2020, the fee for the Chairman of the Board amounted to SEK 320,000 and SEK 180,000 for the other Board members. There are no agreements between the members of Corem's Board and Corem, or any of Corem's subsidiaries, according to which the Chairman of the Board or other directors receive benefits after their terms of office. The directors have not been awarded consultancy fees. During the year, Corem purchased legal services from the law firm Walthon Advokater AB, in which the Chairman of the Board, Patrik Essehorn, is a partner.

THE REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

In 2020, the Chief Executive Officer, or general manager, received the fixed and variable pay stated in the table below. Her maximum annual bonus may be up to six ordinary monthly salaries. The Chief Executive Officer is entitled to a company car, medical insurance, and participation in Corem's profit-sharing scheme. The CEO has a pension agreement with a retirement age of 65. The CEO is entitled to pension benefits equivalent to those that would have been paid under the ITP pension plan had Corem participated in it. The reciprocal notice period for the CEO is nine months, with severance pay of 15 months' salary.

THE REMUNERATION OF SENIOR EXECUTIVES

The remuneration of the other senior executives is based on the principle of fixed and variable pay. The maximum annual bonus may be up to three or six months of the senior executive's basic

salary. All are entitled to a company car, medical insurance and participation in the profit-sharing scheme. The other senior executives are entitled to pension benefits equivalent to those that would have been paid under the ITP pension plan had Corem participated in it. The reciprocal notice period for the other senior executives is six months. At 31 December 2020, an agreement on twelve months of severance pay applies to one of the four executives.

Internal control

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

Corem is continually exposed to risks that may affect its business and its ability to achieve the targets set. Proactivity, sound internal governance and controls are required to minimise the impact of risks. The Board's responsibility for internal control is governed by the Swedish Limited Companies Act and the Code. The following description has been prepared in accordance with the Code and constitutes the Board's report on internal control over financial reporting.

Corem has defined internal control as a process that is shaped by the Board of Directors, the Audit Committee, the Remuneration Committee, the CEO, the group management and other employees. The process is designed to provide reasonable assurance that Corem's objectives in terms of efficient and effective operations, reliable reporting and compliance with the applicable laws and regulations are being met.

The Board of Directors ensures that the company has good internal controls and continuously stays informed about and evaluates the functioning of the internal control system.

THE CONTROL ENVIRONMENT

The internal control process is based on the control environment and control measures, which create discipline and structure for the process's other components, namely risk assessment, control activities, information and communication and monitoring. The control environment ensures efficiency within the company and serves as the basis for internal controls. The formal decision-making procedure rests on the division of responsibility between the Board of Directors and the CEO and includes the rules of procedure and the instructions for the CEO.

REMUNERATION OF THE CEO AND SENIOR EXECUTIVES

SEK 000s	2020				2019			
	Salaries, fees and benefits	Pension costs	Social security costs, including payroll tax	Total	Salaries, fees and benefits	Pension costs	Social security costs, including payroll tax	Total
Chairman of the Board, Patrik Essehorn	317	-	99	416	307	-	96	403
Rutger Arnhult	177	-	56	233	168	-	53	221
Jan Sundling	56	-	6	62	168	-	27	195
Carina Axelsson	56	-	18	74	168	-	53	221
Christina Tillman	177	-	56	233	168	-	53	221
Fredrik Rapp	177	-	56	233	168	-	53	221
Magnus Uggla	120	-	12	132	-	-	-	-
Katarina Klingspor	120	-	38	158	-	-	-	-
CEO Eva Landén	3,494	785	1,288	5,567	3,966	805	1,441	6,212
Other senior executives (4 (4)), of which variable remuneration SEK 0.6 million (1.3)	6,519	1,244	2,350	10,113	8,979	1,541	3,195	13,715
Total	11,213	2 029	3,979	17,221	14 092	2 346	4 971	21 409

Significant processes other than financial reporting, such as accounting instructions and project and rental administration, are evaluated and developed on an ongoing basis according to changes in laws, recommendations, risks and procedures.

POLICY DOCUMENTS

Policies are continually revised and are defined by the Board once a year. The company's Board of Directors adopted the following ten policies during the year: the Finance Policy, the Dividend Policy, the Related Party Policy, the Non-Audit Service Approval Policy, the Crisis Management Policy, the Work Environment Policy, the Personal Data Processing Policy, the Information Policy, the Insider Information Policy and the Sustainability Policy. In addition to the policies adopted, the Board has also adopted a code of conduct that summarises the company's values and how the business should be run.

Certification instructions, a financial manual with descriptions of procedures and similar information, and internal guidelines decided on at CEO level are all important instruments for ensuring good internal controls. The Board of Directors is in continuous dialogue with the company's auditors and management to obtain assurance that the internal control system is working.

RISK ASSESSMENT

Risk management is built into the company's processes and various methods are used to assess and limit risk, and to ensure that the risks that Corem is exposed to are managed in accordance with the policies and guidelines defined.

Corem intends to continue its growth through the acquisition of property and through investments in existing properties, in accordance with its investment strategy. The company invests in properties that meet the group's requirements of a good return and balanced risk. Each investment is examined separately when each individual decision is made.

Once a year the Board of Directors reviews the company's internal controls together with the company's auditors in accordance with the rules of procedure. The risks that are considered to exist are identified and measures are defined to reduce these risks. Both business and sustainability risks are identified on an ongoing basis through work on the company's business plan and measures are proposed and executed.

DISCLOSURE OF INFORMATION

The company aims to provide effective and accurate information to all parts of the business, the market, and the relevant authorities, through its information and communication channels. Policies and guidelines are made available to the staff involved, who are familiar with their contents, while information about events, development and the state of affairs within the various parts of the business is transmitted to Corem's Board of Directors, Audit Committee, CEO and group management so that they can make well-informed decisions.

External information disclosures include statutory reporting to the authorities and the reporting of financial information, for example. The company provides prompt, accurate, relevant and reliable information to existing and potential shareholders and other stakeholders. The company issues interim activity reports each quarter, as well as year-end reports and annual reports for the full financial year. Corem uses the website www.corem.se to quickly provide information to the stock market. Significant events are announced on an ongoing basis through press releases. The company has an information policy, to make sure that external information disclosures are accurate and complete, which describes how information should be disclosed internally and externally.

Internal information is transmitted through regular meetings, company conferences, and via the company's intranet. The intranet's main purpose is to serve as a platform through which up-to-date and relevant information can be provided to employees.

POLICY	PURPOSE
Finance policy	Sets out overall financial targets and guidelines for the conduct of financial activities, ensuring stable finances over the long term and good returns to shareholders. The policy also includes the division of responsibilities.
Dividend policy	Defines the percentage of the year's earnings that will be distributed to the company's shareholders.
Related party policy	Related companies are companies to which there is an ownership link. The policy provides guidelines for the procurement and provision of services to and from related companies, to make sure that business with related companies is always conducted under market conditions.
Non-audit services approval policy	Contains guidelines on the procurement of so-called non-audit services to ensure that the independence, impartiality and autonomy of Corem's external auditors is maintained.
Crisis management policy	Contains guidelines on how the company should act and communicate in the event of a crisis.
Work environment policy	Describes the overall framework and methods for Corem's systematic approach to the work environment and responsibility for the latter.
Personal data processing policy	Describes how personal data should be managed and stored in accordance with the applicable laws and regulations. Information is also available on Corem's website, www.corem.se . The basic rule at Corem is that only personal data that is essential to fulfil the business's obligations or meet other regulatory requirements should be retained.
Information policy	Contains guidelines and communication channels for both external and internal communication. The policy ensures that prompt, accurate and relevant information about the company is provided to the company's stakeholders. Transparency and reliability should be the rule for Corem's information disclosures.
Insider information policy	Rules relating to confidentiality and securities trading for people with insider information. The policy ensures proper, ethical management of dealings with the equity and capital markets.
Sustainability policy	Describes how the business should be run with regard to social, ecological and economic sustainability, and gender equality and the prevention of corruption. The sustainability policy includes human resources policy, environmental policy and ethics rules. The business should be informed by accountability, good ethics and a high degree of professionalism in all of its partnerships. There should be no discrimination or victimisation and Corem should be a healthy, safe and attractive place to work. Corem should also have an active approach to the environment that minimises the negative environmental impact of its business.

CONTROL ACTIVITIES

The internal controls over financial reporting are intended to provide appropriate guarantees of the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with all the laws, applicable accounting standards and other requirements that must be met by listed companies.

The risks identified in relation to financial reporting are managed through the company's control structures and result in a number of control activities. These control activities are aimed at preventing, detecting and correcting errors and abnormalities. They include, for example, account reconciliations, the monitoring and reconciliation of Board decisions and policies defined by the Board, and the approval and recognition of business transactions, delegation and authorisation structures, company signatories, group-wide definitions, templates, reporting tools, and accounting and valuation principles.

Earnings are continuously monitored at several levels within the group, both at property and group level. Results are monitored and analysed by comparison with the budget, forecasts and the previous year.

The property managers have a clear responsibility for the performance of the properties that they are responsible for. Their regular analyses of the financial reporting on properties, along with the analyses performed at group level, are an important part of the internal control system.

The auditors report their audit observations and their assessment of the company's internal controls. The auditors report at least twice a year. The Board of Directors has overall responsibility for internal control over financial reporting.

THE NEED FOR INTERNAL AUDITING

Corem's Board has judged that a separate internal audit function is not required. Corem's monitoring and control methods are considered to be sufficient.

The company's organisational structure is decentralised and transparent. Its financial activities, business and rental administration, and external and internal information disclosures, are handled by headquarters. Corem's earnings and balance sheet undergo quarterly monitoring by the various regional functions, the company's management and the Board of Directors. The CFO attends every Board meeting as a co-opted member/secretary. Other group officers regularly attend Board meetings to present reports on specific issues.

Clear documentation through policies and instructions, together with repeated monitoring and regular discussions with the auditor, ensure the processes' compliance. Management and reporting are formally audited by the company's auditor and reported on to the Board.

See the Opportunities and Risks section on pages 69 to 71 for detailed information about Corem's risk assessment, exposure and management procedures.

Stockholm, 19 March 2021

Patrik Essehorn
Chairman of the Board

Rutger Arnhult
Board member

Katarina Klingspor
Board member

Fredrik Rapp
Board member

Christina Tillman
Board member

Magnus Uggla
Board member

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of Corem Property Group AB, corporate identity number 556463-9440

Engagement and responsibilities

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 52–59 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards

in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 19 March 2021

Ernst & Young AB

Katrine Söderberg
Authorised public accountant

BOARD & AUDITOR



PATRIK ESSEHORN

Chairman of the Board
Elected: 16 Dec 2008

Born: 1967

Education: Legal Studies

Other positions: Partner in and Chairman of the Board of Directors of Walthon Advokatbyrå AB, Chairman of the Board of Tobin Properties AB and Board member of Patrik Essehorn Lawyer AB. Board member and CEO of EssehornNorrman Advokat AB.

Dependent in relation to the company and its management. Dependent in relation to the company's largest shareholders.

Holdings: Class A ordinary shares: 10,000, class B ordinary shares: 100,000.



RUTGER ARNHULT

Board member
Elected: 30 Oct 2007

Born: 1967

Education: MSc in Economics and Business

Other positions: CEO and member of the Board of Directors of Klövern AB and Chairman of the Board of M2 Asset Management AB.

Dependent in relation to the company and its management. Dependent in relation to the company's largest shareholders.

Holdings: Class A ordinary shares: 15,967,692, class B ordinary shares: 159,679,211, preference shares: 512,802



KATARINA KLINGSPOR

Board member
Elected: 28 April 2020

Born: 1963

Education: MBA and Economic and Legal Studies

Other positions: Chairman of the Board of Directors of Srf Konsulterna AB and Viltmatakademin, as well as a Board member of Ludvig Holding AB, Ludvig Group AB and Biby Förvaltnings AB.

Independent in relation to the company and its management. Independent in relation to the company's largest shareholders.

Holdings: Class B ordinary shares: 13,000, preference shares: 150.



FREDRIK RAPP

Board member
Elected: 27 Apr 2018

Born: 1972

Education: MSc in Economics and Business

Other positions: CEO of Pomona-gruppen AB. Chairman of the Board of Directors of Xano Industri AB, Argynnis Industrier AB and Svenska Handbollförbundet. Board member of Itab Shop Concept AB, Ages Industri AB, Pomona-gruppen AB including subsidiaries/associates, PrimeKey Solutions AB and Segulah AB.

Independent in relation to the company and its management. Independent in relation to the company's largest shareholders.

Holdings: Class A ordinary shares: 749,999, class B ordinary shares: 7,499,990.



CHRISTINA TILLMAN

Board member
Elected: 21 Apr 2010

Born: 1968

Education: MSc in Economics and Business

Other positions: Chairman of the Board of Directors of NF11 Holding AB. Board member of Volati AB (publ), Grimaldi Industri AB, Cycleurope AB and Clean6 holding AB. Alternate on the Board of Directors of Stocksund Financial Management AB and Stocksund Financial Services AB. Acting CEO of Hunter Sales I Stockholm AB.

Independent in relation to the company and its management. Dependent in relation to the company's largest shareholders.

Holdings: Class A ordinary shares: 571,441, class B ordinary shares: 5,714,410, preference shares: 40,150.



MAGNUS UGGLÅ

Board member
Elected: 28 April 2020

Born: 1952

Education: MSc in Civil Engineering, MSc in Economics and Business

Other positions: Magnus is Chairman of the Board of Directors of Junibacken and a member of the Advisory Board of Ashoka Sweden.

Independent in relation to the company and its management. Independent in relation to the company's largest shareholders.

Holdings: Class B ordinary shares: 80,000.

AUDITOR ERNST & YOUNG AB

Katrine Söderberg, Principal Auditor

Born: 1981

Authorised Public Accountant, Member of FAR

MANAGEMENT



EVA LANDÉN

CEO

Born: 1965

Education: MSc in Economics and Business

Professional experience: Eva previously served as CFO and Vice-Chairwoman of Corem, and CFO of Bonnier Cityfastigheter, and before that as an authorised public accountant at PwC. Eva is a Board member of Klövern AB and Chairwoman of the Board of Specialfastigheter Sverige AB.

Holdings: Class A ordinary shares: 6,120, class B ordinary shares: 56,570, preference shares: 250.



JESPER CARLSÖÖ

Marketing and Lettings Manager

Born: 1971

Education: Economics at Stockholm University

Professional experience: Jesper previously served as Stockholm Regional Manager at Corem and a manager at M2 Gruppen. Prior to this, Jesper ran one of Sweden's largest advertising agencies, with operations in Sweden, Norway and Denmark, for more than 10 years. Jesper is also a director of Otologica Aktiebolag, Nilocom Holding AB, Puppeeter Stockholm AB and Carlsöö & Co Communications AB.

Holdings: Class A ordinary shares: 3,250, class B ordinary shares: 11,354, preference shares: 100.



ANNA-KARIN HAG

CFO

Born: 1973

Education: MSc in Economics

Professional experience: Anna-Karin previously served as the CFO of Humlegården Fastigheter AB and John Mattson Fastighetsföretagen AB, as well as working at AP Fastigheter/Vasakronan and PwC Corporate Finance - Real Estate. She is also a Board member of Innuce Management Consulting AB.

Holdings: Class A ordinary shares: 1,300, class B ordinary shares: 3,100, preference shares: 50.



JERKER HOLMGREN

Business and Project Development Manager

Born: 1960

Education: MSc in Civil Engineering

Professional experience: Jerker previously served as Business Manager for Project Development at AP Fastigheter, Marketing Manager and Project Manager at Peab and Property Manager and Project Manager at Skanska Fastigheter.

Holdings: Class A ordinary shares: 4,000, class B ordinary shares: 41,500.



ANNA LIDHAGEN OHLSEN

Property Manager

Born: 1973

Education: MSc in Civil Engineering/Real Estate Economist

Professional experience: Anna previously served as Head of Management for the Stockholm Region at Corem and East Market Area Manager at Hufvudstaden.

Holdings: Class B ordinary shares: 15,514.

The above data are correct at 31 December 2020 and relate to own, related and own and related company holdings.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of Corem Property Group AB (publ), corporate registration number 556463-9440, whose registered office is in Stockholm, Sweden, hereby report to the Group and the parent company on the financial year 2020.

Business model, objectives and strategy

Corem's business model is to create long-term growth and increased value by acquiring, managing, developing and building properties in logistics areas in a sustainable way. Corem's main strategies, which all incorporate sustainability in order for the business as a whole to hold a sustainable mindset and a responsible approach, are:

- Investments for continued growth
- Effective property management with a focus on tenants
- Business strategy for value creation through refinement and property development

Corem's overall objective is to become the leading property company in its segment and selected geographical regions, and to generate a good return for shareholders. Five target areas have been chosen in order to achieve the company's overall objective:

- Improvement, growth and development. Progress is measured through the average return on equity over time and growth within the selected segments.
- Proactive, customer-focused management. Progress is measured through, among other things, client satisfaction, net lettings and the development of net operating income.
- An attractive employer. Progress is measured through the employee satisfaction index and metrics relating to sick leave and work environment.
- Environmental consideration and resource efficiency. Progress is measured through energy savings, emission reductions and certification of properties.
- Long-term, stable finances. Financial targets include interest coverage ratio, fixed interest rate term, fixed credit term and equity ratio targets. A dividend of at least 35 percent of the company's profit from property management, less the preference shareholders' right to a dividend of SEK 20 per preference share per year, should be distributed.

Property portfolio

The fair value of Corem's property portfolio was SEK 14,002 million (12,114) at 31 December 2020, consisting of 167 properties (162) with a total lettable area of 985,887 sqm (959,495). The property portfolio is divided into four geographical regions: Stockholm Region, South Region, West Region and Småland Region.

All properties are valued quarterly through cash flow valuations. The company has internal valuation expertise in the form of a highly experienced authorised valuer. All properties undergo an external valuation annually, approximately 25 percent being valued every quarter. Over the year, 99.9 percent of the total value was externally valued. For the reporting period, the company engaged Savills Sweden AB, Cushman & Wakefield AB and CBRE A/S as valuation institutions. Corem continuously obtains market information from external valuation institutions to support the internal valuation process. The average yield requirement at 31 December 2020 was 5.5 percent (5.8).

ACQUISITIONS AND DIVESTMENTS

In 2020, Corem acquired ten properties totalling 30,617 sqm with an underlying property value of SEK 478 million. Five properties were divested, totalling 9,825 sqm and with a net property value of SEK 60 million. An agreement was signed to acquire the Kalvsvik 16:20 property in Haninge with a lettable area of 6,224 sqm and an underlying property value of approximately SEK 132 million. Handover is planned for February 2021.

CLASSIFICATIONS OF ACQUISITIONS

Property acquisitions made in company form constitute asset acquisitions according to IFRS 3.

PROJECT DEVELOPMENT

In 2020, Corem invested SEK 741 million (506) in the property portfolio, regarding new builds, extensions and conversions. Property development is an increasingly important aspect of Corem's business, enabling to meet the changing requirements of tenants, and further develop and add value to the property portfolio. Investments in existing properties are often made in conjunction with new leases with a view to adapt and modernise the premises.

Shareholdings

Corem has owned shares in Klövern, listed on Nasdaq Stockholm, since 2008. At 31 December 2020 the holding amounted to 11,875,000 class A ordinary shares and 161,750,000 class B ordinary shares B, which is equivalent to 14.6 percent of the votes and 15.2 percent of the capital based on the total number of shares. The holding was previously recognised in the financial statements under Holdings recognised according to the equity method, but on 1 July 2019 the holding was reclassified to Financial assets measured at fair value and since then recognised in the income statement in Changes in the value of financial assets measured at fair value and net financial income. See note 11 for further information. During the year Corem participated in Klövern's new share issue, which entailed an investment of approximately SEK 347 million.

Corem has owned shares in Castellum since 2019. At 31 December 2020, the holding amounted to 7,900,000 shares, amounting to 2.9 percent of the votes and 2.9 percent of the capital based on the total number of shares.

In 2019 and 2020, Corem further had short-term investments in property company shares listed on Nordic exchanges. These holdings were divested in 2020, with the exception of the holding in Castellum, which was reclassified to long-term assets.

PROPERTY TRANSACTIONS FROM 1 JANUARY TO 31 DECEMBER 2020

Quarter	ACQUIRED		DIVESTED		NET ACQUISITIONS	
	Lettable area, sqm	Property value, SEKm	Lettable area, sqm	Property value, SEKm	Lettable area, sqm	Property value, SEKm
1	2,623	41	–	–	2,623	41
2	–	–	–	–	–	–
3	13,166	211	–8,907	–42	4,259	169
4	14,828	226	–918	–18	13,910	208
Total for 2020	30,617	478	–9,825	–60	20,792	418

Sustainability work

Sustainability is an integral part of our day-to-day operations and covers social, ecological and economic sustainability. The work is focused to three main areas, which have been selected as particular priorities: Good business partner, Attractive employer and Environmental consideration and resource efficiency.

GOOD BUSINESS PARTNER

Corem should be a good business partner to all stakeholders, which includes running an economically sustainable business that is responsible, of high business ethics and zero tolerance for corruption. All employees are subject to a code of conduct, which is used as a basis for supplier agreements.

ATTRACTIVE EMPLOYER

Committed employees are a key factor in Corem's success. This should be achieved through a healthy and safe work environment, equal treatment, the absence of discrimination, and the encouragement of wellness and opportunities for development within Corem.

ENVIRONMENTAL CONSIDERATION AND RESOURCE EFFICIENCY

The main focus of our environmental efforts is reduced emissions and increased energy efficiency, fossil fuel-free energy, the environmental classification of properties, the certification of properties and the use of sound materials during construction. Corem's operations do not require any special environmental permits.

SUSTAINABILITY REPORT

Our long-term sustainability objectives and strategies can be found on pages 12-17, together with the business's other strategies and objectives. Corem's sustainability work during the financial year 2020 is described in accordance with the legal requirement for sustainability reporting. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Corem has chosen to prepare its statutory Sustainability Report separately from its Annual Report. The Sustainability Report is audited at the same time as the Annual Report.

Pages 32-42 and 101-108 of this printed document constitute the Group's Sustainability Report in accordance with the Swedish Annual Accounts Act. Social, ecological and economic sustainability are addressed in the report. Corem's Sustainability Report covers the Corem Group as a whole and was produced for 2020 in accordance with GRI Standards. The GRI index can be found on pages 107-108.

The sustainability risks identified are

described in the Opportunities and risks section on pages 69-71. See page 33 to learn more about Corem's sustainability policy. Information can be found in Corem's Sustainability Report and on www.corem.se.

Covid-19

The spread of Covid-19, caused by the newly discovered Coronavirus SARS-CoV-2, was classified as a pandemic in February 2020. Efforts to combat the virus's spread affected the whole of society over the year, and economic growth slowed. Some parts of the business community, such as hospitality, restaurants and some types of retail, were hit particularly hard. For Corem, market conditions were good despite the pandemic, partly due to strong digitalisation and e-commerce trends increasing demand for city logistics premises. Corem has not noted either downward pressure on rent levels or increased vacancy rates as a result of the pandemic.

Some of Corem's tenants were affected by short-term cash flow shortage, which was mainly addressed through agreements on monthly payment. These agreements have been complied with and rents have been paid on time. Client losses for the full year 2020 amount to SEK 2 million (2).

Rent concessions granted to existing tenants as a result of the pandemic were charged to the profit for the year with an amount of SEK 3 million, less the SEK 0.8 million of compensation in line with the state support for rent concessions for vulnerable industries that could be applied for in the second quarter of 2020.

There was no impact on Corem's project development during the year.

Corem has long-term financial investments in property companies listed on Nordic stock exchanges. The value of these investments were volatile, mainly during the second quarter, but stabilised towards the end of the year. The overall risk of a negative effect on Corem's financial position is considered to be limited.

The banking market has worked well for Corem so far during the pandemic. The bond market recovered during the latter half of the year after falling during the first six months.

Earnings

The net profit for the year amounted to SEK -108 million (3,114), which, after dividends to preference shareholders, is equal to SEK -0.52 per ordinary share (8.35). Changes in the value of properties amounted to SEK 759 million (1,695), changes in value from financial investments to SEK -1,042 million (1,089) and changes in the value of derivatives of SEK -31 million (-17) impacted profit for the year.

INCOME

The Group's income totalled SEK 894 million (961) for the period, which was affected by changes in the portfolio, completed projects, new lettings and renegotiations. For a like-for-like portfolio, income increased by 4 percent. Rental income includes a SEK 2 million (2) provision for expected client losses.

Corem's contracted rent at 31 December 2020 amounted to SEK 906 million (830), with a total annualised rental value of SEK 970 million (912). Corem has a well-diversified income base with 670 unique tenants, the three largest tenants accounting for around 10 percent (11) of the contracted rent. The average remaining lease term is 4.4 years (4.0). The occupancy rate was 93 percent (91).

PROPERTY EXPENSES AND NET OPERATING INCOME

Property expenses for the period totalled SEK 226 million (260), a decrease which is primarily attributable to changes in the portfolio during 2019. In a like-for-like portfolio, property expenses were almost unchanged compared with the previous year. Net operating income amounted to SEK 668 million (701) with an operating margin of 75 percent (73). For a like-for-like portfolio, net operating income increased by 5 percent with a surplus ratio of 74 percent (73).

CENTRAL ADMINISTRATION

Central administrative expenses stood at SEK 39 million (39).

NET FINANCIAL INCOME

Net financial income amounted to SEK -209 million (-262). Financial income totalled SEK 84 million (34) and consists of dividends from shareholdings. Financial expenses stood at SEK 293 million (296), and consisted mainly of interest expenses relating to loans and interest on lease liabilities relating to site leaseholds of SEK 15 million (13). At year-end, the average interest rate, including margins, was 2.7 percent (3.4).

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management stood at SEK 420 million (400).

CHANGES IN THE VALUE OF PROPERTIES

The changes in the value of properties during the year amounted to SEK 759 million (1,695), of which unrealised changes in value totalled SEK 742 million (1,695) and realised changes in value SEK 17 million (0).

CHANGES IN THE VALUE OF FINANCIAL INVESTMENTS

The total changes in value of financial investments amounted to SEK -1,042 million (1,089), of which SEK -840 million relates to the holding in Klöver, SEK 86 million to the holding in Castellum and SEK -288 million to short-term investments. SEK -166 million (30) of the changes in value were realised changes.

CHANGES IN THE VALUE OF DERIVATIVES

The market value of the interest rate derivative portfolio was SEK -455 million (-424). The provision for these value adjustments will be gradually written down and reversed to profit or loss until the agreed expiry date of the derivatives. The change in value of derivatives during the year amounted to SEK -31 million (-17).

TAX

Corem recognised total tax of SEK -214 million (-201) for the period. Current tax amounted to SEK -7 million (-8) and deferred tax to SEK -207 million (-193). Ordinary property activities were liable for tax of SEK -48 million (-51). A further SEK 48 million (-32) consists of deferred tax on temporary differences attributable to financial investments and derivatives, and SEK -154 million (-50) to changes in the value of properties. An increased temporary difference attributable to properties relating to tax depreciations and direct deductions resulted in deferred tax of SEK -71 million (-68).

Deferred tax relating to the revaluation of tax loss carryforwards amounted to SEK 11 million (0).

Interest-bearing liabilities

At 31 December 2020, Corem had interest-bearing liabilities equal to SEK 9,620 million (7,375). Net interest-bearing liabilities, less SEK 15 million (8) of liquid assets, SEK 0 million (5) of interest-bearing assets, SEK 4,347 million (3,191) of long-term shareholdings and SEK 0 million (1,542) of short-term investments, amounted to SEK 5,258 million (2,629). SEK 6,473 million (5,626) of the interest-bearing liabilities were secured by properties and/or shares in property-owning companies in accordance with common market practice. A further SEK 997 million (327) were secured by listed shares. Secured financing represented 45 percent (38) of the company's assets at period-end.

During the year, a SEK 500 million bond issue and a SEK 850 million bond issue were fully redeemed.

The average fixed credit term at the balance sheet date was 1.9 years (2.2).

Corem holds derivatives in the form of interest rate swaps and interest rate caps in

order to reduce its interest rate risk. Interest rate swaps make interest expenses more predictable and interest rate caps offer protection from sudden interest rate hikes. At year-end, Corem had SEK 2,390 million (2,390) of interest rate swaps and SEK 2,503 million (2,503) of interest rate caps. Including fixed interest rate loans, 53 percent (71) of the interest-bearing liabilities were interest rate hedged. Maturity of the interest rate derivatives range between 2022 and 2031, with average residual maturity of the derivatives of 5.2 years. The company's average fixed interest rate term was 2.7 years (3.4), taking derivatives into account. The average interest rate at the balance sheet date was 2.71 percent (3.40), including derivative instruments. The interest coverage ratio was 2.5x (2.8).

Equity and financial position

At period-end, the Group's equity stood at SEK 7,277 million (8,172), equivalent to SEK 18.56 (19.95) per ordinary share, SEK 251.67 (251.67) per preference share, and a NAV of SEK 22.22 (22.74) per ordinary share.

At 31 December 2020, adjusted equity ratio was 48 percent (55) and equity ratio was 39 percent (48).

Cash flow, Cash and cash equivalents

Cash flow from operating activities was SEK 370 million (467). Dividends from shareholdings amounted to SEK 84 million (64).

Cash flow from investing activities totalled SEK -2,016 million (3,064) and cash flow from financing activities totalled SEK 1,653 million (-3,537). Cash and cash equivalents amounted to SEK 15 million (8) at period-end. The cash and cash equivalents combined with unused credit facilities of SEK 567 million (993) resulted in available cash of SEK 582 million (1,001).

Parent company

The Group's parent company is the Corem Property Group AB (publ). The parent company does not own any properties; its activities consist of dealing with issues relating to the stock market and group-wide business functions such as administration, transactions, management, project development, legal affairs, marketing, accounting and financing. Expenses are re-invoiced to the subsidiaries on a quarterly basis. Intra-group services are charged for at market prices and on commercial terms. Intra-group transactions consist of charging for management services and group-wide interest.

The parent company's net profit amounted to SEK 791 million (1,118). Its revenue, the largest share of which consisted of group-wide invoicing, totalled SEK 89 million (96). Interest income and similar items

of income include, inter alia, dividends from subsidiaries of SEK 980 million (1,025).

The parent company's assets totalled SEK 5,924 million (4,493), of which cash and cash equivalents accounted for SEK 21 million (8). Its equity stood at SEK 2,769 million (2,754).

Organisation

At 31 December 2020, Corem had a total of 57 employees (57), with a total of 21 women (19) and 36 men (38). All were employed by the parent company.

Legal structure

At 31 December, 2020, the Group consisted of 122 limited companies (116) and 21 limited partnerships and partnerships (21), of which Corem Property Group AB (publ) is the parent company. All properties are owned through subsidiaries.

Corporate governance

Corem is a Swedish public limited company whose registered office is in Stockholm. The company's corporate governance is based on its articles of association, the Swedish Limited Companies Act and other applicable laws and regulations. Corem applies the Swedish Code of Corporate Governance (the Code), whose overall purpose is to improve the governance of Swedish companies whose shares are admitted to trading on a regulated market. The Code is based on the principle of "comply or explain". A more detailed description of the Board of Directors' work is provided in the Corporate Governance Report on pages 52–59.

Board of Directors

In accordance with the articles of association, the number of Board members elected at the General Meeting must be no less than five and no more than eight, without alternates. Information about the Board of Directors can be found on page 60 and in the Corporate Governance Report on pages 55–57.

Remuneration issues

The Board of Directors is responsible for ensuring that the company has a formalised and transparent process for determining principles, remuneration and other employment conditions for the company's management. Corem's Remuneration Committee prepares proposals for guidelines on remuneration and other employment conditions for the CEO and other senior executives and evaluates the application of the guidelines adopted at the Annual General Meeting. Corem's Remuneration Committee consists of all the members of the Board of Directors.

Proposals for guidelines are prepared by

the Board of Directors at least every four years and proposals are submitted for approval at the AGM. The 2020 AGM adopted guidelines on the determining of the salaries and other remuneration awarded to Corem's senior executives. These will be valid until the end of the 2024 AGM.

The guidelines mean that Corem will offer market-based, competitive remuneration that reflects people's authority and responsibilities. The remuneration will consist of a fixed salary, possible variable remuneration, pension benefits and other benefits. Alignment with the market and competitiveness will be the overarching principles applicable to the remuneration awarded to senior executives. Any variable remuneration may be up to six months' salary and based on the achievement of set targets. Pension rights must be in line with the market and based on defined contribution pension schemes. Other benefits, where applicable, may only constitute a limited share of the remuneration. In accordance with Chapter 8, Section 53 of the Swedish Limited Company Act, the Board will be entitled to diverge from the guidelines if there are particular reasons to do so in an individual case. The salaries, remuneration and pension premiums for 2020 are set out in Note 4.

Corem has set up a profit-sharing scheme, in order to increase every employee's stake in the company's business and the development of its earnings, in accordance with the resolution passed at the 2011 AGM. Allocations may be made up to a maximum of one price base amount per employee, but may not exceed 1 percent of the proposed dividend to ordinary shareholders. The amount allocated for 2020 was SEK 639 thousand (2,066).

For the complete proposal for the proposed guidelines for senior executives, see Corem's website, www.corem.se.

Auditors

The registered audit firm Ernst & Young AB, with Katrine Söderberg being the principal auditor, has been the company's auditor since 2020. The company's auditor attended three meetings of the Board during the period between the 2020 and 2021 AGMs.

Outlook for 2021

In 2021, Corem will continue to create long-term value for shareholders through growth in selected regions, and actively work to refine and develop the portfolio. Demand for properties in Corem's priority segments, warehouse and logistics, and the tenants' need for strategically located premises offering efficient transport and sustainable solutions, is expected to hold up well.

Share information

The Corem Property Group is listed on the Nasdaq Stockholm Mid Cap with three classes of shares: class A ordinary shares, class B ordinary shares and preference shares. Class A ordinary shares entitle holders to one vote, while class B ordinary shares and preference shares entitle holders to one tenth of a vote.

There is a conversion right whereby class A ordinary shares may be converted into class B ordinary shares. Conversion requests may be made during two periods each year, namely in February and August. In 2020, conversion requests were made for 492,819 class A ordinary shares (635,959), which were converted into class B shares in March and September. There was a total 379,338,880 shares at 31 December 2020, of which 32,510,224 class A ordinary shares, 343,228,656 class B ordinary shares and 3,600,000 preference shares, each with a par value of SEK 2.00.

There are no restrictions on the transferability of the shares under the law or the articles of association. See pages 48 and 49 and Note 17 for more information.

OWNERS

There were 7,662 (7,231) shareholders at 31 December 2020, of which the ten largest hold 79.85 percent (82.72) of the votes, calculated based on the total number of shares. Two (two) of these have holdings that, at 31 December 2020, amounted to 10 percent or more of the company's votes.

SHARE BUYBACKS

At Corem's Annual General Meeting on 28 April 2020, the Board of Directors' proposal that its authorisation to repurchase and transfer own shares be continued was approved. Buybacks may not exceed a limit whereby after each repurchase of shares, the company holds no more than 10 percent of the company's total shares. Repurchases may be made in a regulated marketplace and at a price within the price range recorded at any given time. All of the shares held by the company at the time when the decision is made by the Board may be transferred. The transfer may be carried out on a regulated marketplace or by other means. The remuneration for transferred shares must be paid in cash, through off-setting, in kind or by other means subject to conditions. The purpose of the authorisation is to give the Board of Directors greater scope to adapt the company's capital structure to its capital requirement from time to time. The Board is in this way able to transfer shares in connection with acquisitions.

Corem has repurchased shares in accordance with the authorisation approved at the Annual General Meeting. 21,075,000 class B ordinary own shares were repurchased in 2020.

At 31 December 2020, Corem holds a total of 2,913,825 class A ordinary shares and 29,630,550 class B ordinary shares, repurchased for an average price of SEK 18.35 per share. The total value amounted to approximately SEK 612 million, based on the share price at 31 December 2020, each share having a par value of SEK 2.00. This is equal to 8.6 percent (3.0) of the total number of registered shares and 8.7 percent (5.6) of the voting rights.

MANDATORY BID

Corem's lead shareholder, M2 Asset Management (M2), acquired additional shares in Corem in the fourth quarter of 2020, which triggered an obligation to announce a mandatory bid. The mandatory bid was announced in December with a bid of SEK 18.60 per class A and class B ordinary share respectively, and SEK 317.00 per preference share.

See Significant events after the period on page 68 to find out more about the outcome of M2's offer to Corem's shareholders.

Appropriation of profits and dividend information

Corem's dividend policy is to distribute at least 35 percent of the company's profit from property management over time, less the preference shareholders' right to a dividend of SEK 20.00 per share per year.

The Board of Directors proposes to the Annual General Meeting a dividend for the financial year 2020 of SEK 0.65 (0.60) per class A ordinary share and class B ordinary share. It is also proposed that preference shareholders receive SEK 20.00 per year per preference share, SEK 5.00 being paid each quarter. The Board of Directors proposes 3 May 2021 as the record date for the dividends on ordinary shares, with 6 May 2021 as the payment date. The record dates for dividends to preference shareholders are the last business day in each calendar quarter, with payment three banking days thereafter.

The proposed dividend amounts to 64 percent (58) of the profit from property management less the preference share dividend.

DIVIDEND YIELD

If the proposal is approved at the Annual General Meeting, Corem's proposed dividend of SEK 0.65 per class A ordinary share and class B ordinary share, and SEK 20.00 per preference share, amounts to a dividend yield of 3.5 percent (2.2) for class A ordinary shares, 3.5 percent (2.2) for class

B ordinary shares, and 6.3 percent (5.1) for preference shares based on the share price at 31 December 2020.

PROPOSED APPROPRIATION OF PROFITS
In its proposal for the appropriation of profits for the financial year 2020, the Board of Directors proposes to the shareholders at the Annual General Meeting on 29 April 2021 the payment of a dividend of SEK 0.65 per ordinary share and SEK 20.00 per preference share. SEK 2,010,352,001 are at the disposal of the Annual General Meeting, as follows:

SEK

Retained earnings	1,219,357,362
Profit/loss for the year	790,994,639
Amount available for appropriation by the Annual General Meeting	2,010,352,001

The Board of Directors proposes that the profits be appropriated as follows:

SEK

SEK 20.00 per preference share to be distributed to shareholders	72,000,000
Shareholders to receive a dividend of SEK 0.65 per ordinary share	223,076,428
To be carried forward	1,715,275,573
Total	2,010,352,001

The dividend amount is based on the number of shares outstanding at 5 March 2021, i.e. 343,194,505 class A and class B ordinary shares and 3,600,000 preference shares. The total number of shares outstanding may change depending on the repurchasing of own shares, voluntary conversions of class A ordinary shares or issues in kind. For further information about the Group's and the parent company's earnings and financial position, see the following income statements and balance sheets and the notes to the financial statements.

OTHER DIVIDEND INFORMATION

Dividends are decided on at Corem's Annual General Meeting. If a dividend is to be paid, payment is made by Euroclear Sweden AB. The right to a potential dividend accrues to anyone who, on the record date approved by the AGM, is registered as a shareholder in the share register maintained by Euroclear Sweden AB. If shareholders cannot be reached through Euroclear Sweden AB, shareholders' claims on Corem for the dividend amount remain and are limited only by limitation period rules. After the limitation period, the dividend amount accrues to Corem. There are no restrictions on dividends or special procedures for shareholders outside Sweden. Swedish coupon tax is usually

paid by shareholders who do not have their tax residence in Sweden. In the event of liquidation, the preference shares entitle their holders to receive SEK 450 per share from the assets retained by the company, adjusted for the reverse share split carried out in January 2018, and any amounts outstanding, before distributions to ordinary shareholders. Ordinary shareholders are entitled to a share of the surplus in the event of liquidation, in proportion with the number of shares that they own.

Corem's shares are not subject to any transferability restrictions.

THE BOARD OF DIRECTORS' STATEMENT ON THE PROPOSED DIVIDEND

The Group's equity has been calculated in accordance with IFRS standards as adopted by the EU, the interpretations of these standards (IFRIC) and Swedish law through the application of Swedish Financial Reporting Board recommendation RFR 1 (Supplementary Accounting Rules for Corporate Groups).

The parent company's equity has been calculated in accordance with Swedish law, and while applying Swedish Financial Reporting Board recommendation RFR 2 (Accounting for Legal Entities). The Board of Directors has established that the company's restricted equity would be fully covered after the proposed dividend.

The Board of Directors also believes that the proposed dividend is justifiable based on the assessment criteria set out in Chapter 17, Section 3, second and third paragraphs, of the Swedish Limited Companies Act (the business's nature, scope and risks, consolidation requirements, liquidity and position in general). The Board finds that the company's and the Group's equity after the proposed dividend is sufficient given the business's nature, scope and risks. The Board's assessment of the parent company's and the Group's financial position means that the dividend is justifiable given the parent company and the Group equity required in view of the business's nature, scope and risks and the parent company's and the Group's consolidation needs, liquidity and position in general.

The proposed dividend on ordinary shares represents 8.1 percent (7.5) and the dividend on preference shares represents 2.6 percent (2.6) of the company's equity, and 3.1 percent (2.5) and 1.0 percent (0.9) of the Group's equity, respectively, at 31 December 2020.

Corem's target for the Group's capital structure of a long-term adjusted equity ratio of at least 40 percent and a long-term interest coverage ratio of at least 2.0x, is met even after the proposed dividend. In light of this, the Board considers that the company and

the Group are in a good position to take advantage of future business opportunities and withstand any losses that may be incurred. Planned investments have been taken into account in the proposed dividend payment. The proposed dividend will not affect the company's and the Group's ability to meet payment obligations in a timely manner.

The Board of Directors has assessed all other known circumstances that may be significant for the company's and the Group's financial position and that have not been addressed in the above. No circumstance has been discovered in the course of the assessment that would cast doubt on the defensibility of the proposed dividend.

Significant events after the period

There were SEK 550 million of tap issues relating to the green bond issued in the fourth quarter.

An agreement was signed to acquire the Hedenstorp 1:99 property in Jönköping, consisting of 4,033 sqm of warehouse and production space, plus offices, with an underlying property value of SEK 65 million.

An agreement was signed to sell the properties Instrumentet 13 and 18 in Örnberg in Stockholm, with a total lettable area of around 5,700 sqm.

The Corem Board's independent bid committee advised shareholders not to accept the mandatory bid announced by lead shareholder M2 in the fourth quarter of 2020. Based on an overall assessment, they found that the terms and conditions of the bid did not reflect Corem's present value or future growth opportunities.

The final outcome of M2's offer to Corem's shareholders was announced on 2 March 2021 and showed that the owners of 785,119 class A ordinary shares, 1,557,123 class B ordinary shares and 692,183 preference shares accepted the offer. As a result, M2's holding has increased to around 47.2 percent of the total capital and around 49.1 percent of the total number of votes. When calculated based on outstanding votes, M2's ownership share increases to around 53.8 percent.

M2's increased share of ownership meant a Change of Control Event for the Corem bonds whose terms are 2020/2023 and 2020/2024 respectively. Bondholders have the right to request the repurchase of bonds at a price corresponding to 101 percent of the nominal amount plus accrued interest.

Stockholm, 19 March 2021
Board of Directors

OPPORTUNITIES AND RISKS

Corem's overall objective is to provide a high and stable return on equity over the long term, to ensure long-term value-creation for shareholders. This is being achieved by investing in, managing and developing properties in logistics areas as well as owning shares in listed Nordic property companies. All business activities involve a certain amount of risk-taking, and risks may affect the company's business, financial position and earnings. With effective and proactive management, risks can however also bring opportunities.

The company has guidelines, processes and procedures that aim to minimise risks while allowing a strong business-like approach. The risks relating to Corem's business, and their probability of occurrence and management, are identified through a structured process at least annually by the group management. Corem's Board of Directors is then informed of and discusses these risks. The risks and their assessed probability of occurrence and current monitoring and management are presented below.

 high	P = Probability, where green is low, yellow is medium and red is high.
 medium	C = Consequences, where green is limited, yellow is moderate and red is significant.
 low	

MARKET RISK

Area of risk	P/C	Description	Management
ECONOMIC CONDITIONS AND MACRO-ECONOMIC FACTORS		Local changes are expected to have a low impact, while a general economic downturn is expected to have a medium impact, as it affects all markets.	Good local knowledge and familiarity with the transaction market in the locations where Corem operates are prioritised in order to monitor changes. Close contact with and knowledge of the market and tenants' circumstances is made possible by having local management staff. At the same time, a central lettings function provides a good overall picture of market conditions. Focusing on properties whose characteristics are attractive to a broad range of tenants reduces the risk if the market changes. The company has significant exposure to Stockholm, but since the Stockholm market consists of a number of submarkets and Corem operates in several of them, the risk is deemed to be manageable.
COVID-19		The Covid-19 outbreak began in China in December 2019 and has been classed as a pandemic according to WHO criteria. Covid-19 has had an impact on every market where Corem operates, mainly due to the uncertainty factor. The pandemic is affecting tenants and their ability to pay, the financial market and access to capital and the stock market, and therefore shareholdings.	Having a property management organisation in close proximity to tenants is important for reducing risks during the pandemic. This proximity means that any payment difficulties experienced by clients can be picked up early. Having good relations with banks and financial institutions as well as having access to several sources of capital reduces the financial market risk. As the company is in a good financial position, it is able to handle falls in share prices that affect its shareholdings.

BUSINESS RISKS

Area of risk	P/C	Risk	Management
CHANGE IN THE VALUE OF PROPERTIES		Corem recognises property holdings at fair value, which has a direct impact on its income statement and financial position. The value of its properties is affected by how well the company manages to transform and develop them, the management and rental approach in terms of contract and tenant structures, and external factors such as economic conditions and the local balance of supply and demand. The required return is largely dictated by the risk-free interest rate and the location and unique risks of properties.	- All properties are valued quarterly. The company has internal valuation expertise in the form of a highly experienced authorised valuer. All properties undergo an external valuation once a year, around 25 percent being valued every quarter. - As it is active in the transaction market, Corem has good local knowledge and is familiar with the market in the locations where Corem operates. This is supplemented by continuous analyses of the portfolio's composition in terms of property type and geography. Operational improvement and transformation projects are continuously undertaken.
RENTAL INCOME AND OCCUPANCY RATE		Corem's earnings are affected by lettings, economic occupancy rates and any loss of rental income. Corem relies on tenants to pay their agreed rents on time. There is also a risk that tenants will be unable to make their contractual payments or otherwise be unable to fulfil their obligations.	The risk of fluctuations in vacancies and a loss of income increases the more individual large tenants a property company has. A diversified contract base, with tenants in different industries and leases with different terms, reduces the risk of external market factors having a significant impact. Proactive dialogue with tenants combined with properties in clusters that create the opportunity to offer alternative local solutions provide additional tools for resolving any problems.
OPERATING AND MAINTENANCE COSTS AND THE TECHNICAL STANDARD OF PROPERTIES		Larger items of property management expenditure include tariff-based charges for electricity, water and heating particularly, as well as the costs of property tax and ongoing property management. If cost increases are not fully compensated for by lease adjustments, they could negatively affect Corem's earnings. Abnormal weather conditions may affect the overall result. Property is associated with technical risks, such as the risk of design defects, damage or pollution, which may entail increased costs and therefore negatively affect the company's earnings.	Through its own, active management Corem has in-depth knowledge of its properties' performance and technical standard. Continuous maintenance work is carried out to maintain and improve the condition of the properties, reducing the risk of sudden extensive repair needs. Great emphasis is placed on energy-saving measures, so that tariff-based costs can be effectively managed and minimised, which is also in accordance with the company's sustainability approach. In most of Corem's leases, the tenant is responsible for all or most of the ongoing operating and maintenance costs. Transformation projects are continually undertaken on the portfolio. Major conversion projects are only started after a tenant has been found. All of Corem properties are fully insured.

BUSINESS RISKS (CONTINUED)

Area of risk	P/C	Risk	Management
PROJECTS		The volume of Corem's project activities has increased in recent years. New builds, extensions and conversions can generate good returns but also create risks. For new builds, there is a risk that tenants cannot be found for properties after completion. For all property development projects there is a risk of delays, cost increases, and of properties not meeting tenants' requirements or expectations once built.	➤ The project business consists of both transformation and new build projects. Within Corem, a lease must generally have been signed with a tenant in order for a new build project to be started. Major projects are carried out on a turnkey basis for a fixed price in order to reduce the risk of increased costs. In order to reduce the risk arising from project execution and a possible failure to meet clients' requirements and expectations, the company has internal property development expertise who are involved throughout the process.
TRANSACTIONS		Corem operates as an active transaction-based business. When acquisitions are made, there is a risk that the occupancy rate of properties will not develop as expected, that their technical standard will be lower than foreseen, or that there will be hidden environmental risks. In the case of company acquisitions, a risk arises from the acquired company's legal commitments, as well as a tax risk.	➤ Good contact with the market and extensive market knowledge are prioritised in order to find good acquisition and divestment opportunities. Transaction risks are managed by having broad and extensive knowledge of the property business and carrying out the customary financial and technical due diligence on each acquisition.
LISTED HOLDINGS		Corem has long-term shareholdings in the property companies Klöver AB (publ) and Castellum AB (publ), which are listed on the Nasdaq Stockholm Large Cap. The holdings are measured at current market value on the balance sheet. A sharp decline in share prices negatively affects Corem's income statement and financial position as well as the holdings' liquidity on the stock market.	➤ Klöver and Castellum have a different investment focus to Corem, which means diversification compared to Corem's directly-owned properties. Due to the size of its shareholding in Klöver, Corem has a representative on the Board, allowing it active influence. Corem has a seat on Castellum's Nomination Committee and therefore able to influence the appointment of the Board of Directors. The companies are considered to have potential and to be well-run. The holdings are deemed to be of good liquidity and so capable of disposal within a reasonable time frame, if their divesting is decided on, as the shares are listed on the Nasdaq Large Cap and highly liquid.

FINANCIAL RISKS

Area of risk	P/C	Risk	Management
FINANCING, REFINANCING AND LIQUIDITY		Financing risk is the risk of not being able to borrow, or being able to borrow only on unfavourable terms. If there are tensions on the credit market, credit conditions, and access to credit, can quickly change. Liquidity risk refers to the risk of not being able to meet payment commitments. If Corem is unable to extend or take out new loans, or if the terms are unfavourable, its ability to meet existing commitments and to be forward-looking in its business activities is limited.	➤ Corem has a finance policy decided on by the Board of Directors that includes, among other things, capital tie-up periods and loan maturities. Being active in the credit market, and having multiple sources of capital and several creditors, reduces the risk of being unable to access financing. Having access to unused credit lines further limits this risk. Liquidity forecasts for the next 12 months are prepared on an ongoing basis and reported to the Board of Directors. The purpose of the liquidity forecasts is to verify the capital requirement and to be able to work from a forward-focused perspective.
INTEREST		Interest expenses are Corem's largest item of expenditure and are therefore important for the company's earnings and cash flow. Conditions in the fixed-income market and interest rate levels can quickly change, which can affect Corem's financing cost. The Riksbank's monetary policy, international and national economic growth forecasts, and unexpected events, can affect market interest rates.	➤ Corem has a finance policy that includes interest rate risk management objectives decided on by the Board of Directors. The risk of sharply rising interest rates having an effect on existing loan agreements is managed through derivatives. The company has several different sources of capital and several different counterparties to reduce interest rate risk for new loans. The company is actively working to reduce its interest expenses.
CURRENCY		Corem's ownership of properties in Denmark entails a currency risk as the income and expenses relating to the properties are denominated in Danish krone, which may have either a positive or negative effect on Corem's earning capacity if the exchange rate changes.	➤ In order to reduce currency risk the Danish properties are financed by loans in Danish krone, which means that the income and expenses relating to these properties are denominated in the same currency.

OPERATIONAL RISKS

Area of risk	P/C	Risk	Management
POLITICAL DECISIONS; LAWS AND REGULATIONS		Corem's business is affected by political decisions, laws and regulations. Changes can mean altered operating conditions for the business and have effects such as increased costs, an increased need for organisational resources, reduced income or an impact on financing or future investment opportunities.	It is important that political decisions and proposed changes to regulations and laws are picked up on early through external monitoring. Due to Corem's size, it cannot have in-house experts covering every regulation, and so regular monitoring is carried out in cooperation with experts in each relevant field.
TAX		The conditions that Corem's business operates in are affected by changes in corporate and property taxes, and other state levies. The possibility of future changes that have an impact on property ownership being made to tax rates or the state system cannot be ruled out. A change in tax legislation or practice implying, for example, changes in tax depreciation possibilities, the use of tax loss carryforwards or the right to deduct interest expenses, may alter Corem's future tax position and thereby also affect its earnings.	Corem continuously monitors political decisions in the form of changes to the corporate tax rate, property tax, or tax legislation or its interpretation, and tries to adapt accordingly in order to create an efficient tax position. Corem calls on external tax expertise from several different firms. In most of Corem's leases, the tenant is responsible for property tax.
ENVIRONMENT		According to the Swedish Environmental Code, property owners may be required to pay for the remediation of pollution or environmental damage. This may be the case if the tenant who operated an activity that contributed to the pollution is unable to carry out or pay for the remediation.	When making acquisitions, Corem conducts the customary environmental surveys to identify possible environmental risks. Where ambiguities remain, Corem limits its exposure by requesting market guarantees from counterparties. Corem continuously maps the presence of possible environmental pollution in the property portfolio. There are currently no identified environmental claims against Corem.
EMPLOYEES		Corem has a relatively small organisational structure, which means that individual employees have a large impact. Day-to-day operations and future development depend to a large extent on individuals' knowledge, experience and commitment. Absence in the event of long-term illness, or the risk of accidents or other incidents may entail a risk of losses if the procedures are inadequate or of ongoing business being delayed. If staff choose to leave their jobs, this may result in a period of lost knowledge or increased costs in the form of recruitment costs, time spent on training or similar.	Caring for staff promotes a wish to stay and develop within the company, which is assessed through both employee interviews and employee satisfaction index surveys. Together with the active development of expertise, the delegation of responsibilities and high ethical standards, this makes for an attractive workplace, making it easier to recruit staff and retain skills. Corem works continuously on systems, internal rules and procedures to achieve effective internal controls and high quality in its work.
BUSINESS ETHICS, REPUTATION AND BRAND		The existence of unsound business practices, or activities counter to Corem's values, risk damaging Corem's reputation and brand. This risk exists in every part of the business, and is largely linked to the actions of individual employees.	There is a code of conduct and internal policies and guidelines that cover the relevant areas in order to limit the risk. Bribery and corruption is prohibited and is the subject of annual monitoring. New employees are trained in company policies and a common code of conduct. Ongoing work to create a common corporate culture is another important factor in minimising risk. Having a high standard of business ethics is important for Corem's employees.
SUPPLIERS		Corem's business includes a large number of supplier agreements. It is difficult to closely monitor long supply lines, which means that there may be a risk of unsound business practices or activities that are counter to Corem's values emerging within the business. In the event of such behaviour, trust in Corem may be damaged, having an impact on Corem's future development.	As of 2018, Corem's code of conduct has also been attached to supplier agreements, in order to ensure that our suppliers' working methods are in line with Corem's.
IT AND INFORMATION SECURITY		The company is dependent on IT systems to efficiently manage its properties and for its administration. Interruptions such as outages, virus attacks or other disruptions may occur and have a negative impact on the company's business, its employees or its tenants. Additional risks include the loss of confidential information or the risk that digitalisation, the transformation of working methods or the development of the business's systems cannot be achieved at the pace required to meet the demands of its stakeholders.	The company is actively working on IT security, work which includes back-up procedures, cloud services and service providers. All of its computer equipment is modern and has up-to-date virus protection, firewalls, and so on, installed. The company has access to internal and external IT expertise. Procedures are available covering information retention, password changes, etc. The information needs of stakeholders, such as the information needs of clients and the reporting requirements of other external stakeholders, are analysed in connection with work on the business plan.

STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	2020	2019
Income	2, 3	894	961
Property costs	3, 4, 6	-226	-260
Net operating income		668	701
Central administration	4, 5, 6	-39	-39
Net financial items	7	-209	-262
Income from property management		420	400
Profit shares according to the equity method	11	-	148
Realised changes in value of investment properties	10	17	0
Unrealised changes in value of investment properties	10	742	1,695
Unrealised changes in value of financial assets measured at fair value	11	-754	919
Realised changes in value of short-term investments	16	-166	30
Unrealised changes in value of short-term investments	16	-122	140
Changes in value, derivatives	8	-31	-17
Profit before tax		106	3,315
Tax	9	-214	-201
Profit/loss for the year		-108	3,114
Other comprehensive income			
<i>Items that can be recognised as profit for the period</i>			
Translation differences		-11	-8
Comprehensive income for the year attributable to Parent Company's shareholders		-119	3,106
Earnings per share (basic and diluted)			
Average number of ordinary shares outstanding		343,429,054	364,269,505
Earnings per share basic and diluted, SEK ¹⁾	18	-0.52	8.35
Dividend per ordinary share, proposed for 2020 and approved for 2019, SEK		0.65	0.60
Dividend per preference share, proposed for 2020 and approved for 2019, SEK		20.00	20.00

¹⁾ The earnings per share measure is calculated on the basis of the average number of shares, taking into account the dividend rights of preference shares. There is no dilution effect as there are no potential shares (for example via convertibles) to be issued.

COMMENTS

Income

Income for the period totalled SEK 894 million (961). The decrease in revenue compared with the previous year was mainly due to changes in the portfolio in 2019, when a total of 31 properties were sold. In the remaining portfolio, revenue increased as a result of project completions, new leases and renegotiations. For a like-for-like portfolio, income increased by 4 percent.

Rental income includes a SEK 2 million (2) provision for expected client losses.

The impact of the Covid-19 pandemic on revenue was limited and related rent discounts amounted to SEK 3 million, after deduction of SEK 0.8 million compensation in line with the state support for rent discounts for vulnerable industries that were available during the second quarter of 2020.

The economic occupancy rate increased during the year, ending the year at 93 percent.

Costs

Property costs for the period totalled SEK 226 million (260). The lower figure was mainly due to changes in the portfolio during 2019. With a like-for-like portfolio, property expenses were almost unchanged compared with the previous year.

Central administrative expenses, consisting of costs for Group management and Group-wide functions, totalled SEK 39 million (39).

Net financial items

Net financial items amounted to SEK -209 million (-262). Financial income, consisting of dividends from shareholdings in listed real property companies, totalled SEK 84 million (34).

Financial expenses amounted to SEK 293 million (296), mainly rental interest expense relating to loans, along with ground rents of SEK 15 million (13). At year-end, the average interest rate, including margins, was 2.7 percent (3.4). This represents a decrease of 0.7 percentage points.

Results from associated companies

Shares in earnings according to the equity method amounted last year to SEK 148 million, attributable to shareholdings in the listed company Klövern AB (publ). As of 1 July 2019, the holding has been reclassified under Financial assets measured at fair value and is recognised in the income statement under Changes in the value of financial assets measured at fair value.

Changes in value

PROPERTIES

The changes in the value of properties during the year amounted to SEK 759 million (1,695), of which unrealised changes in value totalled SEK 742 million (1,695) and realised changes in value SEK 17 million (0). Unrealised changes in value arise above all through lower yield requirements, new lettings and renegotiations.

FINANCIAL INVESTMENTS

The changes in value of financial investments in listed property holdings totalled SEK -1,042 million (1,089), of which long-term investments accounted for SEK -754 million (919) and short-term investments SEK -288 million (170).

Of the changes in value, SEK -166 million (30) consisted of realised changes.

DERIVATIVES

The value of Corem's derivatives is affected by changes in long interest rates. Changes in the value of derivatives during the period totalled SEK -31 million (-17).

Tax

Deferred tax during the period amounted to SEK -207 million (-193) and current tax to SEK -7 million (-8).

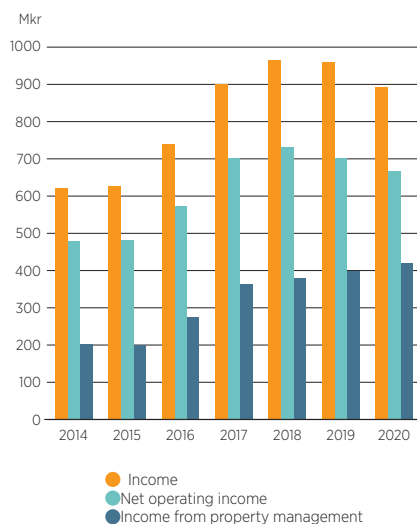
Results

Net operating income amounted to SEK 668 million (701). The surplus ratio was 75 percent (73). In a like-for-like portfolio, net operating income increased by 5 percent and the surplus ratio was 74 percent (73). Profit from property management totalled SEK 420 million (400), an increase of 5 percent. The profit/loss for the year was SEK -108 million (3,114).

Other comprehensive income

Other comprehensive income totalled SEK -11 million (-8). The item consists of translation differences attributable to Corem's two properties in Denmark.

MULTI-YEAR OVERVIEW 2014-2020



STATEMENT OF FINANCIAL POSITION

SEKm	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Investment properties	10	14,002	12,114
Right-of-use assets	23	218	209
Financial assets measured at fair value	11	4,347	3,191
Other non-current assets	12	7	5
Total non-current assets		18,574	15,519
Current assets			
Accounts receivable	13	8	6
Other receivables	14	48	31
Prepaid expenses and accrued income	15	29	25
Short-term investments	16	-	1,542
Cash and cash equivalents		15	8
Total current assets		100	1,612
TOTAL ASSETS	19	18,674	17,131
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to shareholders of Parent Company			
Share capital	17	759	759
Other contributed capital		1,409	1,409
Translation reserves etc.		-7	4
Retained earnings including profit/loss for the year		5,116	6,000
Total equity		7,277	8,172
Non-current liabilities			
Interest-bearing liabilities	20	5,510	5,264
Long-term lease liabilities	23	218	209
Deferred tax liability	9	800	592
Derivatives	20	455	424
Other liabilities		7	7
Total non-current liabilities		6,990	6,496
Current liabilities			
Interest-bearing liabilities	20	4,086	2,091
Accounts payable		60	76
Current tax liabilities		1	27
Other liabilities	21	46	42
Accrued expenses and deferred income	22	214	227
Total current liabilities		4,407	2,463
Total liabilities	19	11,397	8,959
TOTAL EQUITY AND LIABILITIES		18,674	17,131

For information regarding the Group's pledged assets and contingent liabilities, see Note 24.

COMMENTS

Non-current assets

In 2020, Corem acquired ten properties and sold five, at an underlying property value of SEK 478 million and SEK 60 million, respectively. Investments in new builds, extensions and conversions amounted to SEK 741 million (506).

Changes in the value of properties during the year amounted to SEK 759 million (1,695), of which SEK 742 million (1,695) were unrealised changes in value and SEK 17 million (0) realised changes in value. Unrealised changes in value arise from reduced yield requirements, robust net lettings and rising rents.

Corem's shareholding in Klövern on 31 December 2020 totalled 11,875,000 Class A ordinary shares and 161,750,000 Class B ordinary shares, equivalent to approximately 14.6 percent of the votes and approximately 15.2 percent of the equity, based on the total number of shares. As of 31 December 2020, the market value was SEK 2,698 million (3,191).

The Company has a holding of 7,900,000 shares in Castellum. This represents 2.9 percent of the votes and 2.9 percent of the equity, based on the total number of shares. The market value of the holding on 31 December 2020 was SEK 1,649 million.

Current assets

Short-term investments at year-end 2020 totalled SEK 0 million (1,542). During the

year, the holding in Castellum was reclassified as a long-term investment and other short-term investments were sold. Cash and cash equivalents on 31 December 2020 amounted to SEK 15 million (8).

Equity and equity/assets ratio

At the end of the period, the Group's equity amounted to SEK 7,277 million (8,172), corresponding to SEK 18.56 per ordinary share (19.95) and SEK 251.67 per preference share (251.67). Net asset value (NAV) per ordinary share was SEK 22.22 (22.74). At 31 December 2020, the adjusted equity ratio was 48 percent (55) and the equity ratio was 39 percent (48).

The change in equity is attributable to payment of a dividend of SEK -278 million, share buybacks of SEK -498 million and comprehensive income for the period of SEK -119 million.

Tax

The recognised deferred tax liability consists above all of the difference between the fair value and the taxable value of the properties. Deferred tax on changes in value is determined in part by the classification at acquisition and the form in which divestment takes place. The tax loss carryforwards are estimated at approximately SEK 1,178 million (1,117). The tax recoverable in connection with the tax loss carryforwards in the consolidated balance sheet totals to SEK 243 million (230).

Interest-bearing liabilities

On 31 December 2020, Corem's interest-bearing liabilities amounted to SEK 9,620 million (7,375). Borrowing costs totalled SEK 24 million (20), with the result that interest-bearing liabilities in the balance sheet totalled SEK 9,596 million (7,355).

Interest-bearing net liabilities, after deductions of SEK 15 million (8) for liquidity, interest-bearing assets of SEK 0 million (5), a long-term shareholding of SEK 4,347 million (3,191) and short-term investments of SEK 0 million (1,542), amounted to SEK 5,258 million (2,629).

The average fixed-credit term was 1.9 years (2.2). The loan-to-value ratio was 38 percent (22).

Other liabilities including derivatives

On 31 December 2020, the market value of the interest rate derivatives portfolio was SEK -455 million (-424). The provision for these value adjustments will be gradually written down and reversed to profit or loss until the agreed expiry date of the derivatives. At the end of the term, the value is always zero and from a cash flow perspective, the outcome is the same. The largest items, other than derivatives, are accounts payable of SEK 60 million (76), debt of SEK 36 million (36) to preference shareholders and prepaid rents of SEK 130 million (124).

CHANGE IN FAIR VALUE, NUMBER OF PROPERTIES AND LETTABLE SPACE

	Number of	Sqm	2020 Value, SEKm	2019 Value, SEKm
Total, 1 January	162	959,495	12,114	13,479
Acquisitions	10	30,617	478	350
New builds, extensions and conversions	-	5,600	741	506
Divestments	-5	-9,825	-60	-3,920
Unrealised changes in value	-	-	742	1,695
Currency translations	-	-	-13	4
Total, 31 December	167	985,887	14,002	12,114

STATEMENT OF CASH FLOWS

SEKm	Note	2020	2019
Operating activities			
Net operating income		668	701
Central administration		-39	-39
Depreciation/amortisation		1	1
Interest received, dividends etc.		84	64
Interest paid etc		-262	-275
Interest on lease liability, site leaseholds		-13	-13
Income tax paid		-7	-7
Cash flow from changes in working capital	28	432	432
Change in current receivables		-24	-13
Change in current liabilities		-38	48
Cash flow from operating activities		370	467
Investing activities			
Investments in new builds, extensions and conversions		-741	-506
Acquisition of properties		-478	-350
Divestment of properties		60	3,920
Acquisition of long-term shareholdings		-854	-
Change in other non-current assets		-3	0
Cash flow from investing activities		-2,016	3,064
Financing activities	29		
Dividend paid to Parent Company's shareholders		-278	-236
Share buybacks		-498	-
Acquisition of short-term investments		-737	-1,705
Disposal of short term investments		934	333
Loans raised		4,929	2,741
Amortised loans		-2,697	-4,670
Cash flow from financing activities		1,653	-3,537
Cash flow for the year		7	-6
Cash and cash equivalents at start of year		8	14
Cash and cash equivalents at year-end		15	8

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Equity attributable to Parent Company's shareholders	Share capital	Other contributed capital	Translation reserves	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 January 2019	759	1,409	12	3,122	5,302
Comprehensive income January–December 2019	–	–	-8	3,114	3,106
Total changes in net assets, excluding transactions with Company's shareholders	–	–	-8	3,114	3,106
Dividend to ordinary shareholders, SEK 0.45 per share	–	–	–	-164	-164
Dividend to preference shareholders, SEK 20.00 per share	–	–	–	-72	-72
Total transactions with Company's shareholders	–	–	–	-236	-236
Closing equity, 31 December 2019	759	1,409	4	6,000	8,172
Comprehensive income January–December 2020	–	–	-11	-108	-119
Total changes in net assets, excluding transactions with Company's shareholders	–	–	-11	-108	-119
Dividend to ordinary shareholders, SEK 0.60 per share	–	–	–	-206	-206
Dividend to preference shareholders, SEK 20.00 per share ¹⁾	–	–	–	-72	-72
Share buybacks	–	–	–	-498	-498
Total transactions with Company's shareholders	–	–	–	-776	-776
Closing equity, 31 December 2020	759	1,409	-7	5,116	7,277

1 Of this amount, SEK 18 million will be paid out in January and SEK 18 million in April 2021.

PARENT COMPANY INCOME STATEMENT

SEKm	Note	2020	2019
Net sales	2	89	96
Cost of services sold		-52	-67
Gross profit		37	29
Central administration	4,5,6	-39	-39
Operating profit/loss		-2	-10
Result from disposal of short-term investments	16	-27	38
Impairment of participations in Group companies	26	-202	-
Interest income and similar profit/loss items	7	1,123	1,182
Interest expense and similar profit/loss items	7	-88	-85
Profit before tax		804	1,125
Tax	9	-13	-7
Profit/loss for the year		791	1,118

In the Parent Company, no transactions attributable to Other comprehensive income took place and as a result no statement of comprehensive income has been prepared.

PARENT COMPANY BALANCE SHEET

SEKm	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	12	3	-
Total intangible assets		3	-
Property, plant and equipment			
Machinery and equipment	12	1	1
Total property, plant and equipment		1	1
Non-current financial assets			
Participations in Group companies	26	432	333
Other financial assets	12	2,346	492
Receivables from Group companies	27	3,106	2,468
Deferred tax asset	9	10	21
Total financial assets		5,894	3,314
Total non-current assets		5,898	3,315
Current assets			
Current receivables			
Other receivables		1	5
Short-term investments	16	-	1,162
Prepaid expenses and accrued income	15	4	3
Total current receivables		5	1,170
Cash and bank balances		21	8
Total current assets		26	1,178
TOTAL ASSETS		5,924	4,493
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	17	759	759
Total restricted equity		759	759
Unrestricted equity			
Share premium reserve		1,417	1,417
Retained earnings		-198	-540
Profit/loss for the year		791	1,118
Total non-restricted equity		2,010	1,995
Total equity		2,769	2,754
Non-current liabilities			
Liabilities to credit institutions		2,093	849
Total non-current liabilities		2,093	849
Current liabilities			
Liabilities to credit institutions		992	824
Accounts payable		3	5
Other liabilities	21	39	39
Accrued expenses and deferred income	22	28	22
Total current liabilities		1,062	890
TOTAL EQUITY AND LIABILITIES		5,924	4,493

For information on assets and contingent liabilities, see Note 24.

PARENT COMPANY STATEMENT OF CASH FLOWS

SEKm	Note	2020	2019
Operating activities			
Profit before tax		804	1,125
Adjustment for non-cash items	28	242	-30
Taxes paid		-	-
Cash flow from operating activities before changes in working capital		1,046	1,095
Cash flow from changes in working capital			
Change in operating receivables		4	-2
Change in operating liabilities		-5	2
Cash flow from operating activities		1,045	1,095
Investing activities			
Acquisition of other non-current assets		-3	-4
Investments in subsidiaries		-301	-
Acquisition of non-current financial assets		-854	-
Cash flow from investing activities		-1,158	-4
Financing activities	29		
Change in loans, Group companies		-639	857
Dividend to Parent Company's shareholders		-278	-236
Share buybacks		-498	-
Acquisition of short-term investments		-621	-1,456
Disposal of short term investments		756	332
Loans raised		2,781	-
Amortised loans		-1,375	-601
Cash flow from financing activities		126	-1,104
Cash flow for the year		13	-14
Cash and cash equivalents at start of year		8	22
Cash and cash equivalents at year-end		21	8

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Share premium reserve	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 January 2019	759	1,417	-303	1,873
Profit/loss for the year	-	-	1,118	1,118
Dividend to ordinary shareholders	-	-	-164	-164
Dividend to preference shareholders	-	-	-72	-72
Closing equity, 31 December 2019	759	1,417	578	2,754
Profit/loss for the year	-	-	791	-498
Dividend to ordinary shareholders	-	-	-206	-206
Dividend to preference shareholders ¹⁾	-	-	-72	-72
Share buybacks	-	-	-498	791
Closing equity, 31 December 2020	759	1,417	593	2,769

1 Of this amount, SEK 18 million will be paid out in January and SEK 18 million in April 2021

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ACCOUNTING POLICIES AND NOTES

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ACCOUNTING AND VALUATION POLICIES

Corem Property Group AB (publ), corporate identity number 556463-9440, is a Swedish-registered limited liability company with its registered office in Stockholm. The Company's shares were admitted for trading on Nasdaq Stockholm in 24 November 2009. The address of the head office is Riddargatan 13C, SE-114 51 Stockholm, Sweden. The consolidated accounts for 2020 are for the Parent Company, its subsidiaries and associated companies, jointly referred to as the Group. The annual report and the consolidated accounts were approved for publication by the Board of Directors on 19 March 2021. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption on 29 April 2021.

Compliance with standards and legislation

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements from the IFRS Interpretation Committee, as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The Parent Company applies the same accounting policies as the Group, except in the cases described under "Parent Company accounting policies". The differences arising between the Parent Company and the Group's accounting policies result from limitations on the ability to apply IFRS in the Parent Company under the Swedish Annual Accounts Act, and, in certain cases, from applicable tax rules. Rounding differences may occur in the annual accounts.

New amended or revised standards issued by the IASB and statement from IFRIC which entered into force in 2020

AMENDMENTS TO IFRS 3 BUSINESS COMBINATIONS

The purpose of the amendments is to clarify the definition of a business combination in order to make it easier for companies to analyse whether an acquisition constitutes a business combination or an acquisition of assets. Corem has classified all acquisitions performed as asset acquisitions and is of the view that the type of acquisitions that the Company makes will continue to be classified as asset acquisitions.

Other amendments of standards and interpretations have not had any effect on Corem's accounts.

Standards, amendments and interpretations that have not yet entered into force and that have not been adopted early by the Group

Future changes to standards and interpretations are not expected to have any impact on Corem's accounts.

Basis of preparation of the consolidated and Parent Company financial statements

The functional currency is Swedish kronor. This is the presentation currency of the Group and the reporting currency of the Parent Company. Unless otherwise stated, all amounts are rounded off to the nearest million. The Group's accounting policies have been applied consistently in reporting and consolidation of the Parent Company and subsidiaries. The most important accounting policies used in preparation of the Group's financial statements are summarised below.

Critical accounting estimates and judgments

To be able to prepare the accounts in accordance with IFRS and generally accepted accounting practice, assessments and assumptions that affect the assets, liabilities, income and expenses reported in the accounts, as well as other information, are necessary. These assessments and assumptions are based on historical experience, as well as other factors that are deemed reasonable in the prevailing circumstances. Actual outcomes may differ from these assessments if other assumptions are made or other conditions exist.

INVESTMENT PROPERTIES

In the area of valuation of investment properties, assessments and assumptions may have a significant impact on the Group's earnings and financial position. Valuation requires assessment of and assumptions about future cash flows, as well as determination of the discount factor (required rate of return). To reflect the uncertainty that exists in the assumptions and assessments made, a range of uncertainty of +/- 5-10 percent is generally indicated in the valuation of property. Information on this and the assumptions, and on the assessments made, is provided in Note 10.

DEFERRED TAX

With due observance of the rules on accounting, deferred tax is reported nominally without discounting. The actual tax is significantly lower, partly due to the possibility of selling properties via companies, and thus in a tax-efficient way, and partly due to the time factor. Through the ability to apply depreciation and deductions for tax purposes in certain conversions of properties, which are capitalised in the accounts, and to use loss carryforwards, more or less no tax expense arises. However, payment of income tax arises in a few subsidiaries, where there is no scope for making group contributions for tax purposes.

Deferred tax is recognised according to the balance sheet method, based on temporary differences between recognised and taxable values of assets and liabilities and taking into account the tax rates and tax rules enacted or substantively enacted on the balance sheet date. Temporary differences that have arisen at initial recognition of assets and liabilities that are asset acquisitions and at the time of the transaction do not affect either recognised profit or taxable profit are not taken into account. Untaxed reserves are recognised in the Parent Company, including tax.

Deferred tax liabilities that arise after the date of acquisition are recognised at the applicable tax rate. Deferred tax assets that arise after the date of acquisition are reported to the extent that it is considered likely that they will be used. Other information regarding deferred tax is provided in Note 9.

CLASSIFICATION OF ACQUISITIONS

The rule in accounting standard IFRS 3 rule on classification of acquisitions as business combinations or asset acquisitions is based on the principle that each individual transaction must be assessed individually. On acquisition of businesses, an assessment is made of how the acquisition is to be recognised, based on the criteria inclusion of employees and complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into account. If these criteria are fulfilled to a major extent, the acquisition is classified as a business combination. If they are present to a minor extent, it is classified as an asset acquisition. In all acquisitions performed, Corem's assessment has been to classify the transactions as asset acquisitions.

When acquisitions of subsidiaries involve the acquisition of assets that do not constitute a business, the cost of the individual assets and liabilities is based on their relative fair values at the acquisition date. Deferred tax is not recognised on initial temporary differences in asset acquisitions.

If the assessment had instead resulted in classification as a business combination, this would have meant that the property value initially recognised, as well as the deferred tax liability and probably also goodwill, would have been higher. No effect regarding equity would have arisen at the time of acquisition.

RECOGNITION OF PREFERENTIAL SHARES

The number of preference shares outstanding at year-end was 3,600,000. The number of preference shares has been adjusted with regard to the consolidation carried out in January 2018. The preference shares outstanding are classified as equity in accordance with IAS 32. There is no contractual obligation to pay dividends or to repay contributed capital between Corem and the preference shareholders. Payment of dividends and / or repayment of contributed capital is ultimately for resolution by the Annual General Meeting.

Classification etc.

Non-current assets and liabilities in the Parent Company and the Group consist solely of amounts that are expected to be recovered or paid more than 12 months after the end of the reporting period. Current assets and liabilities in the Parent Company and the Group consist solely of amounts that are expected to be recovered or paid within 12 months of the end of the reporting period.

Principles of consolidation

SUBSIDIARIES

Subsidiaries are companies over which the Parent Company, Corem Property Group AB (publ), exercises a controlling influence. A controlling influence is when Corem is exposed to variable returns from its commitment and is able to influence such returns through its influence over the company. In determining whether a controlling influence exists, potential voting shares and other contractual conditions must be taken into account. Subsidiaries are consolidated according to the acquisition method. In this method, the acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The cost upon consolidation is determined using a purchase price allocation analysis at the acquisition. This analysis establishes the cost for the participations and the fair value of the identifiable assets acquired, liabilities assumed and any contingent liabilities. Financial statements of subsidiaries are incorporated into the consolidated accounts from the date of acquisition and up to the date when control ceases.

FOREIGN CURRENCIES

Transactions in foreign currency are translated, when they are included in the accounts, into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated on each balance sheet date at the rate on the balance sheet date. Exchange rate differences that arise are included in the profit for the period.

The Group's foreign balance sheets are translated from their functional currency to Swedish kronor at the exchange rate on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Any translation differences that arise are recognised in other comprehensive income in the Statement of comprehensive income and the accumulated differences are recognised in the translation reserve in equity. The accumulated translation difference is reversed and recognised under the heading of capital gains or losses in cases where the foreign operations are divested.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-Group transactions are eliminated in their entirety in preparation of the consolidated financial statements.

HOLDINGS RECOGNISED ACCORDING TO THE EQUITY METHOD

Associates

A company is recognised as an associated company if Corem holds no less than 20 percent but no more than 50 percent of the votes, or otherwise exercises a significant influence on the operational and financial management of the company. In the consolidated accounts, associated companies are recognised in accordance with the equity method. Shares in associated companies are recognised in the balance sheet under the heading Holdings recognised according to the equity method, at cost adjusted for changes in the Group's share in the associated company's net assets. In transactions between Group companies and associated companies, the part of unrealised gains and losses that represents the Group's share of the associated company is eliminated, except as regards unrealised losses that are due to impairment of an asset transferred.

Income

RENTAL INCOME

Rental income from investment properties is reported in the income statement on a straight-line basis over the rental period. Leases are classified as operating leases on the basis that the property remains in Corem's possession even if the agreement can run for up to 20 years. In cases where leases allow, for a specific term, a reduced rent that corresponds to a higher rent at another time, the difference is recognised as accrued on a straight-line basis. Rent discounts provided and state support received as a result of the coronavirus crisis are recognised net and are charged to earnings in the period concerned.

Remuneration for the commitments that Corem assumes via the leases, such as supplying for example heating, cooling, snow removal and waste collection for the premises, is an integral part of the rent, since the tenants have no say in choice of supplier, frequency or other influence on performance, and is therefore recognised under Leasing.

REVENUE FROM PROPERTY SALES

Revenue from property sales is normally recognised on the date of occupancy. In the event that control of the asset has been transferred at an earlier time than the date of occupancy, the property sale is recognised as revenue on that earlier date. In determining the timing for revenue recognition, what has been agreed between the parties regarding risks and benefits, involvement in day-to-day administration and transfer of legal ownership are taken into account. Also taken into account are circumstances that are outside the control of the seller and/or purchaser and that may affect the result of the transaction.

Segment reporting

IFRS 8 requires disclosures to be provided from management's perspective. Management's perspective refers to reporting to the highest executive decision-maker (HED), which means that the reporting must be consistent with how it is presented internally. HED is a function that allocates resources and evaluates results. Corem has identified the CEO as HED. The Group is organised in, and managed primarily on the basis of geographical areas. Four geographical areas have been identified as separate segments. Rental income and property costs are directly attributable to properties in the respective segments. Other income and expense items have not been allocated to segments. In the same way, only investment properties are allocated to segments. The segments are reported using the same valuation principles as in the consolidated accounts. HED's central concept in management and reporting is net operating income. There are no regular sales between segments and the table in Note 3 therefore shows no intra-segment sales. Any other transactions are conducted on market terms.

Operating costs and financial income and expenses

PROPERTY COSTS

Property costs include costs relating to the operation, servicing, letting, administration and maintenance of the property portfolio.

CENTRAL ADMINISTRATION

Central administration costs consists of expenses for Group-wide functions and ownership of the Group's subsidiaries.

FINANCIAL INCOME AND EXPENSES

Financial income and expense items consist of interest income from bank deposits and receivables, dividend income and interest expenses on loans. Financial expenses also include costs relating to interest rate derivatives. Any changes due to market valuation are not included in financial income or expenses but are recognised separately as items according to whether the change is realised or unrealised.

Interest income and interest expenses relating to receivables and liabilities are calculated using the effective interest method.

Interest income is recognised as income in the period to which it relates. Dividend income is recognised when the dividend has been established and when the right to receive payment has been assessed as certain. Interest expenses include accrued amounts relating to issue costs and similar direct transaction costs for raising loans.

RECOGNITION OF BORROWING COSTS

Borrowing costs that are directly attributable to the purchase, construction or production of major new builds, extensions or conversions are capitalised during the production period.

EMPLOYEE BENEFITS

Remuneration to employees such as salaries and social security costs, holidays and paid sick leave, etc. are expensed as the employees perform services for the company.

DEFINED-CONTRIBUTION PENSION PLANS

All liabilities regarding pensions have been classified as defined-contribution pension plans and are recognised as an expense via profit or loss when they arise, see also Note 4. A pension plan as specified in ITP is applied.

Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in income except when the underlying transaction is recognised in other comprehensive income or directly in equity, whereupon the associated tax effect is recognised in other comprehensive income or equity, respectively. Current tax is tax to be paid or received for the current year upon application of the tax rates enacted, or substantively enacted, on the balance sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method, based on the temporary differences between the carrying amounts and the taxable values of assets and liabilities. Temporary differences that have arisen at initial recognition of assets and liabilities that are asset acquisitions and at the time of the transaction do not affect either recognised profit or taxable profit are not taken into account. Measurement of deferred tax is based on the extent to which the carrying amounts of assets and liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and regulations enacted or substantially enacted on the balance sheet date. Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognised only to the extent it is likely that they can be utilised. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.

Financial instruments

Financial instruments are any form of contract that creates a financial asset and a financial liability, or an equity instrument, in another entity. Financial instruments recognised under assets in the balance sheet include cash and cash equivalents, accounts receivable and other receivables, as well as shares. The liability side includes accounts payable, loan liabilities, interest rate derivatives and other liabilities. Recognition is determined by how the financial instruments are classified.

RECOGNITION AND DERECOGNITION

A financial asset or liability is reported in the balance sheet when the company becomes party to the contractual terms of the instrument. Rent receivables and accounts receivable are recognised in the balance sheet when an invoice has been sent and the company's right to payment is unconditional. A liability is reported when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are reported when invoices are received.

A financial asset and a financial liability may be offset and the net amount recognised in the balance sheet when, and only when, the company has a legally enforceable right to offset the amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A financial asset is derecognised from the balance sheet when the rights in the agreement are realised, expire or the company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognised when the obligation in the contract is fulfilled or otherwise extinguished. The same applies to a part of a financial liability. At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

Gains and losses from derecognition from the balance sheet and modification are recognised in profit or loss.

CLASSIFICATION AND MEASUREMENT

Debt instruments are classified on basis of the Group's business model for management of the asset and the nature of the asset's contractual cash flows. The instruments are classified at:

- amortised cost
- fair value via other comprehensive income, or
- fair value via profit or loss.

Financial assets

The Group's financial assets are classified as financial assets recognised at amortised cost with the exception of financial investments.

Financial assets classified at amortised cost are held, according to the business model, in order to collect contractual cash flows that are only payments of principal and interest on the outstanding principal. Financial assets classified at amortised cost are measured initially at fair value plus transaction costs.

Rent receivables and lease receivables are initially measured at the invoiced value. After initial recognition, the assets are measured using the effective interest method. The assets are covered by a loss provision for expected credit losses.

Equity instruments held for trading and equity instruments where the Group has chosen not to recognise changes in fair value via other comprehensive income are classified as financial assets measured at fair value via the income statement. This category includes the Group's financial investments. A gain or loss on a financial asset that is recognised at fair value via the income statement is recognised net in the income statement as of the settlement date in the period in which the gain or loss arises.

Financial liabilities

Financial liabilities are classified at amortised cost, with the exception of derivatives. Financial assets recognised at amortised cost are measured initially at fair value including transaction expenses. After initial recognition, they are measured at amortised cost using the effective interest method.

Derivatives are classified at fair value via profit or loss. The Group does not use hedge accounting. Fair value is established as described in Note 20.

IMPAIRMENT OF FINANCIAL ASSETS

The Group's financial assets, other than those classified at fair value via profit or loss or equity instruments measured at fair value through other comprehensive income, are included in impairment of expected credit losses. Impairment for credit losses in accordance with IFRS 9 is prospective, and a loss provision is made when there is exposure to credit risk, usually at initial recognition. Expected credit losses reflect the present value of all deficits in cash flows attributable to defaults either for the next 12 months or for the expected remaining term of the financial instrument, depending on class of asset and on deterioration of credit since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that takes account of most scenarios based on reasonable and verifiable forecasts.

The simplified model is used for accounts receivable, contract assets and rent receivables. In the simplified model, a loss provision is recognised for the expected remaining term of the receivable or asset.

An impairment model of three stages is used for other items included in expected credit losses.

Initially, and at each balance sheet date, a loss provision is recognised for the next 12 months, or for a shorter period of time, depending on remaining term (stage 1). The Group's assets have been assessed to be in stage 1, that is, there has been no significant increase in credit risk.

The measurement of expected credit losses is based on different methods. The method for accounts receivable, contract assets and rent receivables is based on historical credit losses combined with prospective factors. Other receivables and assets are written down according to a rating-based method via external credit rating. This also takes into account any collateral and other credit enhancements in the form of guarantees.

Financial assets are recognised in the balance sheet at amortised cost, that is, net of gross value and loss provision. Changes in the loss provision are recognised in the income statement.

CLASSIFICATION OF FINANCIAL INSTRUMENTS BY VALUATION LEVELS

The fair value of financial instruments traded on an active market is based on quoted market prices and is classified at valuation level 1 in accordance with IFRS 13. In cases where quoted market prices are not available, fair value is calculated using discounted cash flows. These valuations are classified at valuation level 2. Other valuations, for which any variable is based on own judgments, are classified at valuation level 3. For more information, see Note 19.

Input data for valuation levels when measuring at fair value

Level 1: Listed, unadjusted prices in active markets for identical assets or liabilities that Corem has access to at the time of measurement.

Level 2: Inputs other than listed prices included in Level 1 that are directly or indirectly observable for assets and liabilities.

Level 3: Inputs at Level 3 are unobservable inputs for assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash at hand and immediately available balances at banks and equivalent institutions, as well as short-term liquid investments with a term of less than three months from the date of acquisition. Cash and cash equivalents are covered by a loss provision for expected credit losses.

Non-current assets

INVESTMENT PROPERTIES

Investment properties are properties held with a view to obtaining rental income, or an increase in value, or a combination of the two. Investment properties are initially recognised at cost, which includes expenses directly attributable to the acquisition. Investment properties are recognised in the consolidated balance sheet at fair value; see Note 10. Corem values all its properties/site leaseholds each quarter. For 2020, approximately 99 percent of the total property portfolio was externally valued. The valuation model used is return-based, according to the cash flow model. The fair value of the property before deduction of selling expenses is calculated from the outcome of the cash flow calculation. Both realised and unrealised changes in value are recognised in the income statement. Rental income and income from property sales are recognised in accordance with the principles described in the section on revenue recognition. Subsequent costs are added to the carrying amount only when it is likely that future economic benefits associated with the asset will benefit the Company. The critical factor in assessing when an additional expense should be added to the carrying amount is whether the measure

results in an improvement, compared with the standard before the measure was taken. Repair and maintenance expenses are recognised as incurred. In larger projects, interest expense is capitalised over the construction period as appropriate.

OTHER NON-CURRENT ASSETS

The Group recognises Other property, plant and equipment at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and costs directly attributable to the asset in order to bring it to the place and in the right condition where it can be used as intended.

Financial non-current assets are recognised in the Group at fair value, except for other financial non-current assets, which are reported at amortised cost.

Depreciation principles, machinery and equipment:

Depreciation is applied on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are 3-10 years. The residual value and useful life of each asset are assessed annually.

Amortisation principles for intangible assets:

Depreciation is applied on a straight-line basis over the estimated useful life of the asset. Estimated period of use is 5 years. The residual value and useful life of each asset are assessed annually.

LEASING

Lessor

Lease contracts in which the risks and benefits associated with ownership are in all material respects borne by the lessor are classified as operating leases. Leases relating to investment properties are classified as operating leases.

Lessee

Lessees are required to recognise assets and liabilities related to all lease contracts, with the exception of those with a term of less than 12 months and/or those where the underlying asset has a low value. Corem is lessee for primarily site leaseholds and, to a lesser extent, for premises, vehicles and office equipment.

When a lease contract has been signed, the commitment to pay the leasing fees is recognised as a lease liability after discounting and the right to use the underlying asset during the leasing period is recognised as an asset. Amortisation of assets and interest on the lease liability are recognised in the income statement. Lease fees are recognised partly as payment of interest and partly as amortisation of the lease liability. Changes in the lease contract may result in a revaluation of the liability and an adjustment of the asset's carrying amount.

Lease payments for leases classified as short-term leases and/or low-value leases are expensed on a straight-line basis over the lease term.

Impairment losses

The recognised values of the Group's assets are tested at each balance sheet date to determine whether there is any indication of impairment. Should such an indication be identified, the recoverable value of the asset is calculated. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if the impairment loss had not occurred. Exceptions from the impairment principles are made for property, plant and equipment held for sale, investment properties and deferred tax assets that are measured according to special rules, which are described in the relevant parts of the accounting policies.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and when it is likely that an outflow of resources will be required to settle the obligations and the amount can be estimated reliably. Where the effect of when in time payment is made is significant, the provision is calculated through discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

Contingent liabilities

A contingent liability is recognised when a possible obligation exists that arises from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required to settle the obligation.

Form of presentation of the income statement

The Group uses the form of presentation that is standard for a large number of companies in the property industry. As a result, the income statement shows results for net operating income, profit from property management and profit before tax. Profit from property management includes net financial items, in turn including realised changes in value relating to derivatives. Unrealised changes in the value of derivatives and other changes in value are recognised after the profit from property management.

In the Parent Company, the Report Form for allocation by function is used, showing gross profit and operating profit.

Cash flow statement

The statement of cash flows has been prepared using the indirect method. The operating profit has thus been adjusted for transactions that did not result in inflows or outflows during the period and for any income and expenses attributable to the cash flows of investment activities. The purpose of the statement of cash flows is to show the company's inflows and outflows during the period in which the payments are attributed to operating activities, investment activities or financing activities.

Dividends paid

Dividends are recognised as a liability on approval by the Annual General Meeting/Extraordinary General Meeting of shareholders.

Parent Company's accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The recommendation requires the Parent Company in preparing the annual accounts for the legal entity to apply all IFRS and IFRIC interpretations, as adopted by the EU, to the extent possible within the scope allowed by the Swedish Annual Accounts Act, and taking into account the relationship between accounting and taxation. The accounting policies of the Parent Company described below have been applied consistently in all periods presented in the Parent Company's financial statements. The presentation form for the income statement and balance sheet accords with the Swedish Annual Accounts Act.

FINANCIAL INSTRUMENTS

In view of the relationship between accounting and taxation, the rules on financial instruments stated in IFRS 9 are not applied in the Parent Company as a legal entity. The Parent Company instead uses the cost method as described in the Swedish Annual Accounts Act. Financial non-current assets are therefore measured in the Parent Company at cost and financial current assets according to the lowest-value principle, with impairment for expected loan losses being applied in accordance with IFRS 9 as regards assets that are debt instruments. Impairment for other financial assets is based on market values.

The Parent Company applies a rating-based method for calculating expected credit losses on intra-Group receivables based on the probability of default, expected loss and exposure in the event of default. The Parent Company defines default as when payment of the claim is 90 days late or more, or if other factors indicate that payments have been suspended. As of the balance sheet date, no significant increase in credit risk has been identified. This assessment is based on whether any payment is 30 days or more late, or if there is a significant deterioration in the rating, resulting in a rating below the investment grade. The Parent Company's receivables from the subsidiary are subordinated to claims by external lenders. The Parent Company applies the general method to the intra-Group receivables. The Parent Company's expected loss in the event of default takes into account the subsidiaries' average loan-to-value ratio and the anticipated market value of the subsidiaries' properties in the event of a forced sale. Based on the Parent Company's assessments with the above method, taking into account other known information and forward-looking factors, expected credit losses are not considered significant and no provision has therefore been recognised.

The Parent Company applies the exemption not to value financial guarantee agreements for the benefit of subsidiaries and associated companies and joint ventures, in accordance with the rules in IFRS 9. Instead, it applies the principles for measurement in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

SUBSIDIARIES

Participations in subsidiaries are recognised in the Parent Company using the cost method. Dividends received are recognised as income irrespective of whether they derive from profits earned before or after acquisition. In the case of dividends arising from profits earned before acquisition, the shares are tested for impairment.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS FOR LEGAL ENTITIES

Group contributions are recognised in profit or loss according to their financial significance, that is, as a financial income item on receipt of Group contributions or as participations in subsidiaries in the event of Group contributions paid. Shareholder contributions are recognised directly in equity by the recipient and are capitalised as shares and participations by the issuer, to the extent that no impairment loss is identified.

LEASING

The Parent Company has elected to apply the exemption for lessees in RFR 2 and lease payments are expensed on a straight-line basis over the leasing period.

2 REVENUE BREAKDOWN

	Group		Parent company	
	2020	2019	2020	2019
Rental income from leasing of premises	894	961	-	-
Invoicing of intra-Group services	-	-	89	96
Total	894	961	89	96

3 SEGMENTS

IFRS 8 requires disclosures to be made from management's perspective, that is from the highest executive decision maker (HED), with the aim of ensuring that the reporting is consistent with how it is presented internally. Corem has identified the CEO as HED, the function that allocates resources and evaluates the results. The Group is organised in, and managed primarily on the basis of geographical areas. Four segments have been identified. The former Region Mälardalen/Norr was dissolved in 2019 since the majority of the portfolio there was sold on 5 July 2019. A few of the region's smaller properties were not included in this transaction, and as of 30 September 2019 these are included in

Region Stockholm in the segment tables below. Rental income and property costs are directly attributable to properties in the respective segments. Other income and expense items have not been allocated to segments. In the same way, only investment properties are allocated to segments.

The segments are reported using the same valuation principles as in the consolidated accounts. Net operating income is the central concept of control and reporting. No regular sales take place between segments and as a result the table below shows no intra-segment sales. Any other transactions are conducted on market terms. For further information, see Note 10 on pages 24–29.

BREAKDOWN BY GEOGRAPHICAL AREA

	Income, SEKm		Expenses, SEKm		Net operating income, SEKm		Surplus ratio, %		Investments and net acquisitions, SEKm	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Stockholm	515	484	-147	-150	368	334	71	69	600	-33
South	126	164	-29	-41	97	123	77	75	42	-1,177
West	187	174	-37	-36	150	138	80	79	339	246
Småland	66	91	-13	-22	53	69	80	76	178	-811
Mälardalen/Norr	-	48	-	-11	-	37	-	77	-	-1,289
Total	894	961	-226	-260	668	701	75	73	1,159	-3,064

LETTABLE AREA BY TYPE OF PREMISES AND GEOGRAPHICAL AREA

(for list of properties, see pages 118–122 or www.corem.se)

	Total, sqm		Logistics, sqm		Offices, sqm		Retail, sqm		Other, sqm	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Stockholm	457,556	452,651	300,448	291,715	123,044	122,180	18,247	21,481	15,817	17,275
South	193,079	194,072	153,643	153,983	26,359	26,624	5,840	5,840	7,237	7,625
West	236,954	228,556	164,271	175,812	43,573	36,260	24,025	13,072	5,085	3,412
Småland	98,298	84,216	69,874	57,564	17,051	15,279	3,939	3,939	7,434	7,434
Mälardalen/Norr	-	-	-	-	-	-	-	-	-	-
Total	985,887	959,495	688,236	679,074	210,027	200,343	52,051	44,332	35,573	35,746
Share, %			70	71	21	21	5	4	4	4

Note 3, cont.

PROPERTIES, VACANCIES AND OCCUPANCY RATE BY GEOGRAPHICAL AREA

	Number of properties		Lettable area, sqm		Vacancy, sqm		Contracted rent, SEKm	
	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Stockholm	94	89	457,556	452,651	38,382	58,449	531	484
South	25	26	193,079	194,072	14,224	21,093	126	122
West	26	26	236,954	228,556	24,005	26,217	179	164
Småland	22	21	98,298	84,216	10,534	13,172	70	60
Mälardalen/Norr	-	-	-	-	-	-	-	-
Total	167	162	985,887	959,495	87,145	118,931	906	830

4 EMPLOYEES AND PERSONNEL COSTS

AVERAGE NUMBER OF EMPLOYEES

	2020	Men, %	2019	Men, %
Parent company	58	64	59	67

All employees in the Group are employees of the Parent Company. The average number of employees during the year was 58 (59). At the turn of the year the Group and the Parent Company had 57 (57) employees, 21 women (19) and 36 men (38). All employees are based in Sweden.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	2020		2019	
	Salaries and remuneration	Social security costs	Salaries and remuneration	Social security costs
Parent company	41.2	18.8	44.4	20.6
of which pension costs ^{1), 2)}	-	5.1	-	5.0
Group total	41.2	18.8	44.4	20.6
of which pension costs ^{1), 2)}	-	5.1	-	5.0

1) Of the Parent Company's pension costs, SEK 0.78 million (0.85) pertains to the CEO. There are no outstanding pension obligations.

2) Costs recognised correspond to fees paid.

GENDER BREAKDOWN OF SENIOR MANAGEMENT

	2020	Of whom women	2019	Of whom women
Directors	6	2	6	2
CEO and other senior executives	5	3	5	3

SALARIES AND OTHER REMUNERATION TO BOARD MEMBERS, CEO AND OTHER EMPLOYEES

	2020		2019	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent company	4.7	36.5	5.1	39.3
of which bonuses, etc. ¹⁾	0.4	0.6	0.9	1.3
Group total	4.7	36.5	5.1	39.3
of which bonuses, etc. ¹⁾	0.4	0.6	0.9	1.3

1) Of the total costs of bonuses of SEK 0.4 million (0.9), SEK 0.4 million (0.9) pertains to the Company's CEO, Eva Landén.

Salaries, fees and benefits

All remuneration to the Board, CEO and other senior executives has been paid solely by the Parent Company.

BOARD OF DIRECTORS

Fees are paid to the Chairman of the Board and directors by resolution of the Annual General Meeting (AGM). At the AGM held on 28 April 2020, it was resolved that SEK 320,000 be paid to the Chairman and SEK 180,000 to each of the other Board members.

CHIEF EXECUTIVE OFFICER

Remuneration and benefits to the CEO are decided by the Company's Board in line with principles established by the AGM. The remuneration shall be market-based and competitive, and shall be paid in the form of a fixed and variable salary. The annual bonus may amount to a maximum of six regular monthly salaries. The CEO is entitled to a company car and health insurance, as well as a share in Corem's profit-sharing foundation. The CEO is entitled to pension benefits in accordance with the ITP plan. The retirement age for the CEO is 65 years. The contract between the Company and the CEO is subject to nine months' notice by either party and the CEO is entitled to 15 months' severance pay.

OTHER SENIOR EXECUTIVES

Remuneration and benefits to other senior executives are decided, in accordance with principles established by the AGM, by the Company's Board. For other senior executives, salaries that are market-based and competitive apply. The annual bonus may amount to a maximum of three or six months' basic salary. Bonuses are not deemed to be pensionable income. For other senior executives pension benefits are, during their period of employment with the Company, set aside in accordance with the ITP plan. The retirement age for other senior executives is 65 years and 67 years. All four other senior executives are entitled to a company car and a right to health insurance, as well as a share in Corem's profit-sharing foundation. For these senior executives, a mutual notice period of three to six months also applies. An agreement on severance pay for 12 months applies to one of the four executives. There are no agreements between members of Corem's Board of Directors and Corem, or any of Corem's subsidiaries, according to which the Chairman of the Board, other Board members, the CEO, other senior executives or other employees will receive benefits after their assignment has ended. No agreements regarding remuneration in the form of share-based compensation programmes, options or other financial instruments have been entered into. Remuneration and benefits accord with the principles adopted by the 2020 AGM.

Profit-sharing foundation

Under a resolution of the AGM held in May 2011, Corem has established a profit-sharing foundation that includes all employees who have at least part-time employment and who are in attendance for more than 25 percent of their employment time during the year. Allocations may be made up to a maximum of one price base amount per employee, and may not exceed 1 percent of the proposed dividend to ordinary shareholders. For 2020, an allocation of SEK 639 thousand (2,066) was made.

Note 4, cont.

BENEFITS TO CEO AND SENIOR EXECUTIVES

	2020				2019			
	Salaries, fees and benefits	Pension costs	Social security costs, incl. payroll tax	Total	Salaries, fees and benefits	Pension costs	Social security costs, incl. payroll tax	Total
Chairman of the Board, Patrik Essehorn	317	-	99	416	307	-	96	403
Rutger Arnhult	177	-	56	233	168	-	53	221
Jan Sundling	56	-	6	62	168	-	27	195
Carina Axelsson	56	-	18	74	168	-	53	221
Christina Tillman	177	-	56	233	168	-	53	221
Fredrik Rapp	177	-	56	233	168	-	53	221
Magnus Uggla	120	-	12	132	-	-	-	-
Katarina Klingspor	120	-	38	158	-	-	-	-
CEO Eva Landén	3,494	785	1,288	5,567	3,966	805	1,441	6,212
Other senior executives (4 (4)), of which variable remuneration SEK 0.6 million (1.3)	6,519	1,244	2,350	10,113	8,979	1,541	3,195	13,715
	11,213	2,029	3,979	17,221	14,092	2,346	4,971	21,409

5

FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

	Group		Parent company	
	2020	2019	2020	2019
Audit engagement	1.6	2.0	1.6	1.9
Auditing services in addition to audit engagement	0.5	0.3	0.5	0.3
Tax advice	0.1	0.2	0.1	0.2
Other consultation	-	0.2	-	0.2
Total fees to auditors	2.2	2.7	2.2	2.6

Audit engagement refers to the audit of the annual accounts and accounting records, as well as of the Board of Directors' and the CEO's administration of the Company, advice and other assistance resulting from observations made during such audits or the performance of such tasks.

Auditing activities in addition to the audit engagement consist of various types of quality assurance services that are to result in a report, certificate or the like. These include, for example, review of interim reports and mergers. Tax advice refers to advice related to taxes, VAT and personnel taxation. All other activities are referred to as other consultation.

6

OPERATING EXPENSES BY TYPE OF EXPENSE

	2020	2019
Property costs¹⁾		
Electricity, district cooling and heating	92	105
Procured property management services	26	33
Repairs and maintenance	23	23
Property tax	28	31
Ground rent and leases ²⁾	2	2
Personnel costs	34	38
Depreciation/amortisation	0	0
Other property costs	21	28
Total property costs⁴⁾	226	260
Central administration^{3, 4)}	39	39

1) Property expenses relate in their entirety to properties that have generated income.

2) Under new accounting rules, IFRS 16, ground rents as of 2019 are recognised as a financial expense and are included in Net financial items.

3) Central administration costs mainly consist of costs incurred in the Parent Company for company administration and costs that are related to the Company's current listing on Nasdaq Stockholm.

In addition, costs for Group-wide administration are included, such as auditing, preparation of annual accounts, Group management, IT and more.

4) Intra-Group costs amount to SEK 0 million (0).

7 NET FINANCIAL INCOME

	Group		Parent company	
	2020	2019	2020	2019
Assets and liabilities measured at amortised cost				
Interest income other financial assets	0	0	0	0
Interest income, subsidiaries	-	-	60	92
Total interest income according to effective interest method	0	0	60	92
Interest expense, loans ¹⁾	-278	-283	-88	-85
Interest expenses, subsidiaries	-	-	0	0
Total interest expenses according to effective interest method	-278	-283	-88	-85
Expected credit losses on financial assets	0	0	0	0
Expected credit losses on financial assets from Group companies	-	-	-	-
Dividends from holdings in listed shares/Associated companies ²⁾	84	34	83	65
Dividends from subsidiaries	-	-	980	1,025
Group contributions	-	-	-	-
Total	84	34	1,063	1,090
Interest expenses, leases	-15	-13	-	-
Total recognised via profit or loss (net financial items)	-209	-262	1,035	1,097

1) Including accrued borrowing costs of SEK 14 million (13) and capitalised interest expenses of SEK 11 million (2). Of the SEK 209 million (262), SEK 64 million (71) consists of interest paid arising from derivatives measured at fair value in the income statement. Regarding derivatives measured at fair value, see Note 8.

2) Dividends from associated companies were eliminated in the consolidated accounts up to and including 1 July 2019.

Expected credit losses on financial assets

The financial assets that are covered by provision for expected credit losses according to the general method consist of cash and cash equivalents, other receivables and accrued income. Corem applies a rating-based method in combination with other known information and forward-looking factors to assess expected credit losses. The Group has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that payments have been suspended. As of the balance sheet date, no significant increase in credit risk has been deemed to exist for any receivable or asset. This assessment is based on whether any payment is 30 days or more late, or if there is a significant deterioration in the rating, such that the rating falls below investment grade. In cases where the amounts are not deemed to be insignificant, a provision or expected credit losses is also recognised for these financial instruments.

Expected loan losses on rent/accounts receivable, see Note 13.

8 CHANGES IN VALUE, DERIVATIVES

	2020	2019
Derivatives		
Gains/losses on interest rate derivatives	-31	-17
Total	-31	-17

In order to achieve a desired structure regarding interest maturity, Corem uses interest rate derivatives from time to time. In the case of financial instruments whose changes in value are reported in the income statement, any theoretical surplus or deficit that may arise when the agreed interest rate deviates from the market interest rate is recognised via profit or loss.

9 TAX

Deferred tax

Deferred tax liabilities are recognised for any taxable temporary difference between the fair value and the taxable value of the properties. The taxable value of the properties amounts to approximately SEK 4.5 billion (4.0) and the temporary difference to approximately SEK 9.5 billion (8.1). Less acquired temporary differences, the taxable temporary difference totals approximately SEK 5.4 billion (4.3).

Corem recognises deferred tax assets on accumulated tax deficits amounting to SEK 1,178 million (1,117). These losses are not limited in time and are available for offsetting against future tax gains. Deferred tax assets, which are recognised for total tax deficits, amount to SEK 243 million (230) in the consolidated balance sheet and to SEK 10 million (21) in the Parent Company's balance sheet.

Corem is affected by the rules on limitations regarding interest deductions that came into force on 1 January 2019 and that in short introduce a limitation in the right to deduct negative net interest income exceeding 30 percent of taxable EBITDA. Because the Group is not allowed full deduction of interest expenses, the Group's loss carryforwards are consumed at a faster rate. The Group does not recognise deferred tax assets on non-deductible interest expenses of SEK 43 million (47).

With the possibility of depreciation for tax purposes and deduction for certain conversions of properties, as well as the use of tax loss carryforwards, virtually no paid income tax expense arises. Paid income tax occurs in a few subsidiaries from which there are no opportunities for making Group contributions for tax purposes.

RECOGNISED VIA PROFIT OR LOSS

	Group		Parent company	
	2020	2019	2020	2019
Current tax				
Tax expense for the period	-7	-8	-2	-
Total current tax	-7	-8	-2	-
Deferred tax				
Tax value of loss carryforwards utilised/capitalised during the year	-	-	-11	-7
Changes in value, financial instruments and derivatives	48	-32	-	-
Current profit from property management	-41	-43	-	-
Changes in value and temporary differences in properties	-154	-50	-	-
Increased temporary difference in properties, attributable to depreciation and direct deductions for tax purposes	-71	-68	-	-
Revaluation tax loss carryforwards etc.	11	0	-	-
Total deferred tax	-207	-193	-11	-7
Total tax expense recognised	-214	-201	-13	-7

RECONCILIATION OF EFFECTIVE TAX

Group	2020	2019
Profit before tax	106	3,315
Nominal tax 21.4% on profit before tax	-23	-709
Non-taxable income/non-deductible expenses	0	0
Non-deductible interest expenses, net	-42	-47
Deficits previously not capitalised	11	0
Recalculation at 20.6%	1	26
Changes in value, properties	1	300
Profit from holdings, according to the equity method	-	31
Result from financial assets measured at fair value	-168	196
Other adjustments	6	2
Recognised effective tax	-214	-201

Note 9, cont.

Parent company	2020	2019
Profit before tax	804	1,126
Nominal tax 21.4% on profit before tax	-172	-241
Non-taxable dividends	217	224
Non-deductible impairments	-43	-
Recalculation at 20.6%	1	9
Non-deductible expenses/non-taxable income	-16	1
Recognised effective tax	-13	-7

RECOGNISED IN THE BALANCE SHEET DEFERRED TAX ASSETS/TAX LIABILITIES

Group	2020	2019
Derivatives	94	87
Loss carry-forwards	243	230
Tax assets	337	317
Difference between book and taxable values, properties	-1,104	-879
Long-term shareholdings	-29	-
Short-term investments	-	-27
Tax allocation reserves etc.	-4	-3
Tax liabilities	-1,137	-909
Deferred tax liability/assets in the balance sheet, net	-800	-592

Parent company	2020	2019
Loss carry-forwards	10	21
Tax assets	10	21

10 INVESTMENT PROPERTIES

Investment properties are recognised at fair value.

Group	2020	2019
Total, 1 January	12,114	13,479
Acquisitions	478	350
New builds, extensions and conversions	741	506
Divestments	-60	-3,920
Unrealised changes in value	742	1,695
Translation differences	-13	4
Total, 31 December	14,002	12,114

During 2020, 10 properties were acquired, at an underlying property value of SEK 478 million, and five properties were divested, at a property value of SEK 60 million. The acquisitions are located in Corem's selected segments and in the geographical proximity of the existing portfolio. The divestments were made with the aim of consolidating the portfolio geographically and in terms of property type. In 2020, a total of SEK 741 million was invested in new builds, extensions and conversions.

On 31 December 2020, the total market value of Corem's property portfolio was SEK 14,002 million (12,114). The change in value for the property portfolio, including the properties acquired during the year, was SEK 759 million, of which the change in value realised was SEK 17 million. Reduced return requirements, robust net lettings and renegotiations were factors in a positive change in value being generated for the year. The market's increased interest in investments in warehousing and logistics properties, leading to reduced return requirements, has had repercussions within Corem's portfolio, where the average required return has continued to fall on an annualised basis. The weighted average yield requirement in the year-end valuations was approximately 5.5 percent (5.8).

Significant commitments

Corem has the following significant commitments regarding the acquisition and sale of investment properties: The Company has acquired a property in Hanninge, Stockholm, comprising 6,224 sqm of lettable area. The transaction was in the form of a company acquisition and occupancy was taken up in February 2021. The Company has also acquired a property in Hedenstorp, Jönköping, comprising 4,033 sqm of lettable area. The transaction was in the form of a company acquisition and occupancy was taken up in February 2021.

Corem also has commitments to complete currently ongoing projects. Most are minor maintenance and modification projects on behalf of tenants. At the turn of the year, three major ongoing investment projects, that is project volumes of more than SEK 25 million, were in progress. The projects consist of conversions and new builds, as well as modifications on behalf of tenants, where the remaining investment is estimated at SEK 134 million and the overall project volume SEK 682 million.

Valuation method

Corem's property portfolio is valued every quarter. The company has internal valuation expertise in the form of a highly experienced authorised valuer. All properties are subject to an external valuation annually, with approximately 25 percent being valued externally per quarter. During 2020, properties representing 99.9 percent of the total value underwent external valuation.

External valuations were performed in 2020 by Savills Sweden AB, Cushman & Wakefield Sweden AB and CBRE A/S. Corem provided the valuers with information on current and newly signed leases, ongoing operating and maintenance costs, estimated investments and maintenance plans. Corem continuously obtains market information from external valuation institutions to support the internal valuation process.

The value estimates are based on cash flow analyses, which estimate the capacity of the individual property to generate returns. In this method, the value of the property is based on the present value of forecast cash flows, together with the residual value. Standard practice is to use a ten-year calculation period, if necessary adapted for properties with longer leases. Assumptions regarding future cash flows are based on an analysis of:

- Current and historical rents, plus costs
- Future developments in the wider market and in the immediate vicinity
- The conditions for and location of the properties in their particular market segment
- Terms and conditions of the particular lease
- Market terms and conditions of leasing at end of lease period
- Operating and maintenance costs for similar properties, as compared with those in the property in question
- Investment and maintenance plans

Changes during the period in the unobservable input data used in the valuations are analysed at each year-end by management, against information available internally, information on transactions completed or planned and information from the external appraisers.

In the case of the properties with unused building rights and plots of land, these are valued on the basis of the local price method and/or on the basis of concrete bids. The total value of building rights represents just under 2 percent of the total market value of the property portfolio at year-end.

All of Corem's investment properties have been valued at valuation level 3. No properties were transferred between different valuation levels. The valuation was based on the best and maximum use of the properties.

The value-affecting parameters used in the valuation reflect the interpretation by the valuation institutions of how investors and other players in the market reason and act. The valuations were drawn up in accordance with relevant parts of the Valuation Practice Statements (VPS) included in the "Red Book" and issued by RICS, as well as the framework established by the International Valuation Standard Committee (IVSC).

Note 10, cont.

Cost of capital

Net operating income during the calculation period and residual value at the end of the calculation period calculated in the analysis were discounted using the estimated costing interest rate. The estimated costing interest rate is required to correspond to a nominal required return on total capital. The costing interest rate is adjusted individually for each property and was in the range of 5.0 to 9.5 percent on 31 December 2020. In the valuation of Corem's total property portfolio, the deviation between the weighted average costing interest rate for the present value calculation of net operating income and the corresponding costing interest rate for residual values is extremely small. The average costing interest rate for discounting cash flows is 7.4 percent and for residual values 7.5 percent.

Residual value and yield requirement

The residual value is calculated as the property's market value at the end of the calculation period. It is based on the forecast net operating income in the first year after the end of the calculation period. The forecast net operating income is capitalised in perpetuity with an individual yield requirement for the property, in order to calculate the residual value. The weighted average yield requirement at the end of the calculation period was 5.5 percent on 31 December 2020.

VALUATION ASSUMPTIONS

Time of value	31 Dec 2020	31 Dec 2019
Inflation assumption,% ¹⁾	2.00	2.00
Calculation period, years	10–20	10–20
Yield requirement, %	4.40–7.45	4.65–7.45
Cost of capital,%	4.95–9.49	5.48–9.60
Long-term vacancy, %	Mainly 4–10	
Rent assumption	Existing rent and market rent	
Operating and maintenance costs	Individually calculated on the basis of the outcome for each property and the valuation institute's experience of similar cases.	

1) Inflation assumed at 1.0 percent in 2021 and 2.0 percent in other years.

SENSITIVITY ANALYSIS, VALUATION

Impact on value in the event of changes in net operating income and/or yield requirements, SEKm. The various parameters are each affected by different assumptions and normally do not interact to the same effect.

KEY RATIOS PER GEOGRAPHICAL AREA

	Fair value, SEKm		Lettable area, sqm		Rental value, SEK million		Financial occupancy rate, %		Weighted yield requirement, %	
	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Stockholm	7 903	6,925	457,556	452,651	564	532	94	91	5.42	5.66
South	1,650	1,514	193,079	194,072	134	133	95	92	5.97	6.32
West	3,271	2,776	236,954	228,556	196	179	91	92	5.60	5.84
Småland	1,178	899	98,298	84,216	76	68	92	88	5.66	6.08
Mälardalen/Norr	–	–	–	–	–	–	–	–	–	–
Total	14,002	12,114	985,887	959,495	970	912	93	91	5.54	5.81

11

FINANCIAL ASSETS MEASURED AT FAIR VALUE/PROFIT SHARES AND HOLDINGS RECOGNISED ACCORDING TO THE EQUITY METHOD

Corem owns shares in two listed property companies, Klövern and Castellum. In these companies, Corem is represented in the Nomination Committee. The Castellum holding was classified as a long-term holding in the third quarter of 2020, after Corem took a seat in the Nomination Committee.

In the fourth quarter of 2020, Corem participated in Klövern's issue of new shares and acquired A and B shares for approximately SEK 347 million.

KLÖVERN

Since November 2008 Corem has owned shares in Klövern, a property company that with proximity and commitment offers attractive premises and contributes to urban development in growth regions, with the vision of creating attractive and sustainable environments for companies, individuals and society of the future. Klövern is listed on NASDAQ Large Cap and rated at BBB- by Scope.

	Change	Impact on value, SEKm	Impact on value, %
Yield requirement and costing interest rate	+/- 0.5 percentage point	-1,169	-8.4
Yield requirement and costing interest rate	+/- 0.5 percentage point	1,384	9.9
Market rent	+5%	656	4.7
Operating-, maintenance costs	5%	-173	-1.2
Long-term vacancy rate	+/- 1 percentage point	-176	-1.3

INVESTMENT PROPERTIES – IMPACT ON PROFIT/LOSS FOR THE YEAR

Group, SEKm	2020	2019
Income	894	961
Direct costs for investment properties generating rental income during the period	-226	-260
Direct costs for investment properties not generating rental income during the period	0	0
Changes in value, properties	759	1,695

TAX ASSESSMENT VALUES¹⁾

Group, SEKm	2020	2019
Tax assessment values buildings	3,365	3,244
Tax assessment values land	1,475	1,418
Total tax assessment value	4,841	4,662

1 Refers only to the Swedish properties, as other rules apply in Denmark regarding property tax assessment.

Residual values for tax purposes

The residual value of the properties for tax purposes totalled SEK 4,485 million (3,974) on 31 December 2020.

Note 11, cont.

CASTELLUM

Since 2019 Corem has held shares in property company Castellum, one of the Nordic region's largest listed property companies. Its shares are listed on NASDAQ Large Cap.

Castellum has office and logistics properties in Swedish growth regions, as well as in Copenhagen and Helsinki. It is the only Nordic property and construction company to be included in the Dow Jones Sustainability Index (DJSI). Castellum has signed up to the Global Compact and its goals include becoming completely climate neutral by 2030. Castellum is the first property company in the Nordic region to have its climate goal approved by the Science Based Targets initiative (SBT).

The property value of Castellum's property portfolio amounted to SEK 103 billion and its rental value to SEK 6.5 billion at 31 December 2020. The loan-to-value ratio was 44 percent. The company is rated "Baa2" by Moody's.

On 31 December 2020, Corem's holding of Castellum shares totalled 7,900,000. This represents 2.9 percent of the votes and 2.9 percent of the equity, based on the total number of shares.

The average cost of acquisition of the shares is SEK 190.63 per share and the closing rate on 31 December 2020 was SEK 208.70.

On 31 December 2020, the fair value for the holding in Castellum was SEK 1,649 million. The changes in value totalled SEK 86 million (-) for the year and are included in the Statement of comprehensive income under Changes in value of financial investments.

Parent company

In the Parent Company, the holdings are reported as Other financial non-current assets and are recognised there at cost, see Note 12.

12 OTHER NON-CURRENT ASSETS

OTHER INTANGIBLE ASSETS

	Group		Parent company	
	2020	2019	2020	2019
Opening balance	0	0	0	0
Acquired/capitalised assets	3	-	3	-
Book value	3	0	3	0

PROPERTY, PLANT AND EQUIPMENT

	Group		Parent company	
	2020	2019	2020	2019
Cost				
Opening balance	10	10	6	6
Acquired equipment	0	0	0	0
Divestments, disposals and other adjustments	-1	0	0	0
Closing balance, cost	9	10	6	6
Depreciation/amortisation				
Opening balance	-8	-8	-5	-5
Depreciation for the year	-1	0	0	0
Divestments, disposals and other adjustments	1	0	0	0
Closing balance, depreciation/amortisation	-8	-8	-5	-5
Book value	1	2	1	1

OTHER FINANCIAL ASSETS

	Group		Parent company	
	2020	2019	2020	2019
Opening balance	3	0	492	0
Reclassification from Participations in associated companies	-	-	-	489
Acquired assets ¹⁾	-	3	1,854	3
Book value	3	3	2,346	492

1) See also Note 11.

Rental income

Rental income from investment properties is recognised in the income statement on a straight-line basis over the rental period.

13 TRADE RECEIVABLES

Corem evaluates its accounts receivable every quarter, and all accounts receivable exceeding 30 days are assessed on a case-by-case basis. Provision is made for doubtful accounts receivable, and in the event of bankruptcy or other confirmed credit losses, claims are recognised as bad debt losses. All new tenants are subject to credit checks.

Accounts receivable are initially recognised at their nominal amount, which corresponds to fair value at that time and are recognised taking into account confirmed and anticipated customer losses. There is no additional need for provision for customer losses.

As of the balance sheet date, there were no accounts receivable in foreign currency.

ACCOUNTS RECEIVABLE – AGE BREAKDOWN

Days	2020	2019
Not overdue	1	4
1-30	5	0
31-90	0	1
91-	5	4
Expected credit losses	-3	-3
Total	8	6

The credit quality of receivables that are not overdue or impaired is deemed to be good. Receivables consist primarily of accounts and rent receivable, for which the Group has chosen to apply the simplified method for recognition of expected credit losses. As a result, provision is made for expected credit losses for their remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, which means that all accounts and rent receivable recognised have fallen due for payment. The Group makes provision for expected credit losses on the basis of historical credit losses and forward-looking information. The Group's customers are a homogeneous group with a similar risk profile, and the credit risk is therefore initially assessed on a collective basis for all customers. Any major individual receivables are also assessed initially per counterparty. Corem writes off a receivable when there is no longer an expectation of payment being received, and when active measures to obtain payment have ended.

14 OTHER RECEIVABLES

The item Other receivables, totalling SEK 48 million (31,) includes, among other things, not yet settled purchase considerations.

15 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2020	2019	2020	2019
Prepaid ground rents and leases	4	4	-	-
Other items	25	21	4	3
Total	29	25	4	3

16 SHORT-TERM INVESTMENTS

As of 31 December 2019 the market value of short-term investments totalled SEK 1,542 million, represented by property company shares listed on Nordic stock exchanges, including Castellum.

During 2020 the holding in Castellum was reclassified as a long-term holding and is since recognised under the heading of Financial assets measured at fair value, see Note 11. Remaining short-term investments were disposed of during the year and the holding on 31 December 2020 amounted to SEK 0 million.

Part of the holding in short-term investments was owned by the Parent Company and was recognised there at cost.

	Group		Parent company	
	2020	2019	2020	2019
Realised changes in value	-166	30	-27	38
Unrealised changes in value	-122	140	-	-
Total	-288	170	-27	38

17 EQUITY

Shares

Corem is listed on Nasdaq Stockholm Mid Cap with three classes of shares: class A and class B ordinary shares and preference shares. Class A ordinary shares entitle holders to one vote, while class B ordinary shares and preference shares entitle holders to one tenth of a vote.

Share buybacks

The Annual General Meeting authorised the Board, during the period until the next Annual General Meeting, to resolve upon share buybacks in the Company. Share buybacks provide the Company with greater scope for adjusting its capital structure to the need for capital from time to time, including an opportunity to transfer shares, for example as payment in connection with property acquisitions. During 2020, 21,075,000 Series B ordinary shares the Company were bought back at an average price of SEK 23.64.

Dividend

For the 2020 financial year, the Board of Directors proposes to the shareholders at the Annual General Meeting which is to be held on 29 April 2021 that a

dividend of SEK 0.65 (0.60) per ordinary series A and B share and SEK 20.00 (20.00) per preference share be paid. The Board further proposes the record date for dividends on ordinary shares to be 3 May 2021 with an estimated payment date of 6 May 2021. The dividend per preference share is proposed to be divided into four payments of SEK 5.00 each, with the last business day in each calendar quarter as record days, with payment three business days thereafter.

The following amount is at the disposal of the AGM: SEK 2,010,352,001. According to the Board's proposal, the unappropriated profit shall be disposed such that: SEK 72,000,000 be distributed to preference shareholders, corresponding to SEK 20.00 per preference share, SEK 223,076,428 be distributed to ordinary shareholders, corresponding to SEK 0.65 per ordinary share, and SEK 1,715,275,573 be carried forward. For further information, see the Board of Directors' Report, pages 56–63.

Changes in equity

A specification of changes in equity is provided in the Statement of Changes in Equity for the Group on page 77 and Changes in Equity in the Parent Company on page 81.

Number of shares	Year	Number of			Total number of shares	Quotient value, SEK	Share capital, SEK
		Class A ordinary shares	Class B ordinary shares	Preference shares			
At start of year	2007	435,144,653	-	-	435,144,653	0.03	13,054,340
Reduction of share capital	2007	-	-	-	435,144,653	0.0015	652,717
Non-cash, offset and new share issues	2007	1,294,442,103	-	-	1,729,586,756	0.15	194,819,032
Share consolidations	2007	-1,703,610,885	-	-	25,975,871	7.5	194,819,032
Non-cash issue	2008	1,630,435	-	-	27,606,306	7.5	207,047,295
Non-cash and new share issue	2009	3,492,614	-	-	31,098,920	7.5	233,241,900
Bonus, non-cash and new share issues	2010	6,849,373	-	3,193,208	41,141,501	7.5	308,561,258
2-for-1 share split	2011	37,948,293	-	3,193,208	82,283,002	3.75	308,561,258
Non-cash and new share issue	2013	-	-	224,903	82,507,905	3.75	309,404,644
Non-cash and new share issue	2016	-	-	588,681	83,096,586	3.75	311,612,197
Reduction of share capital and cancellation of shares	2017	-7,580,431	-	-	75,516,155	3.75	283,185,581
Bond issue, restoration of share capital	2017	-	-	-	75,516,155	4.15	313,392,043
Directed new share issue	2017	5	-	-	75,516,160	4.15	313,392,064
Reduction of share capital	2017	-	-	-	75,516,160	1.00	75,516,160
Bonus issue, B shares	2017	-	683,161,600	-	758,677,760	1.00	758,677,760
Reverse split, 1-for-2 shares	2018	-34,158,080	-341,580,800	-3,600,000	379,338,880	2.00	758,677,760
Reclassification, A-B shares, 2018	2018	-519,078	519,078	-	379,338,880	2.00	758,677,760
Reclassification, A-B shares, 2019	2019	-635,959	635,959	-	379,338,880	2.00	758,677,760
Reclassification, A-B shares, 2020	2020	-492,819	492,819	-	379,338,880	2.00	758,677,760
At year-end	2020	32,510,224	343,228,656	3,600,000	379,338,880	2.00	758,677,760

Note 17, cont.

Share buybacks and sales of own shares	Year	Number of			Total number
		Class A ordinary shares	Class B ordinary shares	Preference shares	
Share buybacks, after a 2-for-1 split	2009	308,400	-	-	308,400
Bonus share issue, of which own shares, after a 2-for-1 split	2010	-	-	30,840	339,240
Buyback of own shares ¹⁾	2011	918,633	-	16,313	1,274,186
Buyback of own shares ¹⁾	2012	235,438	-	9,300	1,518,924
Sale of own shares ²⁾	2012	-99,083	-	-56,453	1,363,388
Buyback of own shares ¹⁾	2013	87,400	-	-	1,450,788
Sale of own shares ²⁾	2013	-1,387,388	-	-	63,400
Buyback of own shares ¹⁾	2014	2,421,525	-	-	2,484,925
Buyback of own shares ¹⁾	2015	20,200	-	-	2,505,125
Buyback of own shares ¹⁾	2016	5,075,306	-	-	7,580,431
Cancellation of share buybacks	2017	-7,580,431	-	-	0
Buyback of own shares ¹⁾	2017	1,702,650	17,026,500	-	18,729,150
Reverse split, 1-for-2 shares	2018	-851,325	-8,513,250	-	9,364,575
Buyback of own shares ¹⁾	2018	2,062,500	42,300	-	11,469,375
Buyback of own shares ¹⁾	2020	-	21,075,000	-	32,544,375
Number of repurchased own shares at year-end	2020	2,913,825	29,630,550	-	32,544,375
Number of outstanding shares at year-end	2020	29,596,399	313,598,106	3,600,000	346,794,505

1) In 2013, ordinary shares were bought back at an average price of SEK 3.58, in 2014 at an average price of SEK 4.63, in 2015 ordinary shares at an average price of SEK 5.28, in 2016 ordinary shares at an average price of SEK 5.94, in 2017 at an average price of SEK 8.57, in 2018 at an average price of SEK 8.89 and in 2020 at an average price of SEK 23.64. Average prices have been adjusted for a 1-for-2 share consolidation carried out in January 2018.

2) All divestments of own shares have been in conjunction with property acquisitions.

18 EARNINGS PER SHARE

Earnings per ordinary share, SEK -0.52 (8.35), are calculated on the basis of the profit/loss for the year SEK -108 million (3,114) less the share of earnings of SEK 72 million (72) for preference shareholders and of a weighted average number of ordinary shares outstanding, totalling 343,429,054 in 2020 and 364,269,505

in 2019. Earnings per preference share amount to SEK 20.00 per share per year. There is no dilution effect as there are no potential shares to be issued (for example via convertibles).

19 FINANCIAL INSTRUMENTS BY CATEGORY

The table below presents the Group's financial assets and liabilities, stated at carrying amount and fair value, respectively, classified according to the categories in IFRS 9.

	Group 31 December 2020				Group 31 December 2019			
	Financial assets and liabilities measured at fair value via profit or loss	Financial assets and liabilities measured at amortised cost	Total Carrying amount	Total, fair value	Financial assets and liabilities measured at fair value via profit or loss	Financial assets and liabilities measured at amortised cost	Total Carrying amount	Total, fair value
Financial assets								
Accounts receivable and other receivables	-	75	75	75	-	50	50	50
Financial assets measured at fair value	4,347	-	4,347	4,347	3,191	-	3,191	3,191
Short-term investments	-	-	-	-	1,542	-	1,542	1,542
Cash and cash equivalents	-	15	15	15	-	8	8	8
Total	4,347	90	4,437	4,437	4,733	58	4,791	4,791
Financial liabilities								
Derivatives, level 2	455	-	455	455	424	-	424	424
Borrowing	-	9,620	9,620	9,620	-	7,375	7,375	7,375
Accounts payable	-	60	60	60	-	76	76	76
Other liabilities	-	53	53	53	-	49	49	49
Accrued expenses	-	84	84	84	-	103	103	103
Total	455	9,817	10,272	10,272	424	7,603	8,027	8,027

Note 19, cont.

The maximum credit risk in the assets consists of the net amounts of the carrying amounts in the table above. The Group is not in receipt of any pledged collateral for the net financial assets. The fair value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date. Corem uses the current purchase price where appropriate. These instruments are classified at level 1. The investments classified at level 1 have consisted above all of shares listed on Nordic stock exchanges and classified as Financial assets measured at fair value and in Short-term investments. The fair value of financial instruments not traded on an active market is determined using various valuation techniques. In this case, market information is used as much as possible, when available, while Company-specific information is used as little as possible. If all the material input data required for the fair value

measurement of an instrument are observable, the instrument is classified at level 2. In the case of Corem, this consists of the Company's holding of derivatives. In cases where one or more of the material input data is not based on observable market information, the instrument concerned is classified at level 3. Corem has no instruments in this category. Corem did not transfer any financial instruments between the various levels during the period. Agreements are in place that, as regards derivatives, enable netting of obligations to the same counterparty. No derivative instruments have been recognised net. The judgement has been made that no significant increase in credit risk has taken place for any of the Group's financial assets. The counterparties have no credit risk rating, other than in the case of cash and cash equivalents, where the counterparty has a credit risk of AA-.

20

FINANCIAL RISKS AND FINANCE POLICIES**Finance policy**

Through its business operations, the Group is exposed to various kinds of financial risk. Financial risks consist of financing risk, liquidity risk, interest rate risk, currency risk and credit risk.

Corem's financial policy, which is established by the Board, lays down guidelines and rules regarding financial risks.

Deviations from the Group's finance policy require approval by the Board. Responsibility for the Group's financial transactions and risks is handled centrally by the Parent Company's management. Financial issues of strategic importance are addressed by the Board of Directors.

Corem aims to limit its risk exposure and as far as possible to control the exposure with regard to choice of investments, tenants and contract terms, financing terms and business partners. Further information is provided in the section Finance on pages 43–47 and in the section Opportunities and risks on pages 69–71.

THE GOALS OF THE COMPANY'S FINANCE POLICY ARE:

- over time, show an average return on equity of at least the risk-free interest rate plus ten percentage points. The risk-free interest rate is defined as the average yield on five-year government bonds.
- for the adjusted equity ratio over time to be no less than 40 percent.
- for the long-term interest coverage ratio to be no less than 2.0 times.
- for the average fixed-credit period for interest-bearing liabilities to be no less than 1.5 years.
- for the average fixed-interest period for interest-bearing liabilities to be no less than 1.5 years.
- for no less than 50 percent of interest-bearing liabilities to be hedged.
- for external financing of properties abroad to be arranged in local currency.

Financial targets	Target	Actual
Average return on equity, %	9.7	24.0
Equity ratio, adjusted, %	≥40	48
Interest coverage ratio, multiple	≥2.0	2.5
Fixed credit term, years ¹	≥1.5	1.9
Fixed interest rate term, years	≥1.5	2.7
Interest rate-hedged liabilities, %	≥50	53
External financing in local currency, %	100	100

The Board shall no less than once a year review the finance policy in order to improve and adapt it to Corem's situation at the time.

Financing and refinancing risk

Funding risk is the risk that financing cannot be obtained at all, or is only available on unfavourable conditions. By having access to many lenders and credit sources, the Company's financing and refinancing risk is limited. The refinancing risk is further limited by having loan maturities spread over several years and on different occasions during the year. Having access to unused credit lines further limits this risk.

The Group's total credit facilities of SEK 10,187 million (8,368), including unutilised credit lines of SEK 567 million (993), are subject to terms of 1 month to 49 years. The Group's average fixed-credit period was 1.9 years (2.2).

Liquidity risk

Liquidity risk is the risk of having insufficient liquid funds to fulfil the Group's payment commitments. Notwithstanding the Company's long-term goals, the Board may decide to temporarily increase liquidity, for example in the event of heightened preparedness or major transactions. Internal liquidity forecasts for the next twelve months are prepared on an ongoing basis, in which items affecting cash flow are analysed at Group level. The purpose of the liquidity forecast is to verify the need for capital. Cash and cash equivalents on 31 December 2020 amounted to SEK 15 million (8).

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's cost of borrowing. Interest rate risk may consist either of a change in the fair value of the properties, in other words a price risk, and/or of changes in cash flows, in other words a cash flow risk. One material factor affecting the interest rate risk is the fixed-interest period. Long fixed-interest periods mainly affect the cash flow risk, while shorter fixed-interest periods affect the price risk.

Management of the Group's interest exposure is centralised, whereby the central finance function is responsible for identifying and managing this exposure. Corem employs financial instruments in order to limit the interest rate risk and to flexibly adjust the average fixed-interest term of the loan portfolio. Corem holds derivatives in the form of interest rate swaps and interest rate caps. At the turn of the year, Corem had 7 (7) swap agreements amounting to SEK 2,390 million (2,390) and 7 (7) interest rate caps of SEK 2,503 million (2,503). The derivatives expire between 2022 and 2031.

On 31 December 2020, 53 percent (71) of interest-bearing liabilities were interest-rate hedged. The Company's average fixed-interest period was 2.7 years (3.4), taking derivatives into account. The average interest rate on 31 December 2020 was 2.7 percent (3.4). An increase of 1 percentage point in Stibor 3M would increase Corem's average borrowing rate by 0.7 percentage points, equivalent to approximately SEK 67 million in annual interest expenses.

Borrowing, maturity structure and interest rates

At year-end, interest-bearing liabilities totalled SEK 9,620 million (7,375). Interest-bearing net debt, after deduction of interest-bearing assets, short- and long-term holdings of shares and cash and cash equivalents, amounted to SEK 5,258 million (2,629). The derivative portfolio was valued at SEK -455 million (-424). Unrealised changes in value of derivatives in the year totalled SEK -31 million (-17). The Company's interest rate swaps have been valued by Swedbank, Nordea and Danske Bank by discounting future cash flows to present value. Further information on swap agreements is provided in the section Finance on pages 43–47.

Derivative instruments are classified as non-current liabilities in the balance sheet and, as in previous years, are measured at fair value in accordance with IAS 39. Changes in value are recognised via profit or loss on a separate line, Changes in the value of derivatives.

Collateral for the interest-bearing liabilities consists of promissory note receivables from subsidiaries, including pledged mortgage deeds and collateral in listed holdings. Collateral has been supplemented by mortgages on some of the shares in the subsidiaries.

The collateral is supplemented by the minimum level for interest coverage ratio and the maximum level for loan-to-value ratio.

The terms for lending stated in the loan agreements are consistent with

Note 20, cont.

Corem's financial targets. The credit agreements are based on customary conditions for termination.

The maturity structure of the loan agreements, as shown in the table alongside, indicates when in time the loan agreements fall due for renegotiation or repayment.

INTEREST- AND LOAN MATURITY STRUCTURE, 2020

Maturity, year	Fixed interest rate term			Fixed credit terms	
	SEKm	Average interest rate, %	Share, %	SEKm	Share, %
2021	6,990	2.8	73	4,036	42
2022	100	0.3	1	2,398	25
2023	121	3.0	1	1,681	18
2024	35	2.4	1	884	9
2025	490	1.7	5	509	5
>2025	1,884	2.7	19	112	1
Total	9,620	2.7	100	9,620	100

Future liquidity flows

Future liquidity flows in connection with loans and derivatives are shown in the table below. Calculation of liquidity flows for loans and for the variable leg of derivatives, is based on the Stibor interest rate on the most recent interest rate setting day. On the basis of the above assumptions, the total payment liability for agreed loans and interest rate derivatives totalled SEK 10,550 million (8,226) over the remaining maturities.

LIQUIDITY FLOWS ON 31 DECEMBER 2020

Year	Loans			Interest on loans	Interest on derivatives	Total
	OB	Amortisation	CB			
2021	9,620	-4,036	5,584	-162	-61	-4,259
2022	5,584	-2,398	3,186	-119	-61	-2,578
2023	3,186	-1,681	1,505	-51	-60	-1,792
2024	1,505	-884	621	-21	-60	-965
2025	621	-509	112	-4	-52	-565
>2025	112	-112	-	-25	-254	-391
Total		-9,620		-382	-548	-10,550

LIQUIDITY FLOWS ON 31 DECEMBER 2019

Year	Loans			Interest on loans	Interest on derivatives	Total
	OB	Amortisation	CB			
2020	7,375	-2,022	5,353	-147	-72	-2,241
2021	5,353	-2,629	2,724	-88	-72	-2,789
2022	2,724	-1,634	1,090	-50	-72	-1,756
2023	1,090	-418	672	-17	-65	-500
2024	672	-44	628	-12	-63	-119
>2024	628	-628	-	-26	-167	-821
Total		-7,375		-340	-511	-8,226

Currency risk

Currency risk is the risk that Corem's income statement and balance sheet will be negatively affected by fluctuations in exchange rates. The currency risk is limited, as Corem only owns two properties in Denmark, which together represent approximately 3 percent of the total property portfolio. The Danish properties are financed via loans in Danish kroner. Exchange rate fluctuations thus only affect the net income for the property.

Credit risk

Credit risk is the risk of loss as a result of the failure of a counterparty to fulfil its obligations. The risk is mitigated by the requirement that only creditworthy counterparties be accepted in financial transactions. The risk that tenants of the Group do not fulfil their obligations, in other words, that payment is not received for accounts receivable, constitutes a customer credit risk. The credit risk represented by customers is assessed by obtaining information about the customer's financial position from various credit rating companies. The Group has adopted a credit policy for managing customer credit arrangements. The credit risk is calculated in connection with new lettings and the adaptation of premises for existing tenants.

A bank guarantee or other security is required for customers with low creditworthiness or an insufficient credit history. In order to monitor changes in the creditworthiness of tenants, ongoing credit monitoring is performed. The Company also assesses creditworthiness concerning any promissory note receivables arising from the sale of properties and businesses, as well as concerning loans to associated companies.

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OTHER CURRENT LIABILITIES

	Group		Parent company	
	2020	2019	2020	2019
VAT liability	-	-	3	3
Liability to preference shareholders	36	36	36	36
Other liabilities	10	6	0	0
Total	46	42	39	39

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ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2020	2019	2020	2019
Accrued interest expenses	21	19	11	4
Prepaid Rents	130	124	-	-
Accrued operating costs	25	27	-	-
Other items	38	57	17	18
Total	214	227	28	22

23 RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Corem recognises Right-of-use assets and Lease liabilities in the balance sheet, above all in connection with site leaseholds. In the standard, site leaseholds are regarded as perpetual lease agreements. They are recognised at fair value and will therefore not be amortised, but the value of the right-of-use asset remains until the renegotiation of the respective ground rent. A lease liability is recognised corresponding to the value of the Right of use asset. The lease liability is not amortised, but the value is unchanged until renegotiation of the respective ground rent. At the end of 2020, Corem had 36 properties leased on site leasehold agreements, with total payments amounting to SEK 15 million (13).

Right-of-use assets	Site leasehold agreements	Leases	Lease contracts	Total
Cost				
At 1 January 2020	202	4	3	209
Terminating/new	9	0	0	9
31 December 2020	211	4	3	218
Accumulated depreciation/ amortisation				
At 1 January 2020	–	0	0	0
Depreciation for the year	–	0	0	0
31 December 2020	0	0	0	0
Recognised asset on 31 December 2020	211	4	3	218
Lease liabilities				
At 1 January 2020	202	4	3	209
Terminating/new	9	0	0	9
31 December 2020	211	4	3	218
Amortisation				
At 1 January 2020	–	0	0	0
Amortisation for the year	–	0	0	0
31 December 2020	0	0	0	0
Recognised asset on 31 December 2020	211	4	3	218
Agreed future ground rents		2020	2019	
Agreed ground rents in year 1		14	13	
Agreed ground rents between years 2 and 5		47	37	
Agreed ground rents later than 5 years		35	25	
Total		96	75	

Lease contracts where the Group is the lessor

The Group leases its investment properties under operational lease contracts. The most common term for newly signed contracts is three to five years with a notice period of 9 months.

The following table shows future rental income under existing leases:

TERMS OF COREM'S LEASES ON 31 DECEMBER 2020

Year	No. of leases	Lettable area, sqm	Rental income, SEK million	Share, %
2021	233	134,471	116	13
2022	219	151,458	151	17
2023	171	126,560	124	14
2024	109	160,899	142	16
2025-	102	324,094	366	39
	834	897,482	899	99
Housing	1	45	0	0
Parking	225	1,215	7	1
Total	1,060	898,742	906	100

24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	2020	2019	2020	2019
Assets pledged				
Property mortgages	7,315	6,107	–	–
Pledged shares in subsidiaries	2,968	2,748	–	–
Pledged shares in listed companies	4,347	3,191	2,343	489
Total pledged assets	14,630	12,046	2,343	489
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	6,473	5,626
Total contingent liabilities	–	–	6,473	5,626

Pledged shares in subsidiaries are stated as the subsidiaries' share of the Group's net assets. Pledged shares in listed companies are listed at fair value in the Group and at cost in the Parent Company.

In recent years, the Company has made a number of acquisitions and sales of properties and companies. In some cases, the sales have taken place after internal restructuring in order to create an acquisition structure requested by the buyers. During transactions, transaction risks may arise in the form of guarantees and taxes etc. The Company's exposure to such risks represents significant amounts. The probable risk to future payments of significant amounts is considered to be lower. However, the Company cannot rule out the possibility that a future payment in this connection may arise.

Within the scope of the Group's operations, Group companies are involved in minor disputes. None of these are considered material to the Group.

The Parent Company has entered into agreements on joint and several guarantees on behalf of subsidiaries.

25 RELATED PARTIES

Related party relationships

GROUP

The Group is subject to influence from Rutger Arnhult via companies that, based on the total number of shares, hold 46.4 percent (41.8) of the capital and 47.6 percent (42.5) of the votes in the Parent Company Corem Property Group AB (publ). The second largest shareholder, effective 31 December 2020, is Gårdarke AB with 14.6 percent of the capital and 16.0 percent of the votes, which represents a degree of material influence over Corem.

PARENT COMPANY

In addition to the related party relationships stated for the Group, the Parent Company has a controlling influence over the subsidiaries, see Note 26.

Note 25, cont.

Summary of related-party transactions

GROUP

Services between Group companies and with related companies are charged at market prices and on commercial terms. Intra-Group services consist of administrative services and intra-Group interest payables.

During 2019 a contract was signed with Wästbygg AB for the construction of Pro Stop Backa, in Gothenburg, and for the construction of Pro Stop Borås stage 3A. Transactions with Wästbygg totalled SEK 170 million (200) during the year. Wästbygg is controlled by Board member Rutger Arnhult.

In 2020, the Corem Group also procured legal services from law firm Walthon Advokater AB, in which Group Chairman Patrik Essehorn is a partner.

PARENT COMPANY

Long-term receivables from subsidiaries, net, on 31 December 2020 totalled SEK 3,106 million (2,468) and current receivables to SEK 0 million (0).

Transactions with key individuals in executive positions

The Company's Board members and companies owned by them control 50.33 percent (45.75) of the capital and 51.59 percent (46.59) of the votes in the Company, based on the total number of shares.

For further information, see pages 60–61. For more information regarding salaries and other remuneration to the Board, the CEO and other executives, see Note 4, which also provides information on costs and agreements on pensions and similar benefits, and on agreements regarding severance pay.

26 PARTICIPATIONS IN GROUP COMPANIES

PARTICIPATIONS IN GROUP COMPANIES

	2020	2019
Accumulated costs at beginning of year	333	332
Shareholder contributions	301	1
Impairment losses	-202	-
Total	432	333

Since November 2007, Corem AB and since 2019 Meroc Kapitalförvaltning AB have been directly owned by Corem Property Group AB, see below. Other Group companies are owned by Corem AB directly or indirectly by its subsidiaries. These companies in the Group are not reported in the Parent Company's annual report as no individual subsidiary is of significant size. Other companies, however, are presented in the annual reports of the respective subsidiaries. The capital share reported includes the shares of other Group companies. The Group has a total of 122 limited companies (116) and 21 limited partnerships and trading companies (21).

PARENT COMPANY'S HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Subsidiaries	Corporate identity number	Registered office	Percentage	Book value 31 Dec 2020
Corem AB	556731-4231	Stockholm	100	432
Meroc Kapitalförvaltning AB	556855-7598	Stockholm	100	0
Total				432

The net sale value of the subsidiary shares is assessed as indicated below:

Net asset value of the subsidiary shares after taking into account the fair value of assets and liabilities less estimated selling costs for the shareholding. The net asset value calculation has also taken into account the value of tax loss carryforwards in the Group, which have been allocated to the subsidiary shares on reasonable and consistent grounds. In calculating the fair value of the properties in the subsidiaries, assessed market return requirements have been applied in accordance with the methods and assumptions described in Note 10.

27 NON-CURRENT RECEIVABLES FROM GROUP COMPANIES

	2020	2019
Opening balance	2,468	3,325
New/terminating receivables	638	-857
Promissory note receivables	-	-
Total	3,106	2,468

28 CASH FLOW STATEMENT

INTEREST

	Group		Parent company	
	2020	2019	2020	2019
Interest received	0	0	60	93
Interest paid	-262	-275	-75	-77
Total	-262	-275	-15	16

ADJUSTMENTS FOR NON-CASH ITEMS

Parent company	2020	2019
Depreciation/amortisation of property, plant and equipment and intangible assets	202	0
Adjustment for result from short-term investments	27	-38
Adjustment for interest paid	13	8
Total	242	-30

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RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

Group	31/12/2019	Cash flow	Changes not affecting cash flow		31/12/2020
			Effect changed Exchange rate	Accrual Borrowing costs	
Non-current interest-bearing liabilities	5,264	239	-4	11	5,510
Current interest-bearing liabilities	2,091	1,993	-	2	4,086
Total liabilities attributable to financing activities	7,355	2,232	-4	13	9,596

Parent company	31/12/2019	Cash flow	Changes not affecting cash flow	
			Borrowing costs accrued	31/12/2020
Non-current interest-bearing liabilities to credit institutions	849	1,240	4	2,093
Current interest-bearing liabilities to credit institutions	824	166	2	992
Total liabilities attributable to financing activities	1.673	1.406	6	3.085

Group	31/12/2018	Cash flow	Changes not affecting cash flow		31/12/2019
			Effect changed Exchange rate	Accrual Borrowing costs	
Non-current interest-bearing liabilities	7,574	-2,324	2	12	5,264
Current interest-bearing liabilities	1,694	395	-	2	2,091
Total liabilities attributable to financing activities	9,268	-1,929	2	14	7,355

Parent company	31/12/2018	Cash flow	Changes not affecting cash flow	
			Borrowing costs accrued	31/12/2019
Non-current interest-bearing liabilities to credit institutions	1,346	-503	6	849
Current interest-bearing liabilities to credit institutions	920	-98	2	824
Total liabilities attributable to financing activities	2,266	-601	8	1,673

The Group's and the Parent Company's interest rate derivatives do not affect cash flow.

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EVENTS AFTER THE BALANCE SHEET DATE

- The green bond issued in the fourth quarter has been increased by a total of SEK 550 million.
- An agreement has been signed to acquire the Hedenstorp 1:99 property in Jönköping, covering 4,033 sqm of warehouse and production space, plus offices, with an underlying property value of SEK 65 million.
- An agreement has been entered into for the sale of the Instrumentet 13 and 18 properties in Örnberg, Stockholm (approximately 5,700 sqm of lettable space).
- The Corem Board's independent bid committee advised shareholders not to accept the mandatory bid announced by lead shareholder M2 in the fourth quarter of 2020. Based on an overall assessment, the terms and conditions of the bid were deemed to not reflect Corem's present value or future growth opportunities.
- The outcome of M2's offer to Corem shareholders was published on 2 March 2021 and showed that the holders of 785,119 class A ordinary shares, 1,557,123 class B ordinary shares and 692,183 preference shares had accepted the offer. As a result, M2's holding has increased to around 47.2 percent of the total capital and around 49.1 percent of the total number of votes. When calculated based on outstanding votes, M2's ownership share increases to around 53.8 percent.
- M2's increased share of ownership meant a Change of Control Event for the Corem bonds whose terms are 2020/2023 and 2020/2024 respectively. Bondholders have the right to request the repurchase of bonds at a price corresponding to 101 percent of their nominal amount plus accrued interest.

SUSTAINABILITY NOTES

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Note 2	Corem's stakeholders
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Note 4	Management and governance of sustainability work
Note 5	Financial performance
Note 6	Customer satisfaction
Note 7	Business ethics and anti-corruption
Note 8	Energy consumption
Note 9	Emissions
Note 10	Environmental certification of buildings
Note 11	Health and safety
Note 12	Human rights, diversity and equal opportunities
Note 13	GRI index

1

INFORMATION ABOUT THE SUSTAINABILITY REPORT

Corem's Sustainability Report refers to the Corem Group as a whole and includes all companies in the Corem Property Group. The operations are conducted in Sweden and Denmark, with 96 percent of the properties' lettable area being in Sweden.

The information on which these accounts are based has been collected through accounting systems, energy management systems, customer and employee surveys and internal reporting processes. Any limitations regarding reporting are stated for each indicator, where applicable.

Sustainability Report in accordance with the Swedish Annual Accounts Act

Corem's work regarding sustainability for the financial and accounting year 2020 is described in accordance with the legal requirement for sustainability reporting. Pages 32–41 and 101–108 constitute the Group's Sustainability Report in accordance with the Annual Accounts Act.

The date for the latest sustainability report was 20 March 2020, covering January–December 2019 and included in Corem's Annual Report 2019. Information about the company's work within sustainability can also be found at www.corem.se.

SUMMARY OF COREM'S COMPLIANCE WITH THE ACCOUNTING REQUIREMENTS OF THE ANNUAL ACCOUNTS ACT.

Area	Disclosure	Page
Overall	Business model, strategies and goals	12–17, 33
Environment	Policy, Risks and risk management, Goals and results related to the area	13–14, 16, 33, 36–37, 71,
Staff and social conditions	Policy, Risks and risk management, Goals and results related to the area	13–14, 16, 33, 38–39, 71, 106–107
Respect for human rights	Policy, Risks and risk management, Goals and results related to the area	13–14, 16, 33, 71, 104–107
Countering corruption	Policy, Risks and risk management, Goals and results related to the area	13–14, 40–41, 71, 104–107

GRI Standards

This year's report of sustainability efforts has been compiled in accordance with GRI Standards, Core level. All GRI indicators refer to GRI standards 2016, except GRI 403-9 which refers to 2018. The GRI index can be found on pages 107–108. The most recent report was made with regard to 2019 and is included in Corem's Annual Report 2019.

Changes in the Sustainability Report

During the year part of the portfolio was analysed for tenant-related electricity consumption, which led to a correction in how the total electricity consumption is allocated between electricity related to tenants' operations electricity related to Corem's operations. For comparability, the 2019 figures have been updated accordingly. The change has not affected reported total consumption.

From 2020 also emissions reporting is allocated between emissions from Corem's consumption and emissions which relate to tenants' operations. For comparability the 2019 figures have also been supplemented with the corresponding division.

The precautionary principle

Corem applies the precautionary principle in its business operations. Sustainability risks are integrated among other operational and business risks, and as such form part of annual risk analysis and business planning.

2

COREM'S STAKEHOLDERS

Tenants, employees, owners, investors, creditors, the Board of Directors, suppliers and community organisations are all important stakeholders in Corem's operations. They are either affected by Corem's operations or have an impact on them. A small and decentralised organisation means contact with stakeholders is close and operational. As a complement, there are overall opportunities for dialogue in the form of surveys, for example, with the aim of gaining an overall picture of long-term expectations and requirements.

Stakeholder dialogue

During 2020 a more comprehensive stakeholder dialogue was conducted with tenants, investors, creditors, owners and employees. It focused on expectations and requirements with regard to Corem's sustainability efforts, also regarding technology developments, new legislation and changing expectations regarding sustainability seen in society at large.

The tenants were contacted via a customer survey, which included questions about overall requirements regarding sustainability work, as well as by means of telephone interviews with tenants who showed interest in a deeper dialogue. The dialogue with employees took place through a survey that

was sent out together with the annual employee survey. A sample from each group of creditors, investors and owners was contacted by email and given the opportunity to respond via an online survey or telephone interview.

Compared with the stakeholder dialogue which formed the basis for Corem's long-term sustainability goals during the period 2016–2020, an increased interest in sustainability-related issues was noted among all groups.

Although primary areas of interest differ slightly between the groups, overall trends were similar. Expectations and demands for environmental sustainability have increased – especially with regard to renewable energy and energy efficiency. Anti-corruption and fair working conditions are considered hygiene factors rather than target areas, something which also applies to financial sustainability. Heightened expectations were noted regarding ensuring suppliers and subcontractors adhere to the same standards. This is especially true in terms of the work environment and employment conditions. The biggest increase in interest of sustainability issues was noted among investors and creditors, the two groups which also have the highest expectations on how many steps along the value chain should be included. Areas which were highlighted by each group can be seen in the table below.

Stakeholder	Opportunities for dialogue	Key areas regarding sustainability
Tenants	Ongoing management, annual customer survey	Among customers, the use of fossil-free energy and energy conservation in collaboration with Corem were highlighted as areas of significance. Investment in own renewable energy sources also emerged as a priority. Other focus areas were financial stability, transparent business methods and a safe working environment. Customers also highlighted the expectation that Corem's suppliers should follow the same standards.
Employees	Employee survey, performance reviews, company conferences	In addition to good working conditions and a safe and healthy working environment, employees prioritised anti-corruption, equal treatment and customer satisfaction very highly. In the environmental field, they highlighted the use of fossil-free energy and energy conservation as areas of significance.
Shareholders	General meeting of shareholders, financial reports, shareholder meetings	The shareholders emphasised business ethics, anti-corruption and sound business practices, as well as long-term positive financial performance, profitability and growth as areas of significance. Customer satisfaction, as well as a safe working environment and the ability to recruit and retain skills and competence were also high priority areas. In environmental work, the emphasis was mainly on energy efficiency and becoming fossil-free.
Investors	General meeting of shareholders, financial reports, investor meetings	Investors highlighted energy saving and becoming fossil-free as well as certification of properties as areas of significance regarding the environment. Good financial performance, sound business methods and a safe working environment are considered hygiene factors. Verification that suppliers comply with the same requirements as Corem is increasingly expected. Sustainability is also seen as an area that provides good risk control.
Creditors	Ongoing reconciliations, financial reports	Interest in environmental issues has increased significantly, with energy efficiency, fossil-free energy and sound materials as the areas of highest priority. Sustainability is considered to ensure proactivity and provide good risk control. Financial stability, continuity and transparency were highlighted as important factors. Good customer satisfaction is seen as a priority, as well as suppliers adhering to the same standards as Corem.

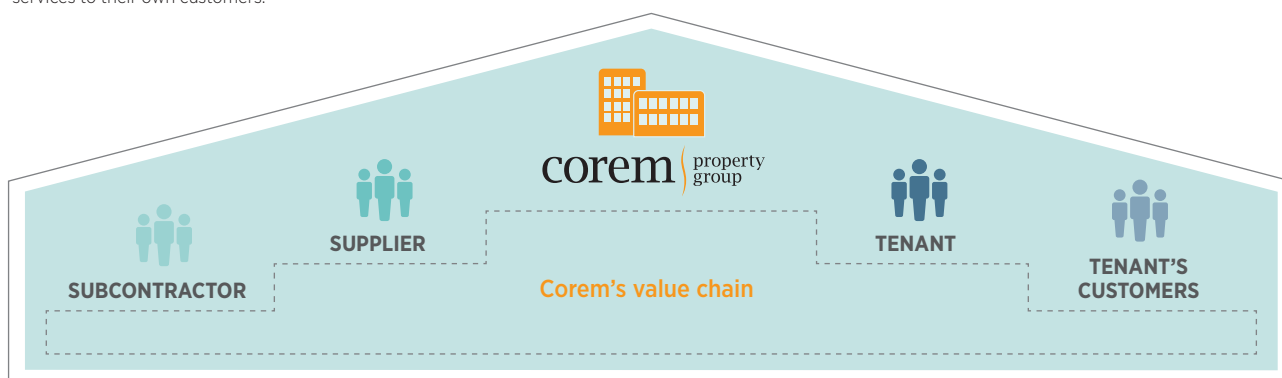
Value chain

Through its strategic locations, Corem's properties form part of society's ability to provide cities with goods and services. A well-functioning infrastructure includes the ability for goods and services to be provided to both businesses and individuals.

Close customer collaboration, good insight into market development and extensive experience of properties for city logistics enable Corem to provide premises with the characteristics that tenants need to run their business. This enables Corem's customers to develop their business and provide goods and services to their own customers.

Corem manages and operates the properties with its own staff. The ownership perspective is long-term and investments to further improve and adapt the buildings are made on an ongoing basis. The Group purchases goods and services from contractors and suppliers to complement Corem's operations, and thereby contribute to Corem being able to deliver sought-after and value-creating customer offerings.

This provides a value chain which includes society, businesses and private individuals, and means that Corem has an active role in value creation for both customers and suppliers.

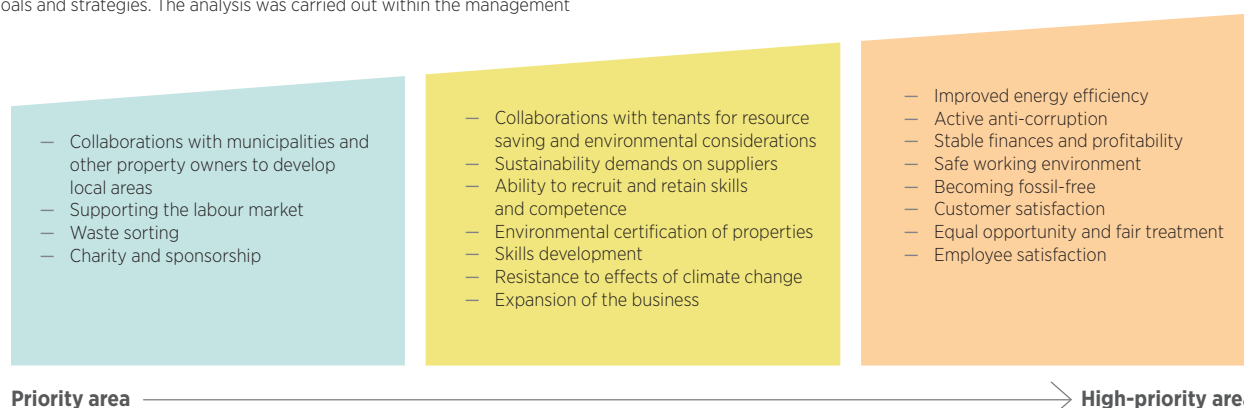


3 MATERIALITY ANALYSIS

Corem focuses its sustainability efforts where there is the greatest opportunity to contribute to society's goals in sustainable development – while the business at the same time is conducted in a competitive manner in the long term. Corem continuously monitors developments in the outside world to stay up to date on changing requirements and expectations. Selected focus areas and goals are analysed on an ongoing basis to ensure that the work focuses on what is most important.

The materiality analysis carried out during the year was based on the results of this year's stakeholder dialogue in combination with national and global legislation and goals, the business's ability to influence, and Corem's goals and strategies. The analysis was carried out within the management

team and together with the Board of Directors. It resulted in the former focus areas of responsible business and customer satisfaction were combined into a more overarching focus area under the name A Good Business Partner, in order to more clearly include suppliers/contractors and other parts of society. The focus areas Environmental Consideration and Resource Efficiency as well as An Attractive Employer, where the latter has changed its name from Employees, remain. Read more about future focus areas and long-term goals within each focus area on page 34. Outcome on Corem's goals for the period 2016 – 2020 can be found on pages 104 –107.



4 MANAGEMENT AND GOVERNANCE OF SUSTAINABILITY WORK

Corem's sustainability goals are integrated with business and operational goals as a whole, which means they form part of annual risk analysis, business planning and strategy. Corem's Board of Directors sets overall policies, strategies and long-term goals, while the management team decides on, and is responsible for, the annual operational goals as well as ensuring they are implemented and monitored.

To support the operational work, there are specialised groups in which both senior management and employees participate. Environmental initiatives are driven and coordinated within an environmental steering group. The group monitors progress towards the goals, keeps an eye on new technology and other developments in the area, and makes proposals regarding future investments. Issues related to work environment, health and safety are dealt with in a work environment group. During the year the group was supplemented with additional management representation. The property manager, CEO, HR together with operations representatives form the group, which handles any accidents and near-accidents and monitors progress toward set targets within the area.

Policies and governing documents

Applicable legislation and regulations as well as internal guidelines, goals and policies form the base for Corem's sustainability work. Risks identified in the area are described in the Opportunities and risks section on pages 69–71. Corem's sustainability policy covers social, economic and ecological sustainability and describes basic approaches and fundamental values that are to be applied within the business. Additional policies related to sustainability issues govern the business; these include an information policy and a policy regarding collaboration with related companies. For more information regarding the company's policies, see the Corporate Governance Report on pages 52–59.

Sustainability related risks are managed in the same way as other business and operational risks. See risk section page 71.

Choice of focus areas and sustainability goals

In recent years, much has changed in the area of sustainability – both the technological landscape and the needs and expectations of stakeholders. Interest in sustainability issues has increased and global goals and initiatives have emerged. Corem's sustainability work is focused to three overarching areas:

- **A good business partner**
- **Environmental consideration and resource efficiency**
- **An attractive employer**

These focus areas have been selected to reflect the areas of sustainability that are of greatest significance to Corem. They are presented in more detail on the following pages, together with their respective goals and outcomes for 2020.

External initiatives

Corem applies the ten principles that make up the UN Global Compact in its operations. Sweden's environmental goals and the global goals in the 2030 Agenda have also been used as a starting point for the sustainability work and the goals set. Among the 17 overall goal areas within the 2030 Agenda, Corem has identified seven goals as being the most relevant to its own operations. These goals are judged to be those to which the company has the greatest opportunity to contribute. More detail on how Corem works to contribute to the Sustainable Development Goals can be found within the focus areas.

SUSTAINABILITY FOCUS AREAS MATCHED WITH SUSTAINABLE DEVELOPMENT GOALS



Membership

During the year, Corem was a member of the Sweden Green Building Council, EnergiNätverk Sverige, Energi & Miljötekniska Föreningen (Society of Energy and Environmental Technology/Swedish Society of HVAC Engineers SWEDVAC) and EGN Nätverk, Miljö, Hållbarhet Stockholm (Executives' Global Network – Environment, Sustainability in Stockholm).

A GOOD BUSINESS PARTNER

Sound practices must always be used within the business, and Corem must be a good business partner to every organisation with which it collaborates. Transparency and clarity in reporting and communication as well as active anti-corruption efforts are important foundations. The operational work focuses on customer satisfaction and broadening the use of Corem's code of conduct in supplier agreements. Read more about this work on pages 40–41, A Good Business, and sustainability notes 5–7 below.

5

FINANCIAL PERFORMANCE

Sound finances and profitability are prerequisites for conducting and developing business over time. Corem operates in a capital-intensive industry, where a well-diversified capital structure and risk-weighted interest- and capital binding ensure a continued financially sound and successful performance. Financial performance is monitored and reported externally every quarter. Financial operations are governed by a financial policy that is decided annually by the Board of Directors.

ECONOMIC VALUE GENERATED

(SEKM)	2020	2019	2018
Revenue	894	961	965
Profit share from associated companies	0	148	499
Changes in value, properties	759	1,695	458
Changes in the value of derivatives and financial investments	-1,073	1,072	12
	580	3,876	1,934

ECONOMIC VALUE DISTRIBUTED

(SEKM)	2020	2019	2018
Operation, suppliers	205	234	212
Salaries, employees	60	65	60
Dividend, shareholder	278	236	218
Tax, society	214	201	166
Creditors	209	262	313
Economic value retained	-108	3,114	1,183

Overall goals

	Target	Outcome
CSI >70	70	68 ✗
Zero tolerance of corruption	0	0 ✓
Staff are trained in policies and codes of conduct	100%	100% ✓
Equity ratio, adjusted >40%	40%	48% ✓

6

CUSTOMER SATISFACTION

For an overall picture of tenants' satisfaction and how premises and services meet expectations, regular customer satisfaction surveys are conducted. This year's survey was conducted in collaboration with Evimatrix and sent to 428 tenants, which corresponds to approximately 64 percent of tenants. The selection was based on the tenant having been a customer of Corem for more than a year, and on which type of premises the tenant rents. The result shows good ratings regarding accessibility and response times, as well as concerning how well promises are fulfilled. The survey also showed strong improvements regarding the functionality of the premises, tenant's experience of maintenance, and fault reporting. Areas which show potential for improvement are provision of information in connection with ongoing work and collaborations regarding environmental initiatives, such as improving energy efficiency and establishing electricity charging points.

	2020	2019	2018
Customer satisfaction	68	67	64

7

BUSINESS ETHICS AND ANTI-CORRUPTION

Corem must use sound principles for how daily operations are conducted, and actively work with anti-corruption. In addition to policies and internal regulations, there is a code of conduct that applies to all of Corem's operations, which is also included in agreements regarding services purchased.

Training in codes of conduct and policies

All employees at Corem must have good knowledge of the content and significance of Corem's policies and code of conduct. Training is included in the new employee introduction programme. The material is also available on the company's intranet together with policies in their entirety. It is the responsibility of each line manager that the programme is carried out, with HR monitoring and following up. During 2020, 100 percent (100) of newly hired staff have undergone the introduction programme.

Updates are communicated annually to all employees, together with a description of any changes, after they have been decided by the Board of Directors. Since 2019 Corem's annual employee survey also includes questions to monitor how accessible and comprehensible the policies are perceived to be.

Cases of suspected corruption, whistleblowing

Corem's code of conduct – as well as information on procedures for reporting suspected deviations – is available in its entirety on Corem's website www.corem.se. Suspicions can be reported anonymously by both employees and external individuals. Employees are also able to report suspicions to any manager, HR manager, CEO or the Chairman of the Board. Reports that are received are investigated by a neutral party.

	2020	2019	2018
Report on suspected corruption	0	0	0

ENVIRONMENTAL CONSIDERATION AND RESOURCE EFFICIENCY

Consideration for the environment and reduced use of resources constitute an area in which Corem's efforts have the greatest opportunity to positively influence global development. The overall focus is to reduce emissions generated by the business. Corem's goal is based on the national goal of a climate-neutral Sweden by 2050 and Goal 7 of the Sustainable Development Goals, which strives to double the global rate of improvement in energy efficiency by 2030 and to significantly increase the share of renewable energy in the global energy mix. Progress towards this goal is mainly monitored through targets for energy efficiency, sound material choices, generated emissions and fossil-free energy. To achieve the best effect, and to be able to identify opportunities for improvement, priority is given to inventorying all properties and continuing to implement them in Corem's energy management system. Read more about this work on pages 36–37 and in the sustainability notes 8–10 below.

8 ENERGY CONSUMPTION

Consumption of electricity and district heating is measured through the energy management system Mestro. In the system, consumption can be tracked both in detail and through comparative key figures and ratios over time. In the operative work, energy consumption is measured and analysed at an aggregate level, as well as by property.

Energy consumption is reported for the total controllable portfolio, which means the properties that have been in Corem's ownership throughout the calendar year and are connected to the energy measurement system. As at 31 December 2020, there are 126 properties connected to Mestro. Out of those, 120 properties (which together correspond to 79 percent (66) of Corem's lettable area), have also been owned by Corem throughout the calendar year and are thus included in the below figures. The ambition is that all properties for which Corem is the contract holder should be connected to Mestro, and the work of connecting remaining properties to the system is ongoing.

Since 2019 electricity consumption has been broken down to show which proportion of consumption relates to Corem's operations and which proportion represents electricity related to tenants' activities, and as such is passed on to the tenant. Consumption of district heating is degree day adjusted.

302-1 Energy consumption in the business

	2020	2019	2018
Electricity, GWh	47,509	45,989	23,100
– of which electricity related to properties	14,481	12,676	23,100
– of which electricity related to tenants' activities	33,028	33,313	/
District heating (GWh)	36,191	24,167	33,500
Total consumption, GWh	83,701	70,156	56,600
Corem's consumption, GWh	50,673	36,844	56,600

CRE1 Energy intensity in buildings

For 2016–2020, the goal was set to reach a 15 percent saving in kWh/sqm. For 2020, the outcome shows electricity consumption relating to property electricity of 21.3 kWh/sqm and total consumption of district heating of 57.9 kWh/sqm. This gives a total energy consumption of 79.2, which is a saving of just over 5 percent compared with the previous year and 14 percent compared with 2016.

	2020	2019	2018
Property electricity kWh/sqm	21.3	23.3 ¹⁾	33.2
District heating kWh/sqm	57.9	60.2	59.0
Total Corem kWh/sqm	79.2	83.5	92.2

¹⁾ During the year, part of the portfolio was analysed for tenant-related electricity consumption, which led to a correction of how the total electricity consumption is allocated between electricity related to tenants' activities and property-related electricity. For ease of comparability, the 2019 figures have been updated accordingly.

Overall goals	Target	Outcome
New builds are constructed to comply with certification requirements	100%	100% ✓
Energy saving – compared with 2019	2%	5% ✓
– compared with 2016	15%	14% ✗
No buildings use oil as their main source of heating	0	0 ✓
Environmental certification >30 properties	30	19 ✗

9 EMISSIONS

Emission factors from each supplier of electricity and district heating are entered into the Mestro energy management system, from which reports regarding emissions are extracted. Reporting of emissions according to 305.2, i.e. corresponding to GHG scope 2, is performed according to the same selection as reporting of energy consumption.

305-2 Emissions (equivalent to scope 2)

	2020	2019	2018
CO ₂ , kg market-based, total	1,879	8,548	/
CO ₂ , kg market-based, Corem	1,852	2,245	/
CO ₂ , kg location-based, total	17,424	12,973	/
CO ₂ , kg location-based, Corem	6,530	4,723	/

CRE3 Greenhouse gas emission intensity in buildings

	2020	2019	2018
Number of sqm	783,329	630,749	/
CO ₂ , kg/sqm, Corem	2.4	3.6	/

10 ENVIRONMENTAL CERTIFICATION OF BUILDINGS

There are several different standards for environmental certification of properties, which have different focuses and advantages. For Corem, providing an endorsement of energy-saving effects has been an important purpose of the certification. Corem has therefore mainly worked with certification according to Green Building, a certification type which requires that energy consumption is reduced by at least 25 percent within a five-year period.

CRE8, Type and number of sustainability/environmental certifications

	2020	2019	2018
Properties that have been certified, or are in the process of being certified	19	16	18

The ambition for 2020 was that 30 of Corem's properties would have reached a level where they could be certified. At the end of 2020, Corem had a total of 19 properties that reached the target, of which 4 are undergoing the certification process. There are two main reasons why the goal was not reached; the first being changes to the property portfolio – several of the properties which were seen to have potential for improvement and subsequent certification were divested since the target was set. Secondly, greater focus has been placed on optimising and improving the portfolio across the board, instead of implementing targeted measures for a few properties with certification as the end result. The work has also been broadened to also include certification to Miljöbyggnad (Swedish Green Building Council) and BREEAM In-Use.

AN ATTRACTIVE EMPLOYER

The skills, sense of responsibility and commitment of employees' are important factors in making Corem's operations successful in the long term. Corem should be an attractive employer, with staff choosing to stay and develop. An important foundation is to be a safe and sound workplace where there are equal opportunities for everyone. The work is monitored through targets in health and safety, employee well-being and indicators regarding gender equality and diversity. Read more about this work within the focus area An attractive employer on pages 38-39 and in the sustainability notes 11-12 below.

Overall goals	Target	Outcome
ESI >75	75	83 ✓
Take on at least 2 interns annually	2	3 ✓
Total sickness absence <3%	3%	4% ✗
No accidents or near-accidents	0	0 ✓

11 HEALTH AND SAFETY

Work regarding health and safety is driven and monitored through Corem's work environment group. The work is proactive and includes all employees within Corem's operations. The information refers to the workforce as a whole. The unit is the number of employees.

403-9 Accidents and near-accidents

If a near-accident or accident occurs within Corem's operations, this is reported to the work environment group by a line manager or individual employee. Breakdown is not done by region, staff category and gender due to the size of the organisation. For construction projects, Corem stipulates in its contracts that responsibility for work environment lies with the contractor, who also leads the work. In the event of a near-accident or accident occurring in the course of contract work, it is also reported to Corem through procedures within the project operations.

Accidents and near-accidents	2020	2019	2018
Near-accidents at Corem, number	0	0	1
Accidents at Corem, number	0	0	0
Near-accidents, subcontractors	2	N/A	N/A
Accidents, subcontractors	1	N/A	N/A

El-2 Sickness absence

Total sickness absence of 4.4 percent (5.45) of which 1.6 percent is short-term absence.

	2020	2019	2018
Short-term absence	1.60	1.00	1.13
Total sickness absence	4.40	5.45	3.78

12 HUMAN RIGHTS, DIVERSITY AND EQUAL OPPORTUNITIES

Equal opportunities are important pillars of human rights in Corem's operations and there must be no discriminatory treatment. The policies and code of conduct include clear guidelines regarding equal treatment, and all staff are trained in this area. Perceived equality treatment is also part of Corem's annual employee survey, for monitoring and review of how the guidelines are followed. Corem follows the same levels as the collective agreement concluded for the industry for 100 percent of the employees.

405-1 Composition of the company

There is no division of permanent employees into full-time and part-time categories due to the size of the business. Staff are hired at times such as holidays, to cover long-term illness or during recruitment periods. The unit is the number of employees.

	2020	2019	2018
Permanent employees	57	57	59
Fixed-term employees ¹⁾	3	7	5
Temporary staff	7	7	7

¹⁾ incl summer staff and additional workers

Allocation in departments	2020	2019	2018
CEO, management and support functions	16%	14%	15%
Property management	61%	65%	65%
Financial management	23%	21%	20%

405-1 Diversity within Corem

The proportion of women at Corem is 37 percent in total. In managerial positions, the proportion of women is 38 percent. The management team consists of 3 women and 2 men, and the of Directors consists of 2 women and 4 men.

All employees	2020	2019	2018
Women	21	19	20
Men	36	38	39
Total	57	57	59
Under 30	2	4	3
30-50	34	33	33
Over 50	21	20	23
Total	57	57	59

Average age at Corem, as at 31 December, was 46 years (46).

Note 12, cont.

Board of Directors and senior management	2020	2019	2018
Men, number	6	6	7
Women, number	5	5	5

According to Statistics Sweden, people of foreign background are defined as being those who were born abroad or who were born in Sweden of parents who were both foreign-born. At Corem, 19 percent of employees have a foreign background according to this definition.

All employees	2020	2019	2018
Foreign background, %	19	19	17
Swedish background, %	81	81	83

Satisfied Employee Index

The questions in the survey conducted during the year concerned the work environment, work tasks, communication, skills development, management and overall well-being. The result showed an overall ESI (Employee Satisfaction Index) of 83, compared with the 2019 ESI of 84. This indicates that the company's employees are very happy at Corem. For more information, see An Attractive Employer on pages 38–39.

	2020	2019	2018
Satisfied Employee Index	83	84	84

13 GRI INDEX

GENERAL STANDARD INFORMATION

ORGANISATIONAL PROFILE

201-1	Name of the organisation	Corem Property Group AB (publ)
102-2	Brands, products and services	Management and improvement of logistics properties Pages 18–19, 28–29
102-3	The organisation's headquarters	Riddargatan 13C, Stockholm
102-5	Countries of operation	Page 101
102-6	Markets served	Pages 6–11
102-7	Size of the organisation	Pages 38–39
102-8	Workforce	Pages 38–39, 80 and 106
102-9	Supplier chain	Pages 40–41
102-10	Significant changes in the organisation and its supply chain	Pages 2–3
102-11	Application of the precautionary principle	Page 101
102-12	External initiatives	Page 103
102-13	Membership	Page 103

STRATEGY AND ANALYSIS

102-14	Statement from the top decision-makers	Page 4
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ETHICS AND INTEGRITY

102-16	Values, principles, standards and norms of conduct	Pages 33, 40–41, and 104
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GOVERNANCE

102-18	Governance structure of the organisation	Pages 52–59, 101–103
102-24	Appointment of Board of Directors	Pages 52–59
102-25	Management of conflicts of interest	Pages 55, 57–58

STAKEHOLDER ENGAGEMENT

102-40	Stakeholder groups	Page 102
102-41	Proportion covered by collective agreements	Page 106
102-42	Identification and selection of stakeholder groups	Page 102
102-43	Approach to communication with stakeholders	Page 102
102-44	Issues raised by stakeholders and their management	Page 102

Note 13, cont.

REPORTING PROFILE

102-45	Units included in the reporting	Page 101
102-46	Process for defining report content	Page 101–103
102-47	List of material aspects	Page 103
102-48	Revised information	Page 101
102-49	Significant changes	Page 101
102-50	Reporting period	January – December 2020
102-51	Date of most recent report	20 March 2020
102-52	Reporting cycle	Annually
102-53	Contact information for questions about the report and its content	Cover of the printed document
102-54	Claims of reporting in accordance with the GRI Standards	Page 101
102-55	GRI index	Page 108
102-56	External assurance	Page 113

SUBJECT-SPECIFIC DISCLOSURES

GRI 201 FINANCIAL PERFORMANCE

103-1-3	Governance regarding financial performance	Page 104
201-1	Direct economic value generated and distributed	Page 104

GRI 205 ANTI-CORRUPTION

103-1-3	Anti-corruption governance	Pages 40–41, 104
205-3	Number of cases of corruption	Page 104
EI-1	Own indicator: Communication and training regarding code of conduct and policies	Page 104

GRI 302 ENERGY

103-1-3	Control of energy consumption	Pages 36, 105
302-1	Energy consumption within the business	Page 105
CRE1	Energy intensity in buildings	Page 105

GRI 305 EMISSIONS

103-1-3	Emissions control	Pages 36, 105
305-2	Emissions	Page 105
CRE3	Greenhouse gas emission intensity in buildings	Page 105

GRI 403 HEALTH AND SAFETY

403-1	Management system for health and safety	Page 106
403-2	Identification of hazards, risks and incident investigation	Page 71
403-3	Healthcare	Pages 38–39
403-4	Employee participation, consultation and communication in health and safety issues	Pages 38–39, 102, 106
403-5	Training for employees in health and safety	Pages 38–39, 106
403-6	Promoting employee health	Page 38–39
403-7	Prevention and limitation of the impact on health and safety linked to business relationships	Page 102–106
403-9	Accidents and near-accidents	Page 106
EI-2	Own indicator: Sickness absence	Page 106

GRI 405 DIVERSITY AND EQUAL OPPORTUNITY

103-1-3	Governance regarding social sustainability	
405-1	Diversity	Page 106

CRE PRODUCT LIABILITY

103-1-3	Governance on certification of buildings	Page 105
CRE8	Type and number of sustainability/environmental certifications	Page 105

SIGNING OF THE ANNUAL REPORT

The Board of Directors and the CEO hereby certify that the consolidated financial statements and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial position and results of the Group and the parent company, and that the Directors' Report for the Group and the parent company gives a true and fair overview of

the performance of the business, financial position and results of the Group and the parent company and describes the substantial risks and uncertainties faced by the companies in the Group. The annual report also contains the Group's and the parent company's sustainability reporting in accordance with the Swedish Annual Accounts Act (ÅRL) Chapter 6, Section 11, see pages 32-41 and 101-108. For sustainability reporting according to the Global Reporting Initiative, GRI, see GRI index on pages 107-108.

Stockholm, 19 March 2021

Patrik Essehorn
Chairman of the Board

Rutger Arnhult
Board member

Katarina Klingspor
Board member

Fredrik Rapp
Board member

Christina Tillman
Board member

Magnus Uggle
Board member

Eva Landén
Chief Executive Officer

Our auditor's report on this annual report
and consolidated financial statements were filed on 19 March 2021.

Ernst & Young AB

Katrine Söderberg
Authorised public accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Corem Property Group AB, corporate identity number 556463-9440

Report on the annual accounts and consolidated accounts OPINIONS

We have audited the annual accounts and consolidated accounts of Corem Property Group AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 62-100 and 109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and consolidated report of comprehensive income and consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENT PROPERTIES

Description	How our audit addressed this key audit matter
The fair value of the Group's investment properties, reported in the consolidated balance sheet, is 14 002 million SEK at 31 December 2020. Unrealized change in investment properties during the year, reported in the consolidated income statement, is 742 million SEK. The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. All properties are valued quarterly. Three fourth of the properties are valued internally and one fourth externally. All properties are valued by external valuation experts every year. The yield levels for the properties are assessed based on each property's unique risk profile and observable transactions in the market for properties with a similar nature. Valuation at fair value is by nature subject to subjective assessments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with property valuations, and the values involved, we assess this area to be a key audit matter in our audit. A description of the valuation of the property portfolio, together with accounting principles, significant accounting assessments, estimates and assumptions is stated in the management report on page 64, in disclosure 1 on page 85, and in disclosure 10 pages 91-92.	During our audit we have evaluated the company's property valuation process. We have evaluated the valuation methodology, model and assumptions in the externally and internally prepared valuations. We have in our audit reviewed a sample of internally prepared valuations to assess the compliance with valuation methodology and valuation model enacted by the group. We have also evaluated the skills and objectivity of the external experts. With support from our EY internal valuation expertise, we have reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as rental income, operating costs, yield levels, capital expenditures, and vacancy rates and made comparisons to known market information. The sample has been based on the criteria of risk and size. We have discussed important assumptions and assessments with managers responsible for the internal valuation and with management. For a sample of investment properties, we have tested input in the valuation model regarding rental income, contract length and capital expenditures to the accounting and checked the calculations arithmetically. We have reviewed the disclosures provided in the annual report.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 62-100 and 109. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Corem Property Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association..

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Corem Property Group AB by the general meeting of the shareholders on the 28 April 2020 and has been the company's auditor since 2012.

Stockholm, 19 March 2021
Ernst & Young AB

Katrine Söderberg
Authorised public accountant

AUDITOR'S LIMITED ASSURANCE REPORT ON COREM PROPERTY GROUP AB'S SUSTAINABILITY REPORT AND STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

This is the translation of the auditor's report in Swedish.

To Corem Property Group AB (publ), org. no. 556463-9440

Introduction

We have been engaged by the Board of Directors of Corem Property Group AB to undertake a limited assurance engagement of Corem Property Group AB's Sustainability Report for the year 2020. Corem Property Group AB has defined the scope of the Sustainability Report to the pages referred to in the GRI index on pages 107-108, the Statutory Sustainability Report is defined on page 101.

Responsibilities of the Board of Directors and senior management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 101 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the statutory sustainability report. A limited

assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Corem Property Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited review performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

This is the translation of the auditor's report in Swedish.
A statutory sustainability report has been prepared.

Stockholm, 19 March 2021
Ernst & Young AB

Katrine Söderberg
Authorised public accountant

Charlotte Söderlund
Authorised Public Accountant

MULTI-YEAR OVERVIEW

INCOME STATEMENT

SEKm	2020	2019	2018	2017	2016
Income	894	961	965	900	740
Property costs	-226	-260	-232	-199	-166
Net operating income	668	701	733	701	574
Central administration	-39	-39	-40	-36	-32
Net financial items	-209	-262	-313	-301	-266
Income from property management	420	400	380	364	276
Profit shares according to the equity method	-	148	499	346	344
Realised changes in value, properties	17	0	0	3	2
Unrealised changes in value, properties	742	1,695	458	344	496
Changes in value, financial investments	-1,042	1,089	-	-	-
Changes in value, derivatives	-31	-17	12	62	-101
Profit before tax	106	3,315	1,349	1,119	1,017
Tax	-214	-201	-166	-182	-102
Net profit for the year	-108	3,114	1,183	937	915
<i>Items that can be recognised as profit for the period</i>					
Translation differences, etc.	-11	-8	16	4	4
Comprehensive income for the year attributable to Parent Company's shareholders	-119	3,106	1,199	941	919
Earnings per ordinary share, SEK	-0.52	8.35	3.05	2.33	2.14

BALANCE SHEET

SEKm	2020	2019	2018	2017	2016
Investment properties	14,002	12,114	13,479	11,539	10,667
Right-of-use assets	218	209	-	-	-
Investments reported according to the equity method	-	-	2,165	1,714	1,395
Financial assets measured at fair value	4,347	3,191	-	-	-
Other non-current assets	7	5	2	2	11
Total non-current assets	18,574	15,519	15,646	13,255	12,073
Other current assets	85	62	52	64	38
Short-term investments	-	1,542	-	-	-
Cash and cash equivalents	15	8	14	34	7
Total current assets	100	1,612	66	98	45
Total assets	18,674	17,131	15,712	13,353	12,118
Equity attributable to shareholders of the parent company	7,277	8,172	5,302	4,340	3,671
Interest-bearing long-term liabilities	5,510	5,264	7,574	5,572	5,222
Long-term lease liabilities	218	209	-	-	-
Deferred tax liability	800	592	395	230	55
Derivatives	455	424	407	493	555
Other non-current liabilities	7	7	8	4	4
Total non-current liabilities	6,990	6,496	8,384	6,299	5,836
Interest-bearing liabilities	4,086	2,091	1,694	2,391	2,307
Other current liabilities	321	372	332	323	304
Total current liabilities	4,407	2,463	2,026	2,714	2,611
Total liabilities	11,397	8,959	10,410	9,013	8,447
Total equity and liabilities	18,674	17,131	15,712	13,353	12,118

CASH FLOW STATEMENT

SEKm	2020	2019	2018	2017	2016
Cash flow from operating activities	370	467	448	440	411
Cash flow from investing activities	-2,016	3,064	-1,439	-559	-2,039
Cash flow from financing activities	1,653	-3,537	971	146	1,595
Cash flow for the year	7	-6	-20	27	-33
Cash and cash equivalents at start of year	8	14	34	7	40
Cash and cash equivalents at year-end	15	8	14	34	7

KEY RATIOS

	2020	2019	2018	2017	2016
Property-related					
Fair value of properties, SEK million	14,002	12,114	13,479	11,539	10,667
Yield requirement, valuation, %	5.5	5.8	6.5	6.6	6.7
Rental value, SEK million	970	912	1,112	972	917
Lettable area, sqm	985,887	959,495	1,439,793	1,316,233	1,260,173
Occupancy rate, economic, %	93	91	91	90	92
Occupancy rate, area-based, %	91	88	88	88	89
Surplus ratio, %	75	73	76	78	77
Number of properties	167	162	186	169	165
Financial					
Return on equity, %	-1.4	46.2	24.5	23.4	27.4
Equity ratio, adjusted, %	48	55	39	38	37
Equity ratio, %	39	48	34	32	30
Interest-bearing net liabilities, SEK million	5,258	2,629	7,848	6,466	6,314
Loan-to-value ratio (LTV), %	38	22	58	56	58
Loan-to-value ratio, properties, %	46	46	51	52	54
Interest coverage ratio, multiple	2.5	2.8	2.9	2.8	2.8
Average interest rate, %	2.71	3.40	3.16	3.65	3.70
Average fixed interest period, years	2.7	3.4	2.1	3.0	3.2
Average credit maturity, years	1.9	2.2	3.0	2.5	2.8
Share-related ¹⁾					
Earnings per ordinary share, SEK	-0.52	8.35	3.05	2.33	2.14
Earnings per preference share, SEK	20.00	20.00	20.00	20.00	20.00
Net asset value (NAV) per ordinary share, SEK	22.22	22.74	14.27	11.35	8.98
Equity per ordinary share, SEK	18.56	19.95	12.07	9.37	7.36
Equity per preference share, SEK	251.67	251.67	251.67	251.67	251.67
Dividend per ordinary share, SEK ⁴⁾	0.65	0.60	0.45	0.40	0.32
Dividend per preference share, SEK ⁴⁾	20.00	20.00	20.00	20.00	20.00
Share price per Class A ordinary share, SEK ²⁾	18.80	27.00	10.00	10.10	6.73
Share price per Class B ordinary share, SEK ²⁾	18.80	27.00	10.70	9.26	-
Share price per preference share, SEK ²⁾	320.00	392.00	294.00	304.00	284.00
Number of outstanding ordinary shares ³⁾	343,194,505	364,269,505	364,269,505	366,374,305	375,738,853
Average number of outstanding ordinary shares ³⁾	343,429,054	364,269,505	364,727,545	371,837,353	394,097,875
Number of outstanding preference shares ³⁾	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000

1) Historical figures are adjusted for the bonus issue carried out in December 2017 and for the aggregation of shares carried out during January 2018.

2) At the end of the period.

3) Excluding repurchased shares.

4) For 2020 the proposed dividend and for other years the approved dividend.

The definition of adjusted equity ratio has changed and historical comparative figures have been adjusted.

DEFINITIONS

The report includes a number of financial key ratios and measures which are not defined according to IFRS. Corem considers that these key ratios and measures provide valuable supplementary information to investors and the company's management to analyse the company's business activities. As not all companies calculate financial key ratios and measures in the same way, these are not always comparable. Definitions of selected key ratios and measures and why they are used are presented below. For those key ratios that are not directly identifiable from the financial statements, a supplemental calculation appendix is available on Corem's website www.corem.se/sv/investerare/definitioner.

Adjusted equity ratio¹⁾ – Equity, adjusted for the value of derivatives including tax, repurchased shares (based on the share price at the end of the respective time period) and recorded deferred tax attributable to properties, as well as deferred tax of 5 percent attributable to the difference between the properties' fair value and residual value for tax purposes, as a percentage of total assets adjusted for rights of use assets. Used to highlight the company's financial stability.

Annual rent – Rent including supplements and indices on an annual basis.

Average credit maturity – Average period remaining to maturity of interest-bearing liabilities. Listed to highlight the company's financial risks.

Average fixed interest rate – Average period remaining to maturity of the fixed interest rate on interest-bearing liabilities and derivatives. Listed to highlight the company's financial risks.

Average interest rate – Average borrowing rate for interest-bearing liabilities and derivatives. Listed to highlight the company's financial risks.

Central administration – Central administration costs relate to costs for group management and group-wide functions.

Comparable portfolio – The properties included in the portfolio throughout the reporting period and throughout the comparison period and adjusted for non-recurring income and costs, such as early redemption of leases and rental losses.

Earnings per ordinary share – Net profit in relation to the average number of outstanding ordinary shares and taking into account the preference shares' share of profit for the period. Used to show earnings per ordinary share.

Earnings per preference share – The preference share of earnings corresponding to the accumulated share of the period in the annual dividend of SEK 20.00 per preference share.

Equity per ordinary share – Reported equity, after taking into account the preference capital, in relation to the number of outstanding ordinary shares at the end of the period. Used to display equity per ordinary share.

Equity ratio – Equity as a percentage of total assets. Used to highlight the company's financial stability.

Interest-bearing liabilities – Current and non-current liabilities, where interest is paid on borrowed capital, as well as activated and capitalised borrowing costs.

Interest-bearing net debt – Interest-bearing liabilities less interest-bearing assets, market value of listed shareholdings and cash and cash equivalents. Used to highlight the company's financial risks.

Interest coverage ratio²⁾ – Income from property management, as well as share of associates' income from property management, plus financial costs, divided by financial costs. Used to highlight the company's sensitivity to interest rate changes.

Lettable area – Total area available for letting.

Loan-to-value ratio – Interest-bearing liabilities less market value of listed shareholdings and cash and cash equivalents, in relation to the fair value of the properties at the end of the period. Listed to highlight the Group's financial risk.

Loan-to-value properties – Interest-bearing liabilities secured in properties in relation to the fair value of the properties at the end of the period. Indicated to highlight the financial risk of the properties.

Net asset value (NAV) per ordinary share – Reported equity, after taking into account the preference capital, with the reversal of derivatives and deferred tax in accordance with the statement of financial position, in relation to the number of ordinary shares outstanding at the end of the period. Listed as an alternative way to calculate the value of equity per ordinary share.

Net letting – Annual rents for leases concluded during the period, reduced for terminated leases and bankruptcies during the period.

Net operating income – Rental income less property costs (e.g. operating and maintenance costs and property tax). Used to show the financial return of the properties expressed in SEK.

Occupancy rate, area – Let area in relation to total lettable area.

Occupancy rate, economic – Annual income divided by rental value as defined. Used to show the financial utilisation rate of the properties.

Outstanding shares – Registered shares less own repurchased shares, which do not entitle the shareholder to dividends or voting rights.

Preference capital – Number of outstanding preference shares multiplied by average issue price.

Profit from property management – Net operating income, central administration and net financial items including realised changes in the value of derivatives. Listed to highlight the company's earning capacity in SEK million, taking into account financing costs and central administration.

Realised changes in value, properties – Realised property sales after deduction of the properties' last recognised fair value and expenses on sale.

Rental value – Contracted annual rent that applies at the end of the period with additions for assessed market rent for vacant premises.

Return on equity – Net profit on an annual basis divided by the average of opening and closing capital. Indicated to highlight the return on owners' capital.

Surplus ratio – Net operating income as a percentage of revenue. Used to highlight earnings in management activities.

Total number of shares – Registered shares including own repurchased shares.

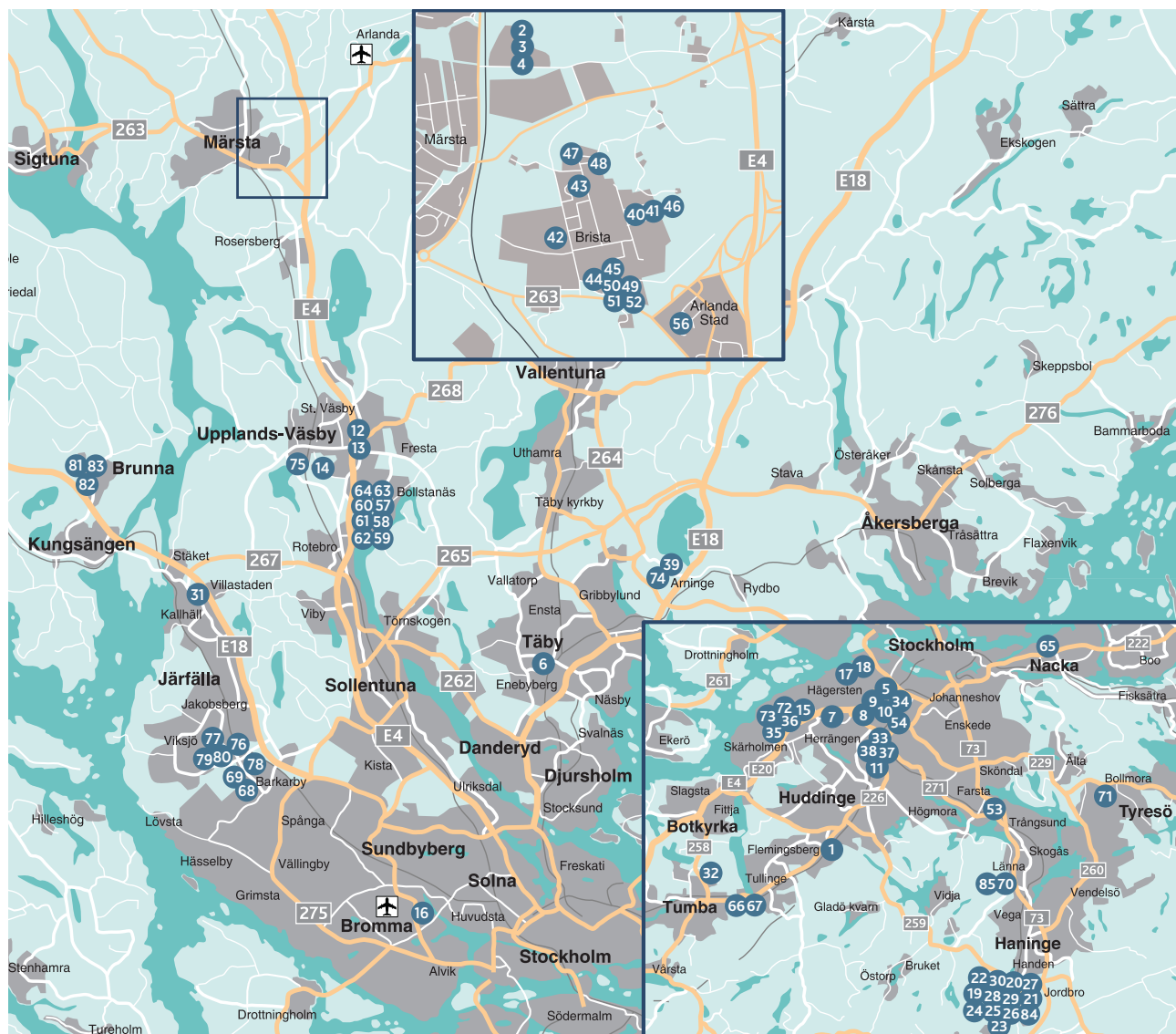
Unrealised changes in value, properties – Change in fair value after deduction of investments made for the property portfolio at the end of each period.

Yield requirement – The return requirement on the residual value of the property valuations.

1) The definition of adjusted equity ratio has been changed to take into account repurchased own shares.

2) Excluding site leasehold rent.

REGION STOCKHOLM



LETTABLE AREA, SQM

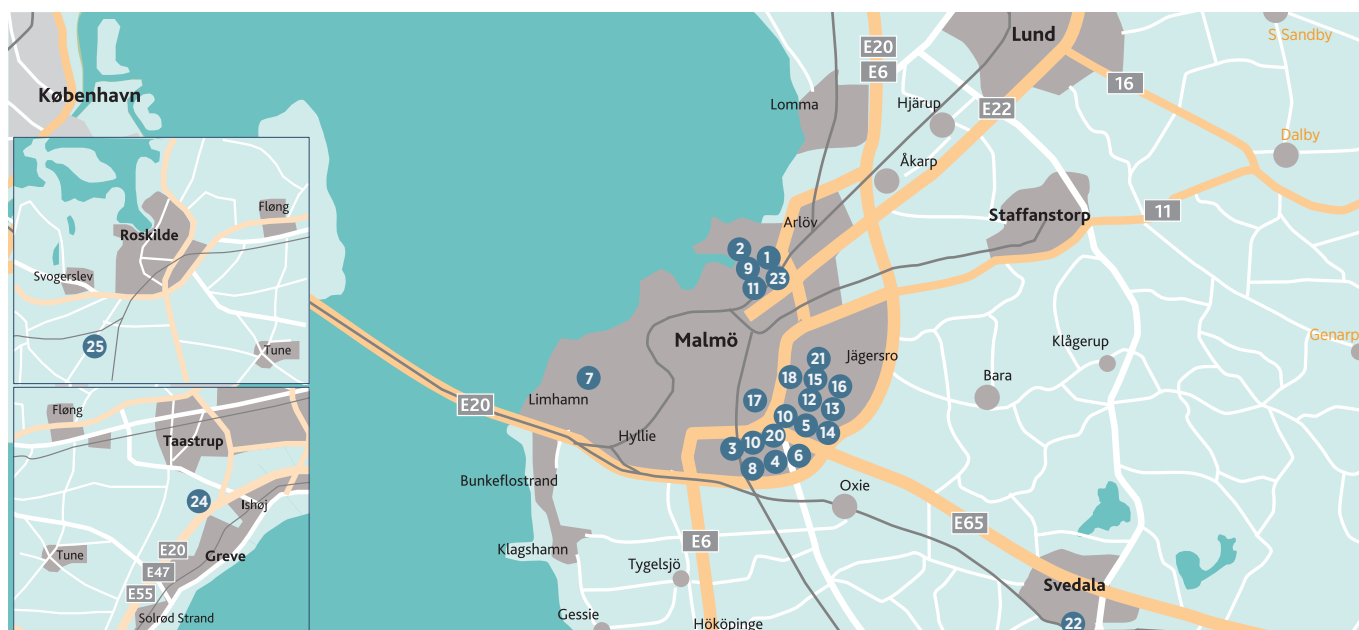
NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE	LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
1 Anoden 2, 5	Huddinge	Jonvägen 2-4, Regulatorvägen 4	Freehold	6,601	1,420		315	8,336
2 Broby 11:6	Sigtuna	Östra Bangatan 18	Freehold	587	355			942
3 Broby 12:6	Sigtuna	Östra Bangatan 2 A	Freehold	674	326			1,000
4 Broby 12:9	Sigtuna	Östra Bangatan 2 B	Freehold	958	293	291		1,542
5 Dagskiftet 2	Stockholm	Elektravägen 20, 22	Site leasehold	8,176	3,874			12,050
6 Dahlian 5	Täby	Enhagsvägen 5	Freehold	97	142	998		1,237
7 Damkon 2	Stockholm	Elsa Brändströms gata 50, 52	Site leasehold	3,198	1,048	150	289	4,685
8 Elektra 20	Stockholm	Elektravägen 53	Site leasehold	3,114	2,217	355		5,686
9 Elektra 23	Stockholm	Elektravägen 25, Västberga Allé	Site leasehold	3,587	3,023	448		7,058
10 Elektra 27	Stockholm	Västberga allé 32	Site leasehold	2,126	3,387			5,513
11 Fabrikören 6	Stockholm	Grossistvägen 6	Freehold	500	940			1,440
12 Glädjen 1:51	Upplands Väsby	Truckvägen 14	Freehold	900	2,314			3,214
13 Glädjen 1:52	Upplands Väsby	Truckvägen 16	Freehold	515	741			1,256
14 Hammarby-Smedby 1:435	Upplands Väsby	Travgatan 92	Freehold	341	768			1,109
15 Hällsättra 3	Stockholm	Stensättravägen 5	Site leasehold	7,913	1,430	1,007		10,350

LETTABLE AREA, SQM

NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE	LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
16 Induktorn 37	Stockholm	Ranhammarsvägen 26	Site leasehold	6,150	535			6,685
17 Instrumentet 13	Stockholm	Instrumentvägen 12-14	Freehold	967	1,489			2,456
18 Instrumentet 18	Stockholm	Instrumentvägen 10	Freehold	2,041	1,149			3,190
19 Jordbromalm 4:5	Haninge	Lillsjövägen 15	Freehold	733	192			925
20 Jordbromalm 5:2, 5:3	Haninge	Lagervägen 1	Freehold	6,659				6,659
21 Jordbromalm 6:11	Haninge	Rörvägen 10	Freehold	3,568	565			4,133
22 Jordbromalm 6:18	Haninge	Lagervägen 36	Freehold	10,037	1,139			11,176
23 Jordbromalm 6:59	Haninge	Armaturvägen 5	Freehold	2,875	397			3,272
24 Jordbromalm 6:62	Haninge	Lagervägen 14, Armaturvägen 3F	Freehold	1,996	458			2,454
25 Jordbromalm 6:64	Haninge	Armaturvägen 3B	Freehold	480	516			996
26 Jordbromalm 6:65	Haninge	Armaturvägen 3C	Freehold	142	868			1,010
27 Jordbromalm 6:66	Haninge	Dåntorpsvägen 3	Freehold	271	232	644	375	1,522
28 Jordbromalm 6:67	Haninge	Armaturvägen 3D	Freehold	406	587			993
29 Jordbromalm 6:68	Haninge	Armaturvägen 3E	Freehold	316	509		163	988
30 Jordbromalm 6:89	Haninge	Lagervägen 5A-5D	Freehold	7,106	2,153	841		10,100
31 Kallhäll 9:36	Järfälla	Galgbacken 3	Freehold	3,968	1,182			5,150
32 Koborg 2	Botkyrka	Tuna Gårdsväg 14	Freehold	1,001	498		49	1,548
33 Konsumenten 3	Stockholm	Varuvägen 7	Site leasehold	6,704	3,177		256	10,137
34 Lastkajen 3	Stockholm	Upplagsvägen 34, 38	Site leasehold	11,548	591		42	12,181
35 Lillsätra 1	Stockholm	Storsätragränd 5	Site leasehold	4,024	2,901			6,925
36 Lillsätra 3	Stockholm	Storsätragränd 3	Site leasehold	8,210	215		29	8,454
37 Magasinet 6	Stockholm	Konsumentvägen 12, 14	Site leasehold	7,294	611			7,905
38 Magasinet 7	Stockholm	Varuvägen 15	Site leasehold	6,376	129			6,505
39 Mallen 3	Täby	Mallslingan 1, Tillverkarvägen 8	Freehold	1,095	262			1,357
40 Märsta 11:11	Sigtuna	Generatorgatan 1	Freehold	2,775	185			2,960
41 Märsta 11:14	Sigtuna	Generatorgatan 3, 5	Freehold	2,359	955			3,314
42 Märsta 15:7	Sigtuna	Bristagatan 13	Freehold	15,183	1,652		740	17,575
43 Märsta 21:22	Sigtuna	Maskingatan 17	Freehold	1,966	1,381			3,347
44 Märsta 21:34	Sigtuna	Söderbyvägen 1	Site leasehold	1,142	2,719	2,606	575	7,042
45 Märsta 21:42	Sigtuna	Söderbyvägen 3	Freehold	2,027	5,289			7,316
46 Märsta 21:46, 21:47	Sigtuna	Generatorgatan 7, 9	Freehold	130	2,189			2,319
47 Märsta 21:50	Sigtuna	Maskingatan 29	Freehold	2,666	1,231		741	4,638
48 Märsta 21:53	Sigtuna	Kabelgatan 8	Freehold	95	365			460
49 Märsta 24:10	Sigtuna	Söderbyvägen 8	Site leasehold	872				872
50 Märsta 24:11	Sigtuna	Söderbyvägen 12, Pionjärvägen 25	Site leasehold	191	559	577		1,327
51 Märsta 24:12	Sigtuna	Söderbyvägen 14	Site leasehold	520	544		21	1,085
52 Märsta 24:8	Sigtuna	Söderbyvägen 10	Freehold	117	922		102	1,141
53 Mörtö 6	Stockholm	Frykdalsbacken 20	Site leasehold	1,071	1,501			2,572
54 Nattskiftet 12, 14	Stockholm	Drivhjulsvägen 36	Site leasehold	4,963	5,737		208	10,908
55 Nickeln 2	Hallstahammar	Norra Västeråsvägen 5	Site leasehold	965	21	762		1,748
56 Norslunda 1:10	Sigtuna	Lindberghs gata 9	Freehold	930	1,980			2,910
57 Revisorn 1	Sollentuna	Bergkällavägen 27	Freehold	1,333	1,641		160	3,134
58 Revisorn 2	Sollentuna	Bergkällavägen 29	Site leasehold	4,305				4,305
59 Revisorn 3	Sollentuna	Bergkällavägen 31C	Freehold	30	1,108			1,138
60 Ringpärmen 1	Sollentuna	Bergkällavägen 26	Freehold	4,533	1,172	414	79	6,198
61 Ringpärmen 2	Sollentuna	Bergkällavägen 28	Freehold	6,772	485			7,257
62 Ringpärmen 6	Sollentuna	Bergkällavägen 36	Freehold	3,898	4,117			8,015
63 Rotorn 1	Sollentuna	Bergkällavägen 25	Freehold	754	321	215		1,290
64 Rotorn 2	Sollentuna	Bergkällavägen 23	Freehold	967	597			1,564
65 Sicklaön 356:1	Nacka	Jarlabergsvägen 2	Freehold	6,109	2,086	3,232		11,427
66 Skyttbrink 30	Botkyrka	Kompassvägen 11	Freehold	2,463	473			2,936
67 Skyttbrink 36	Botkyrka	Skyttbrinksvägen 35	Freehold	860				860
68 Skälby 3:1321	Järfälla	Spjutvägen 1	Freehold	3,111	540		5	3,656
69 Skälby 3:674 m fl.	Järfälla	Spjutvägen 5A-H	Site leasehold	8,442	4,282			12,724
70 Slipskivan 9	Huddinge	Speditionsvägen 35	Freehold	425	487			912
71 Slänten 1	Tyresö	Bollmoravägen 123	Freehold	460		196	172	828
72 Stensätra 17	Stockholm	Strömsätravägen 18	Site leasehold	4,360	429	127	143	5,059
73 Storsätra 1	Stockholm	Storsätragränd 4-26	Site leasehold	8,010	14,344	3,985	5,275	31,614
74 Tumstocken 8	Täby	Hantverkarvägen 5	Freehold	916	652	845		2,413
75 Törnby 2:2	Upplands Väsby	Jupitervägen 10	Freehold	11,288	3,309		4,866	19,463
76 Veddesta 2:31	Järfälla	Nettovägen 13	Freehold	4,836				4,836
77 Veddesta 2:43	Järfälla	Bruttovägen 1,3,7, Datavägen 14	Freehold	14,179	4,557		389	19,125
78 Veddesta 2:63	Järfälla	Fakturavägen 9	Freehold	4,080	816			4,896
79 Veddesta 2:79	Järfälla	Elektronikhöjden 12-22	Freehold	12,588	6,049		766	19,403
80 Veddesta 2:90	Järfälla	Elektronikhöjden 4	Freehold	15,885	3,696			19,581
81 Viby 19:32	Upplands-Bro	Effektvägen 14	Freehold	1,180				1,180
82 Viby 19:53	Upplands-Bro	Kraftvägen 30, 32	Freehold	1,695	245		57	1,997
83 Viby 19:54	Upplands-Bro	Kraftvägen 26, 28	Freehold	1,236	802			2,038
84 Åby 1:197	Haninge	Rörvägen 60	Freehold	2,400	457	554		3,411
85 Ångmaskinen 5	Huddinge	Lyfkransvägen 16	Freehold	2,107	516			2,623
Total Region Stockholm				300,448	123,044	18,247	15,817	457,556

OTHER

REGION SOUTH



SWEDEN

NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE
1	Malmö	Bredskär 1	Site leasehold
2	Malmö	Brämön 4	Freehold
3	Malmö	Båtyxan 1	Site leasehold
4	Malmö	Fornminnet 6	Freehold
5	Malmö	Förbygeln 1	Freehold
6	Malmö	Gånggriften 3	Freehold
7	Malmö	Kajan 37	Freehold
8	Malmö	Krukskärven 8	Freehold
9	Malmö	Kullen 5	Freehold
10	Malmö	Löplinan 7	Freehold
11	Malmö	Måseskär 5	Freehold
12	Malmö	Nackremmen 1	Site leasehold
13	Malmö	Nackremmen 2	Freehold
14	Malmö	Nosgrimman 1	Site leasehold
15	Malmö	Sadelgjorden 1	Site leasehold
16	Malmö	Sadelknappen 3	Site leasehold
17	Malmö	Smörbollen 12	Freehold
18	Malmö	Stigglädet 11	Freehold
19	Malmö	Stridsyxan 4	Freehold
20	Malmö	Stridsyxan 5	Freehold
21	Malmö	Stångbettet 15	Freehold
22	Svedala	Svedala 306:9	Freehold
23	Malmö	Utlången 1	Freehold

Total Region South - Sweden

DENMARK

NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE
24	Greve	1R Kappelgården	Freehold
25	Roskilde	Kumlehusvej 1A	Freehold

Total Region South - Denmark

Totalt Region South

LETTABLE AREA, SQM

LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
1,582	339		247	2,168
8,933	6,121	1,489		16,543
1,808	750			2,558
3,109	1,601			4,710
4,500	646			5,146
3,167	586	2,500	233	6,486
11,453	2,853		125	14,431
3,648	1,492			5,140
1,367	110		3,700	5,177
2,489				2,489
15,783	3,305		70	19,158
314	0	303	1,103	1,720
1,939	721	108		2,768
1,186	548		110	1,844
8,345	470		280	9,095
1,130	314		43	1,487
3,394	298		63	3,755
6,215				6,215
7,880	555		87	8,522
4,372	343	1,440		6,155
3,481	462			3,943
16,199	881		528	17,608
7,633	1,699		648	9,980
119,927	24,094	5,840	7,237	157,098

LETTABLE AREA, SQM

LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
10,767	1,692			12,459
22,949	573			23,522
33,716	2,265	0	0	35,981
153,643	26,359	5,840	7,237	193,079

REGION WEST



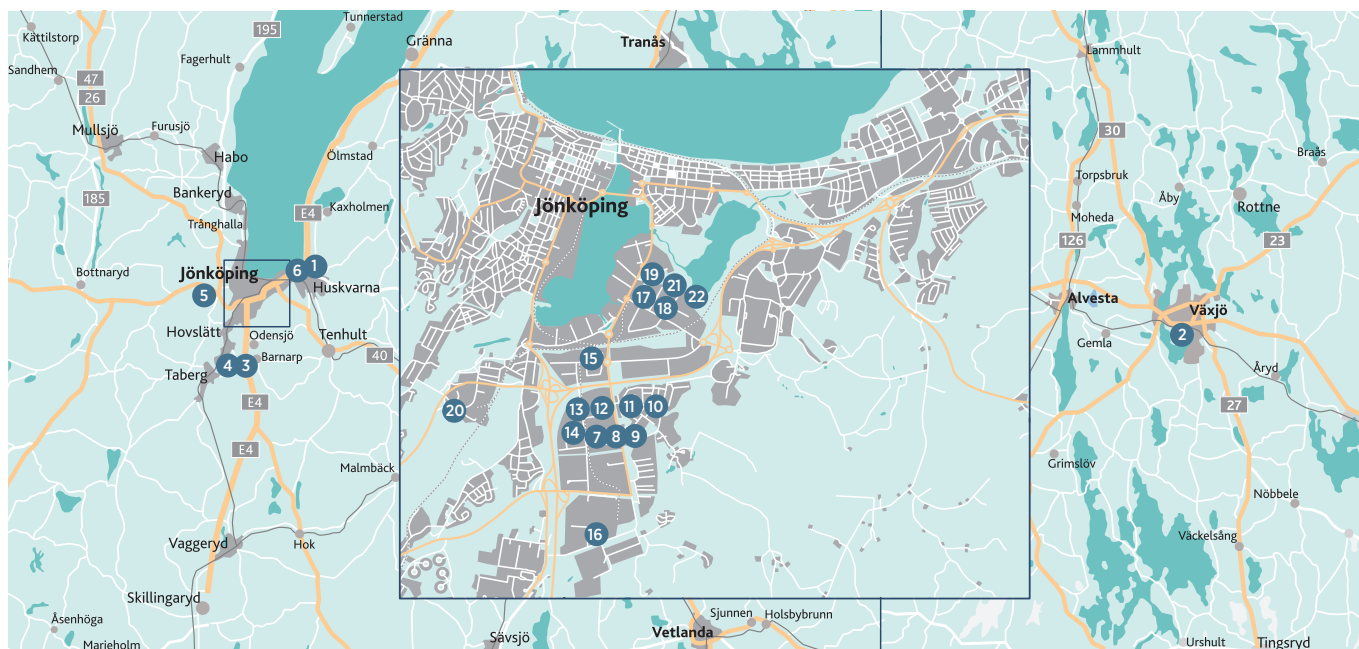
NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE
1 Arendal 5:1	Gothenburg	Kärrlyckegatan 24	Freehold
2 Backa 21:8	Gothenburg	Exportgatan 19-21	Freehold
3 Backa 22:17	Gothenburg	Exportgatan 65-67	Freehold
4 Backa 25:1	Gothenburg	Exportgatan 30 A-C	Freehold
5 Backa 25:6	Gothenburg	Exportgatan 24A	Freehold
6 Backa 30:4	Gothenburg	Importgatan 23-25	Freehold
7 Backa 96:2	Gothenburg	Exportgatan 23	Freehold
8 Bråta 2:136	Härryda	Fraktvägen 3, m fl	Freehold
9 Bråta 2:150	Härryda	Åkarevägen 1-3	Freehold
10 Fjäders 3	Borås	Industrigatan 31	Freehold
11 Fjäders 4	Borås	Industrigatan 29	Freehold
12 Håltås 1:17	Härryda	Mediavägen 2-4, 8	Freehold
13 Högsbo 16:16	Gothenburg	Amalia Jönssons Gata 5-9	Freehold
14 Högsbo 38:3	Gothenburg	Södra Långebergsgatan 30	Freehold
15 Kindbogården 1:107	Härryda	Metallvägen 8	Freehold
16 Kobbegården 155:2	Gothenburg	Askims Verkstadsväg 9	Freehold
17 Kryptongasen 8	Mölnadal	Kryptongatan 2, Neongatan 6-10	Freehold
18 Kärra 91:1	Gothenburg	Orrekulla Industrigata 47	Freehold
19 Neongasen 2	Mölnadal	Neongatan 7	Freehold
20 Pantängen 19	Borås	Getängsvägen 32	Freehold
21 Rotorn 1	Borås	Industrigatan 10	Freehold
22 Skruven 3	Borås	Sandlidsgatan 3	Freehold
23 Spinnaren 1	Mölnadal	Göteborgsvägen 92	Freehold
24 Tingstadsvassen 30:2	Gothenburg	Ringögatan 38	Site leasehold
25 Törnrosen 2, 5	Mölnadal	Flöjelbergsgatan 12, 14A	Freehold

Total Region West

LETTABLE AREA, SQM				
LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
784	1,419		135	2,338
15,897	1,388		434	17,719
7,456	1,118			8,574
3,769	4,212			7,981
2,800	560			3,360
7,921	1,495	721	271	10,408
2,688	636	2,688		6,012
18,151	2,061			20,212
15,428	2,502			17,930
50	235		629	914
5,014	806			5,820
7,877	1,401			9,278
5,475	1,600		1,225	8,300
3,355	1,734		157	5,246
1,470	1,000			2,470
5,338	464		141	5,943
5,788	4,580			10,368
12,801	250			13,051
889	832	600		2,321
1,717			46	1,763
7,923	1,636		210	9,769
18,164	11,494	13,471	1,719	44,848
8,601	576	4,260		13,437
2,215	49	430	118	2,812
2,700	1,525	1,855		6,080
164,271	43,573	24,025	5,085	236,954

OTHER

REGION SMÅLAND



LETTABLE AREA, SQM

NO. PROPERTY	MUNICIPALITY	ADDRESS	TENURE	LOGISTICS	OFFICES	RETAIL	OTHER	TOTAL
1 Budkaveln 18	Jönköping, Sweden	Järnvägsgatan 18	Freehold	7,293	1,071		77	8,441
2 Fabriken 1	Växjö	Regementsgatan 9	Freehold	127	1,697		5,619	7,443
3 Flahult 21:14	Jönköping	Alfavägen 3	Freehold	3,565				3,565
4 Flahult 21:36	Jönköping	Betavägen 4, Betavägen 13	Freehold	12,163	715			12,878
5 Hedenstorp 2:41	Jönköping	Molögsvägen 26	Freehold	8,548	2,035			10,583
6 Ulvö 8	Jönköping	Huskvarnavägen 105-107	Freehold	4,800	1,180			5,980
7 Ädelkorallen 1	Jönköping	Bultvägen 2	Freehold	553	276	504		1,333
8 Ädelkorallen 10	Jönköping	Bultvägen 6 a	Freehold	305	86		15	406
9 Ädelkorallen 17	Jönköping	Bultvägen 4	Freehold	1,125	1,006		30	2,161
10 Ädelmetallen 12	Jönköping	Grossistgatan 12	Freehold	1,687	316			2,003
11 Ädelmetallen 14	Jönköping	Grossistgatan 5, 7	Freehold	1,590	851		100	2,541
12 Ädelmetallen 4	Jönköping	Kabelvägen 14	Freehold	3,221	261		909	4,391
13 Ädelmetallen 5	Jönköping	Kabelvägen 2	Freehold	3,604	1,563			5,167
14 Älgskytten 4	Jönköping	Industrigatan 14A	Freehold	5,477	1,005		126	6,608
15 Äreporten 3	Jönköping	Fridhemsvägen 12	Freehold	597	705			1,302
16 Ättehögen 9	Jönköping	Fordonsvägen 2	Freehold	3,710	700			4,410
17 Öronlappen 7	Jönköping	Bangårdsgatan 1	Freehold	597	141	2,498	33	3,269
18 Öronlappen 8	Jönköping	Bangårdsgatan 3	Freehold		1,640	426		2,066
19 Öronskyddet 9	Jönköping	Gnejsvägen 2	Freehold	1,037	108		525	1,670
20 Öskaret 16	Jönköping	Kindgrensgatan 15	Freehold	7,575	797			8,372
21 Överlappen 15	Jönköping	Granitvägen 10	Freehold	1,074	663	246		1,983
22 Överlappen 8	Jönköping	Granitvägen 8	Freehold	1,226	235	265		1,726
Total Region Småland				69,874	17,051	3,939	7,434	98,298

CONTACT US

HEAD OFFICE STOCKHOLM

Street address: Riddargatan 13C
Postal address: Box 560 85, 102 17 Stockholm
Tel. switchboard: +46-(0)8-503 85 333
Website: corem.se

ADMINISTRATION REGION STOCKHOLM

Local office Sättra

Storsättragränd 14, Skärholmen
Tel: +46-(0)8-503 853 97

Local office Jordbro

Armaturvägen 3D, Jordbro
Tel: +46-(0)8-503 853 00

Local office Veddesta

Elektronikhöjden 16, 1 tr, Järfälla
Tel: +46-(0)8-503 853 65

Local office Arlandastad

Söderbyvägen 14, Arlandastad
Tel: +46-(0)8-503 853 08

ADMINISTRATION REGION SOUTH

Local office Malmö

Stenyxegatan 34, Malmö
Tel: +46-(0)705-43 47 48

ADMINISTRATION REGION WEST

Local office Gothenburg

Exportgatan 19, Hisings Backa
Tel: +46-(0)8-503 853 61

ADMINISTRATION REGION SMÅLAND

Local office Jönköping

Granitvägen 10, Jönköping
Tel: +46-(0)723-19 95 00

LETTINGS

Jesper Carlsöö, Rental Manager
Tel: +46-(0)8-503 853 87
jesper.carlsoo@corem.se

INVESTOR RELATIONS

Eva Landén, CEO
Tel: +46-(0)8-503 853 33
Anna-Karin Hag, CFO
Tel: +46-(0)8-503 853 49



FURTHER INFORMATION

For more information, please contact CEO Eva Landén
Email: eva.landen@corem.se
Tel: +46-(0)8-503 853 33

A collection of 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

Postal address: Corem Property Group AB (publ), Box 56085, SE-102 17 Stockholm (Sweden)
Street address: Riddargatan 13C
Tel: +46-(0)8-503 853 33

Corporate registration number: 556463-9440
Registered office: Stockholm
Email: info@corem.se
Website: www.corem.se

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INVITATION TO THE ANNUAL GENERAL MEETING 2021

Corem Property Group AB's Annual General Meeting will take place on 29 April 2021. In light of the ongoing coronavirus pandemic and in order to reduce the risk of infection spreading, the Board is currently planning to hold the Annual General Meeting by advance voting (postal voting) on the basis of temporary legal rules, without any physical presence. Notice is given no later than four weeks before the meeting and is available at www.corem.se. Information about how notification of participation in the meeting is to be given will be stated in the notice. Other documents to be presented at the meeting will be published on the company's website, www.corem.se, no later than three weeks before the meeting. The notice states which matters will be dealt with at the meeting.

Shareholders who wish to participate in the Annual General Meeting must:

- be entered in the share register maintained by Euroclear Sweden AB no later than 21 April 2021;
- have notified Corem of their intention to participate in the Annual General Meeting no later than 21 April 2021.

HOW TO REQUEST VOTING RIGHTS REGISTRATION

Shareholders who have chosen to register their shares in the name of a nominee must temporarily register the shares in their own name well in advance of 21 April 2021 in order to be entitled to participate in the meeting. Requests for such registration are made with the bank or securities institution managing the shares.

PARTICIPATION VIA POWER OF ATTORNEY

If participation is based on a power of attorney, this must be submitted in the original when notifying participation. Such notification should also be attached, where applicable, to registration certificates.

PROPOSED DIVIDEND

The Board of Directors intends to propose to the Annual General Meeting a dividend of SEK 0.65 per Class A and Class B ordinary share. The record date is proposed to be 3 May 2021 with an estimated payment date of 6 May 2021. In addition, it is proposed that preference shareholders receive a dividend of SEK 20.00 per preference share, which is paid at SEK 5.00 per quarter.

The amount of SEK 2,010,352,001 is at the disposal of the Annual General Meeting, according to the following list:

SEK

Retained earnings	1,219,357,362
Profit/loss for the year	790,994,639
Amount available for appropriation by the Annual General Meeting	2,010,352,001

The Board of Directors proposes that profits be appropriated as follows:

SEK

SEK 20.00 per preference share to be distributed to shareholders	72,000,000
Shareholders to receive a dividend of SEK 0.65 per ordinary share	223,076,428
To be carried forward	1,715,275,573
Total	2,010,352,001

RECORD DATE

The record date for preference shares is proposed to be the last business day in each calendar quarter with payment three business days thereafter:

- record date 30 June 2021 with estimated payment date 5 July 2021
- record date 30 September 2021 with estimated payment date 5 October 2021
- record date 30 December 2021 with estimated payment date 5 January 2022
- record date 31 March 2022 with estimated payment date 5 April 2022





Corem Property Group AB (publ), Box 56085, SE-102 17 Stockholm (Sweden)

Visitors: Riddargatan 13C. Telephone: +46-(0)8-503 853 33

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Email: info@corem.se – Website: www.corem.se