

PRESS RELEASE 2022-02-24

## Year-end Report January-December 2021

- Income increased to SEK 2,805 million (894).
- Net operating income increased to SEK 1,894 million (668).
- Profit from property management increased to SEK 1,178 million (420).
- Net letting amounted to SEK 129 million, of which SEK 98 million in the fourth quarter.
- Investments in new constructions, extensions and refurbishments amounted to SEK 1,771 million. Project development, including development of building rights, contributed with increases in value of properties of SEK 661 million. The total changes in value of properties amounted to SEK 3,432 million (759).
- Changes in value of financial investments amounted to SEK 870 million (–1,042).
- Net profit increased to SEK 4,495 million (–108), corresponding to SEK 5.52 (–0.52) per ordinary share of Class A and B.
- The value of the investment properties amounted to SEK 83,084 million (14,002), after a business combination with Klövern with investment properties valued at SEK 61,557 million at the time of acquisition.
- Net asset value (NAV) per ordinary share of Class A and B amounted to SEK 29.60 (22.22).
- The Board of Directors is proposing a dividend of SEK 0.40 (0.65) per ordinary share of Class A and B, to be paid in four instalments of SEK 0.10.
- The Board of Directors is proposing a dividend of SEK 20.00 per ordinary share of Class D and preference share, to be paid in four instalments of SEK 5.00.

### EVENTS DURING THE QUARTER

- A 15-year lease has been signed with A24 Films for approximately 3,800 sq.m. of office space in the project property 1245 Broadway in New York, with moving-in planned for the second half of 2022.
- Corem and ALM Equity have signed a letter of intent to investigate the prerequisites for creating a joint company, whose purpose is to develop efficient and climate-smart rental housing for own management. Negotiations are expected to be completed during the first quarter of 2022.
- As of 31 December 2021, 9 properties classified as current assets have been reclassified as investment properties.
- Contracts have been signed to divest five properties in Borås, four properties in Västerås, Norrköping, Svedala and Sollentuna as well as the site leasehold to a property in Hallstahammar for a total underlying property value of SEK 1,030 million.

### EVENTS AFTER THE END OF THE PERIOD

- In January 2022, Corem issued unsecured green bonds for SEK 2,350 million with a floating interest rate of 3 months STIBOR plus 275 basis points. At the same time, unsecured bonds were repurchased at a nominal amount of SEK 1,898 million with a floating interest rate of 3 months STIBOR plus 400 basis points.

### COMMENT BY THE CEO

## A good final quarter of 2021 for the new Corem

Through the acquisition of Klöver, we created a new, larger and stronger Corem in 2021. During the fourth quarter, there has been a major focus on integrating the two companies and establishing the way forward. We have set ambitious goals for operations and formulated a new common vision – *Properties for the future*. I am now pleased to note that we have at the same time ended the year with record high net letting, good earnings development, strong value development in the property portfolio and a net asset value (NAV) that improved to SEK 29.60 per share.

### Broader customer offering, more efficient financing

Klöver is consolidated in Corem since 15 June. Through the acquisition, the customer offering has been broadened at the same time as financing opportunities have been improved. Corem is now one of the Nordic region's leading real estate companies with over 500 properties with a value of SEK 83 billion. The Klöver brand will now be gradually phased out and completely replaced by Corem.

The goals formulated for the coming years aim at – in a long-term sustainable way – creating good value growth through property management close to the customer, project development and strategic property transactions. At the financial level, the focus is on complementing the BBB-rating from Scope with an additional investment grade-rating from one of the three large rating agencies at the latest during 2023. This means that we always need to give priority to the most profitable and value-creating transactions in combination with cost-effective financing. It can also be noted that we under the fourth quarter reduced loan to value by two percentage points to 53 per cent.

### Strong net letting, good earnings development

Activity in the office rental market continued to increase during the last quarter of the year, at the same time as there was high demand for city logistics. This was reflected in Corem's net letting that amounted to SEK 98 million during the fourth quarter and SEK 129 million for the year as a whole. Among other things, a 15-year lease has been signed with A24 films for around 3,800 sq.m. in New York, while in the Swedish market, an 11-year lease for approximately 11,000 sq.m. has been signed with Bilja and a 15-year lease has been signed with Statens Försvarshistoriska Museer for new construction and letting of around 3,500 sq.m.

Earnings have developed well despite the fourth quarter being affected by higher energy prices, colder weather and temporarily higher costs for repairs and maintenance. During the full year, profit from property management, excluding the portion that comes from Klöver and acquisition costs, increased by 21 per cent.

### Good prospects for 2022

Now that most of the restrictions related to the pandemic have been lifted, we are pleased to see how the return to workplaces has started in earnest. This creates good prerequisites for further economic recovery, including favourable demand for premises.

Rising inflation, including energy prices, is creating some uncertainty. The rise in inflation during 2021 will at the same time have a positive effect on rental income as 84 per cent of Corem's Swedish leases are indexed in relation to October's consumer price index (CPI), which rose by 2.8 per cent. This will have a positive effect on rental income of around SEK 90 million in 2022.

### Streamlining the property portfolio

Through the acquisition of Klöver, Corem's building rights portfolio has increased markedly. We see large future values here and opportunities to realise these. As a step in this work, we could announce a letter of intent in November signed with ALM Equity to investigate the prerequisites for a joint company to develop around 24,000 rental housing units. The parties intend to list the joint company. For Corem, implementation of these plans would mean an intensified focus on commercial properties.

As part of the geographical and segment-related streamlining of Corem's commercial portfolio, we also signed during the last quarter of the year, a number of contracts to divest properties for a total underlying property value of just over SEK 1 billion.

### Project development creates value

A number of exciting projects are in process, both in Sweden and abroad. In Stockholm, work is in process to modernize an office Property in a very central location close to the Central Station and in Örebro a new hotel and office building is being built as part of the first stage of the Örebro Entré project. Our two largest ongoing new construction projects are two high quality office buildings in Manhattan. In New York as well, activity has increased on the rental market and during the fourth quarter, two new leases were signed, both with moving in during 2022.

#### **Sustainable property management and financing**

Sustainability is a natural integrated part of all of our operations and we have formulated a number of new ambitious targets during the autumn. For example, by 2030 Corem's average energy consumption shall be at most 65 kWh/sq.m. This corresponds to a decrease of 30 per cent compared with the already low level of 2020.

Green financing continues to grow in importance. In January, we issued green bonds for SEK 2.35 billion with a floating interest rate of 3 months Stibor plus 275 basis points. This has been done to refinance bonds, issued by Klöver, with a floating interest rate of 3 months Stibor plus 400 basis points.

I would like to thank all of our staff for an eventful and successful 2021 and look forward to an exciting 2022 where we together in the new Corem further develop and optimize the property portfolio with an unchanged focus on local property management close to the customer.

Eva Landén, CEO  
Stockholm 24 February 2022

#### **Corem Property Group AB (publ)**

FOR FURTHER INFORMATION, PLEASE CONTACT

Eva Landén, CEO, +46 8 503 853 33, [eva.landén@corem.se](mailto:eva.landén@corem.se)

Lars Norrby, IR, +46 76 777 38 00, [lars.norrby@corem.se](mailto:lars.norrby@corem.se)

Anna-Karin Hag, CFO, +46 8 503 853 49, [anna-karin.hag@corem.se](mailto:anna-karin.hag@corem.se)

Corem Property Group AB (publ)

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

Visitors: Riddargatan 13 C

Reg.no: 556463-9440

[www.corem.se](http://www.corem.se)

This information is such that Corem Property Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out in this press release, at 08:00 CET on 24 February 2022.

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