corem property group

3RD QUARTER

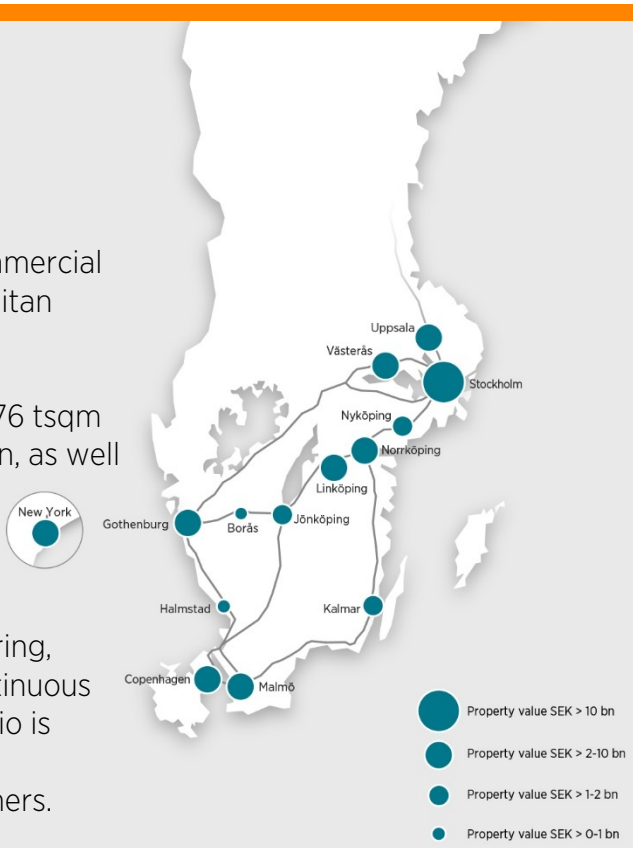
INTERIM REPORT JANUARY–SEPTEMBER 2021

Corem Property Group (publ)

Corem is one of the Nordic region's leading commercial real estate companies, with a focus on metropolitan areas and growth regions.

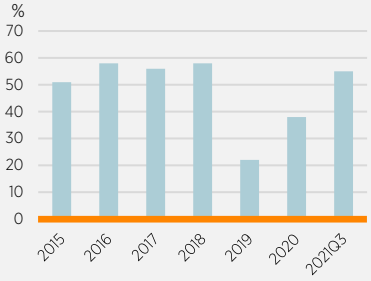
The portfolio consists of 512 properties with 3,476 tsqm of lettable area and a value of SEK 78,290 million, as well as 8 properties for residential development, classified as current assets and holding a fair value of SEK 1 905 million.

Corem has a broad product- and customer offering, focus on long-term, sustainable ownership, continuous refinement and urban development. The portfolio is geographically well concentrated, with inhouse local property management close to our customers.

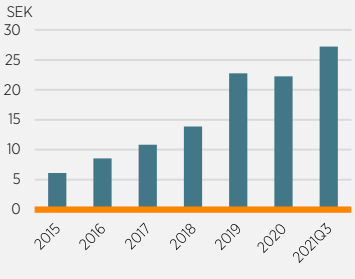


Profit from property management

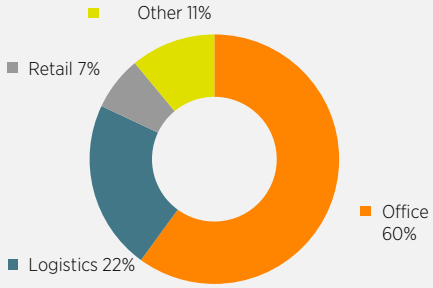
Loan to value



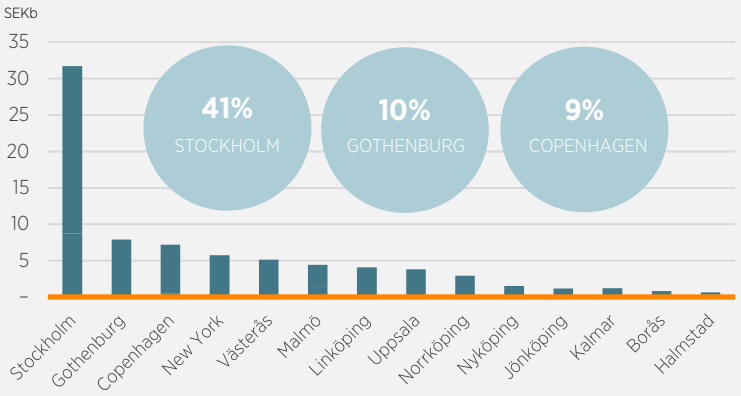
Net Asset Value (NAV) per ordinary share class A and B



Property* value by property type



Property* value per city



* Investment properties

INTERIM REPORT JANUARY–SEPTEMBER 2021

Following Corems public offer to Klövern's shareholders, Klövern is a subsidiary of Corem from 15 June 2021. See more on page 6.

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

EVENTS DURING THE QUARTER

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

IMPORTANT EVENTS AFTER THE PERIOD

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

4,921
RENTAL VALUE, SEKM

80,195
TOTAL VALUE OF PROPERTY PORTFOLIO, SEKM

811
PROFIT FROM PROPERTY MANAGEMENT, SEKM

27.21
NAV PER ORDINARY SHARE A/B, SEK

55
LTV, PER CENT

	2021 9 mon Jan-Sep	2020 9 mon Jan-Sep	2021 3 mon Jul-Sep	2020 3 mon Jul-Sep	2020 12 mon Jan-Dec	Rolling 12 mon Oct-Sep
Income, SEKm	1,708	660	1,072	222	894	1,942
Net operating income, SEKm	1,227	500	768	172	668	1,395
Profit from property management, SEKm	811	335	505	117	420	896
Net profit, SEKm	2,525	-669	988	658	-108	3,086
Earnings per ordinary share Class A and B, SEK	3.70	-2.10	0.81	1.87	-0.52	5.16
Net Asset Value (NAV) per ordinary share Class A/B, SEK	27.21	20.37	27.21	20.37	22.22	27.21
Occupancy rate, economic, %	88	92	88	92	93	88
Operating margin, %	72	76	72	77	75	72
Equity ratio, adjusted, %	42	48	42	48	48	42
Interest coverage ratio, multiples	2.8	2.6	2.8	2.7	2.5	2.7
Loan to value (LTV), %	55	38	55	38	38	55

For definition of key ratios, see page 23

Eva Landén, CEO

A GOOD QUARTER FOR A NEW, LARGER AND STRONGER COREM

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

Economic recovery

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

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

Positive net letting and earnings development

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

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

Value creation from project development

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

Focus on the future

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

Long-term work with sustainability

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

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

Eva Landén, CEO

Stockholm October 27, 2021

By combining Corem's portfolio of properties suitable for city logistics and Klövern's properties with an emphasis on offices, one of the Nordic region's leading commercial real estate companies is created.

Together, we have a broader product- and customer offering, a continued focus on long-term, sustainable ownership, continuous refinement and urban development.

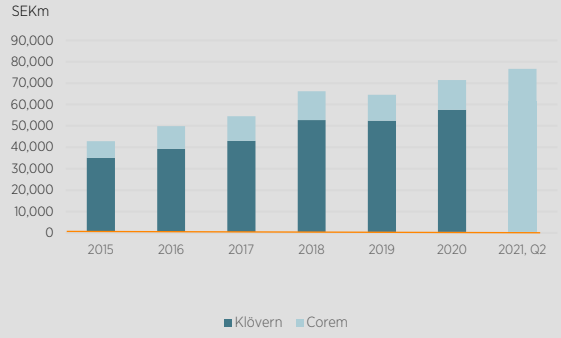
- ✓ Balanced property portfolio with property types which complement each other.
- ✓ Geographically concentrated portfolio, in attractive locations in metropolitan areas and growth regions.
- ✓ Solid base in property management and in house project development adding growth- and return potential.
- ✓ Continuous development of the portfolio, to adapt to changing customer- and market needs and add value.
- ✓ Broadened customer- and product offering.
- ✓ Property management and maintenance with own local staff gives closeness to the customers and extensive market knowledge.

COREMS PUBLIC OFFER TO SHAREHOLDERS OF KLÖVERN

- On 29 March 2021 Corem submitted a public takeover bid to the shareholders of Klövern.
- An initial acceptance period ran from 14 May to 11 June 2021, after which Corem controlled 89.1 per cent of share capital and 90.8 per cent of votes. When the outcome of the initial acceptance period was announced, the Offer was also declared unconditional, and the acceptance period extended to 23 June 2021.
- At the end of the extended acceptance period, Corem controlled 95.0 percent of the share capital and 94.5 percent of the votes in Klövern. To provide remaining shareholders further opportunity to accept the offer, the acceptance period was extended to 18 August 2021.
- Klövern's shares were de-listed from Nasdaq Stockholm with last day of trading 20 July 2021.
- After the extended acceptance period which ended on 18 August 2021, Corem controlled 98.5 per cent of share capital and 97.7 per cent of votes in Klövern. The acceptance period for the Offer was not extended.
- Compulsory acquisition has been initiated in order to acquire the remaining shares. The process of compulsory acquisition is ongoing.

78,290

VALUE OF INVESTMENT PROPERTIES DEVELOPMENT OVER TIME



Acquisition of Klövern

During March 2021 Corem submitted a public takeover bid to holders of shares in Klövern AB with the aim of merging the companies. The initial acceptance period ran between 14 May and 11 June. The outcome of the initial acceptance period showed that Corem controlled 89.1 percent of the capital in Klövern and 90.8 percent of the votes in Klövern, and Corem announced the offer unconditional on 15 June 2021. As a result, Corem's previously indirect, long-term investment in Klöven became a direct holding in the form of a subsidiary of Corem.

Consolidation

Klövern is consolidated from 15 June. Prior to the Offer, Corem owned 15.2 per cent of the capital in Klövern AB. During the second quarter / in connection with the acquisition date, Corem's holdings were revalued to correspond to a value in accordance with the offer, resulting in a positive effect on earnings of SEK 581 million, which is reported in the statement of comprehensive income under Changes in the value of financial investments.

Acquisition value

Access to acquired shares was made at an acquisition value of SEK 18,442 million, consisting of a non-cash issue of 59,678,701 Class A ordinary shares, 596,298,939 Class B ordinary shares, 5,105,391 Class D ordinary shares and 9,685,827 preference shares. These shares were valued according to market value on the date of the transaction, amounting to SEK 18.13 per ordinary share of Class A, SEK 18.61 per ordinary share of Class B, SEK 288.39 per ordinary share of Class D and SEK 323.00 per preference share. For Class A and B ordinary shares the market value corresponds to the closing price on Nasdaq adjusted in accordance with the exchange ratio corresponds to 0.88, while the value for Class D ordinary shares corresponds to the closing price for the preference share, adjusted in accordance with the exchange ratio of 1.12.

Expected synergies

The acquisition is estimated to result in synergies of approximately SEK 200 million yearly, of which approximately SEK 170 million relates to operational and financial synergies which are expected to be realized over the next 24 months, and the remaining SEK 30 million attributable to revenue synergies are expected to be realized over a 3-year period.

Income statement Klövern	2021 Jan - Sep	2021 15 Jun - 30 Sep
Rental income	2,431	957
Property expenses	-799	-294
Central administration	-124	-35
Net financial income	-541	-212
Profit from property management	**967**	**416**
Profit from residential development	-76	-37
Share in earnings of associated companies	11	3
Changes in value, properties	1,433	339
Change in value, derivatives	248	56
Changes in value, financial assets	24	24
Impairment of goodwill	-2	–
Occupancy rate, economic, %	-525	-262
Net profit for the period	**2,080**	**539**
Translation differences etc	306	151
Comprehensive income for the period	**2,386**	**690**

Balance sheet Klövern	2021 30 Sep	2021 15 June
Assets		
Investment properties	62,681	61,557
Other non-current assets	2,094	1,824
Current assets	2,625	3,152
Total assets	**67,400**	**66,533**
Equity and liabilities		
Equity	24,470	23,799
Deferred tax liability	4,237	3,978
Interest bearing liabilities	36,074	35,989
Non- interest bearing liabilities	2,619	2,767
Total equity and liabilities	**67,400**	**66,533**

PRELIMINARY ACQUISITION ANALYSIS

Acquired net assets at the time of acquisition, SEKm	
Investment properties	61,557
Properties classified as current assets	1,746
Other assets and receivables	3,958
Interest bearing liabilities	-35,989
Hybrid bond	-1,300
Deferred tax liabilities	-6,176
Other liabilities	-2,169
Minority	-96
Acquired net assets	**21,531**
Goodwill	2,934
Total acquisition value	**24,465**
Acquisition value	
Shares issued at fair value	18,442
Fair value, Corems own share holdings	3,276
Holdings without controlling influence	2,747
Totalt budvärde /köpeskilling	**24,465**

Cash flow impact of the acquisition	
Cash purchase price	-
Cash and cash equivalents in acquired companies	870
Net cash flow	**870**

The acquisition is classified as a business combination in accordance with IFRS 3. This means that acquired assets, liabilities and contingent liabilities are valued at fair value as per the acquisition date. All acquired items have a carrying amount corresponding to fair value, except for current asset properties and deferred tax liabilities, which have both been revalued in connection with the acquisition.

In connection with the acquisition, goodwill of SEK 2,934 million arose in the form of the difference between the acquisition value of the acquired shares and the net assets.

Goodwill consists of two parts. For the most part, it consists of the difference between nominal tax and the deferred tax that is calculated in connection with acquisitions of properties which must be reported in business acquisitions. For this accounting goodwill of SEK 1,950 million, there is a corresponding amount in the item deferred tax. In addition, goodwill consists of synergy effects. This part consists of SEK 984 million.

Transaction costs attributable to the acquisition amounted to SEK 21 million and are reported in the item in the Statement of comprehensive income under Acquisition costs.

Transaction costs related to the issue of new treasury shares amounted to SEK 15 million and have been reported against equity, after consideration of tax.

From the acquisition date until 30 September 2021, Klövern contributed SEK 957 million to the Group's rental income and SEK 539 million to the Group's profit after tax.

Holdings without controlling influence have been valued at fair value at the time of acquisition, corresponding to the share price according to the same principles as acquired shares.

THE PROPERTY PORTFOLIO

Profit items are compared with the corresponding period last year. Balance sheet items refer to the position at the end of the period and are compared with the immediately preceding year-end. The quarter refers to July-September and the period refers to January-September.

PROPERTY VALUE

Corems property portfolio on 30 September 2021 consisted of 512 properties with a total lettable area of 3,476 tsq.m. and an aggregated market value of SEK 78,290 million (14,002), as well as 8 properties within Tobin Properties which are classed as current assets, holding a fair value of SEK 1,905 million. Total value of the property portfolio is thereby SEK 80,195 million.

CHANGES IN VALUE FOR THE PERIOD

Changes in value for the properties, excluding properties classed as current assets, amounted to SEK 1,514 million (286) during the period, of which unrealized changes in value amounts to SEK 1,517 million and realized to SEK -3 million.

Changes in value of properties within the Klövern portfolio are included from the start of the third quarter.

Changes in value for the period are mainly explained by new lettings, renegotiations, and decreased yield requirements. The average yield requirement has been lowered to approximately 5.1 per cent for the quarter from 5.5 at the start of the year.

Valuation of the entire portfolio is done each quarter, whereof normally 20 to 30 per cent externally. Each property in the portfolio is externally valued at least once per year. During the period, Savills Sweden, Cushman & Wakefield and Newsec have been used as external valuation institutions. Corem continuously obtains market information from external valuation institutions to support the internal process. For a detailed description of applied valuation principles, see Corem's and Klövern's annual reports for 2020.

TRANSACTIONS

Business acquisition of Klövern

Corem's public takeover bid to the shareholders of Klövern resulted in Klövern becoming a subsidiary of Corem during June 2021. The acquisition included Klövern's property portfolio, which at the time of acquisition consisted of 342 properties as well as 9 properties within Tobin Properties classed as current assets. Total lettable area amounted to 2,458 tsq.m. Fair value of the portfolio amounted to SEK 61,557 million, and the estimated market value of the properties classed as current assets to SEK 1,746 million. Read more about the acquisition of Klövern on page 6.

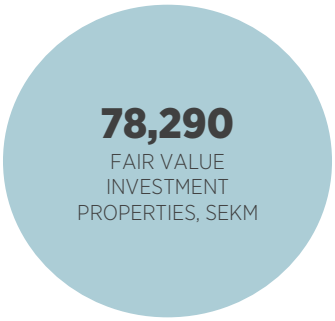
Property transactions

Agreement for acquisition of Rosersberg 11:151 in Sigtuna was signed during the first quarter and acquisition of the property made on 1 July 2021. The property consists of undeveloped land of approximately 16,500 sq.m. plot area with a zoning plan which allows building rights of 40,000 sq.m. BTA.

Flygbasen 2 in Malmö was acquired on 1 July 2021. The property has a lettable area of 1,800 sq.m., divided between office- and warehouse area.

INVESTMENT PROPERTIES: NUMBER OF PROPERTIES, LEASABLE AREA AND FAIR VALUE

	Jan - Sep 2021			2020
	Number	Sq.m.	SEK million	million
Total start of the year	**167**	**985,887**	**14,002**	**12,114**
Business acquisition, Klövern	342	2,457,740	61,557	–
Acquisitions	5	12,942	292	478
Inv. in new constr., extension and refurbishment	–	24,679	848	741
Divestments	–2	-5,646	–151	-60
Changes in value, unrealized	–	–	1,517	742
Currency translation	–	–	225	-13
Total end of the period	**512**	**3,475,602**	**78,290**	**14,002**



PROPERTY TRANSACTIONS, TRANSFER OF POSSESSION JAN-SEP 2021

					Lettable area, sq.m.	
Quarter	**Property**	**City**	**Municipality**	**Property type**	**Divestment**	**Acquisition**
Q1	Hedenstorp 1:99	Jönköping	Jönköping	Logistics		4,033
Q1	Kalvsvik 16:20	Stockholm	Haninge	Logistics		6,224
Q2	Märsta 21:48	Stockholm	Sigtuna	Logistics		864
Q2	Instrumentet 13 & 18	Stockholm	Stockholm	Logistics	–5,646	
Q2	Business acquisition, Klövern	Several	Several	Property portfolio		2,457,740
Q3	Rosersberg 11:151	Stockholm	Sigtuna	Land		–
Q3	Flygbasen 2	Malmö	Malmö	Office		1,821
Total net acquisitions						**2,465,036**

Orgelpipan 4, Stockholm. Ongoing project under the name Klarabergsgatan, estimated completion during the first quarter of 2023.

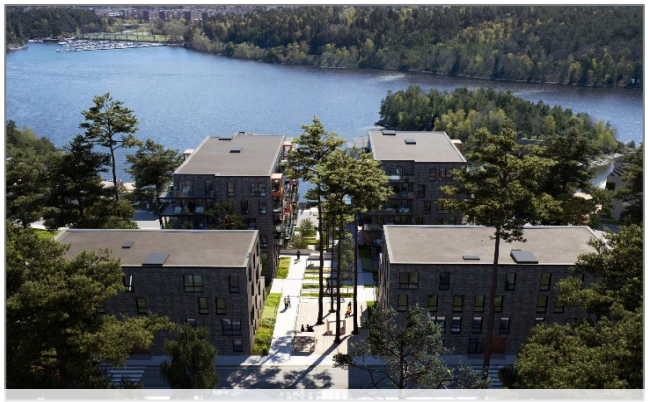
Fyrislund 6:6, Uppsala. Ongoing project in Uppsala Business Park under the name Research Hub. Estimated completion during the fourth quarter of 2022.

Backa 96:2, Göteborg. Completed project. New build of Pro Stop, a specialist retail area of 22,500 sq.m. Completed during 2021.

Halmstad 2:28, Halmstad. Ongoing project, with estimated completion during the third quarter of 2022.

1245 Broadway, New York. Ongoing project, estimated completion during the fourth quarter of 2022.

Kopparlunden, Västerås. Planned residential development project, estimated project start during 2023.



VYN, Nacka, Stockholm. Sold out and completed residential development project.

NEW BUILDS, EXTENSIONS AND REFURBISHMENTS

Investments are often made in connection with new leases and for the purpose of adapting and modernizing premises and thereby increase future rental value. Active property development enables changing market conditions and tenant requirements to be met, as well as developing and adding value to the property portfolio.
Corem has, through the acquisition of Klövern, extended its project portfolio with several ongoing as well as planned development projects, both regarding commercial and residential use. Several extensive urban development projects are ongoing, including Uppsala Business Park, in Västerås, as well as Kista and Söderstaden in Stockholm.

Commercial projects

During the period, Corem invested a total of SEK 848 million (534) in the property portfolio relating to new builds, extensions and refurbishment, whereof SEK 598 were invested during the third quarter. The third quarter also includes investments made within the Klövern portfolio.

Two commercial projects have been completed during the quarter. New construction and refurbishment of 16,900 sq.m. for MTAB within Veddesta 2:79, Järfälla was finalised, as well as the refurbishment and extension of 13,400 sq.m. for GSV within the property Kappelgårde in Copenhagen.

At the end of the period, 672 projects were ongoing with a total remaining investment of SEK 2,372 million. Total calculated cost for the same projects amounted to SEK 6,750 million. Project development, including development of building rights, contributed to increases in fair value of properties by SEK 119 million for the quarter.

Ongoing major projects (exceeding SEK 75 million) include a total of 48,084 sq.m. and with a total investment of SEK 2,992 million. The individually largest of the ongoing projects, 1245 Broadway and 28&7 (322-326 7th Ave) are for the construction of two high profile buildings on Manhattan in New York. Both buildings are approaching exterior completion. Letting is ongoing and interior tenant adaptations will continue throughout 2022.

The project portfolio also includes a number of planned commercial projects. The larger planned projects can be found in Uppsala, Örebro, New York, Stockholm, and Gothenburg among other places.

The planned projects in New York relate to the new construction of offices at 417 Park Avenue and 118 10th Avenue in New York, of 33,000 sq.m. and 13,200 sq.m. respectively. In Örebro, an 10,000 sq m office is planned in as the second phase of the Örebro Entré project. In Uppsala, two additional stages within the property Fyrislund 6: 6 are planned for, regarding 3,097 sq.m. laboratory and sq.m. 10,000 offices / production. In Gothenburg, several major renovations or new constructions are planned for during the coming years, including the Fiskhamnen development area.

Residential projects

Residential development projects are made within the existing building rights portfolio, and through the subsidiary Tobin Properties. As per 30 September 2021 there were 233 residential units in ongoing projects, all within Tobin, and of which 169 were sold. During the third quarter 3 units were sold, all within the now sold out and completed project Vyn in Nacka, Stockholm. At the end of October sales start for the project Nacka Strand 1A, consisting of 60 residential units.

The potential for future residential development projects is extensive, with planned residential projects in Stockholm, Västerås, Nyköping, Uppsala, and Gothenburg. In total up to 13,000 units could be developed within the existing portfolio. Out of these, 3,100 have been accepted in local zoning plans.

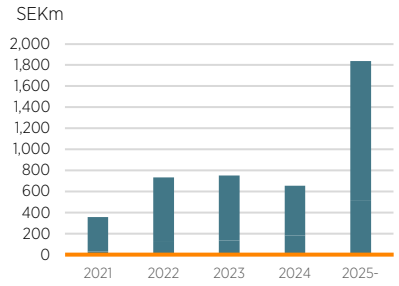
Largest ongoing commercial projects

City	Property	Description	Sq.m.	Estimated investment, SEKm	Investment, SEKm	Increase in rental value	Completion
New York	1245 Broadway	New construction office	16,700	1,377	821	176	2022 Q4
New York	28&7	New construction office	9,100	749	522	84	2022 Q4
Örebro	Olaus Petri 3:234	New build/renovation for Scandic Hotels, stage 1	8,638	286	225	22	2022 Q2
Stockholm	Orgelpipan 4	Renovation office	4,240	254	60	17	2023 Q1
Uppsala	Fyrislund 6:6	Laboratory, stage 1	3,097	157	13	11	2022 Q4
Gothenburg	Mejramen 1	New construction office for Kollmorgen Automation	3,519	86	57	7	2022 Q1
Halmstad	Halmstad 2:28	New construction/renovation for Försäkringskassan	2,790	83	32	7	2022 Q3
Total			**48,084**	**2,992**	**1,730**	**324**	

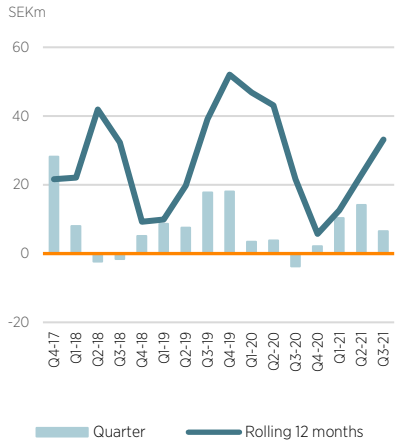
ONGOING RESIDENTIAL DEVELOPMENT PROJECTS

City, place	Project name	No of units	Sold units	Share, sold, %	BTA sq.m.	BOA sq.m.	Sales start, year	Completion, year
Stockholm, Sundbyberg	Rio	173	169	98	11,700	8,700	2017	2021
Stockholm, Nacka	Nacka Strand 1A	60	0	0	5,000	3,700	2021	2022
Total		**233**	**169**	**73**	**16,700**	**12,400**		

LEASE CONTRACT MATURITY



NET LETTING



TENANTS AND CONTRACTS PORTFOLIO

Corem's total contracted rental income on an annual basis amounted to SEK 4,337 million (906) on 30 September 2021, with an assessed total rental value of SEK 4,921 million (970).

The economic occupancy rate was 88 per cent (93) as of 30 september 2021.

Of the contracted rent, 42 per cent mature during 2025 or later. The average remaining lease contract term as of 30 June 2021 was 3.8 years (4.4).

NET LETTING

Net letting for Corem totalled SEK 7 million for the quarter and SEK 31 million for the period. Net letting within Klövern is included from the start of the third quarter 2021.

Lettings and renegotiations amounted to SEK 89 million for the quarter and SEK 155 million for the period, where 47 per cent were new tenants and the rest letting to existing customers.

LARGER LETTINGS AND RENEGOTIATIONS

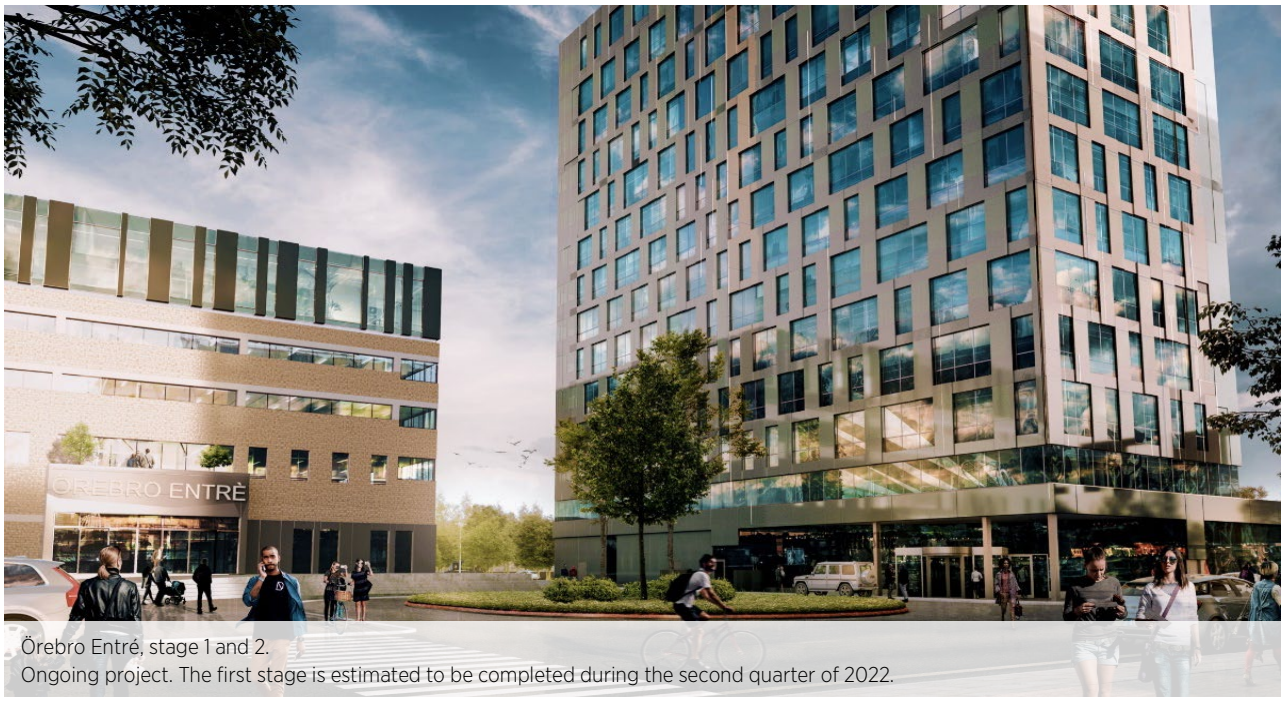
During the quarter leases were signed with, among others, Avalanche Studios Group of approximately 1,400 sq.m. in New York.

In Norrköping, a 10-year lease has been signed with Every Padel regarding the rental of 3,794 sqm in a property located in the commercial area Ingelsta. Moving in is planned for Q1 2022.

North of Stockholm, in Arlandastad, a 10-year lease has been signed with World Courier Sweden regarding the lease of 1,660 sq.m. in a planned new modern warehouse building with associated offices. Moving in is planned for Q1 2023.

After the end of the third quarter, several larger lettings have been signed. In Västerås, a 15-year lease has been signed, with the gym chain Member 24 regarding the lease of 2,373 sqm in a property located in the Gustavsvik area. Moving in is planned for Q3 2022.

In Örebro, a 6-year lease has been signed with the Swedish Transport Administration regarding the letting of 2,625 sq.m. in the second phase of the Örebro Entré project. Moving in is planned for Q4 2023.



Örebro Entré, stage 1 and 2.
Ongoing project. The first stage is estimated to be completed during the second quarter of 2022.

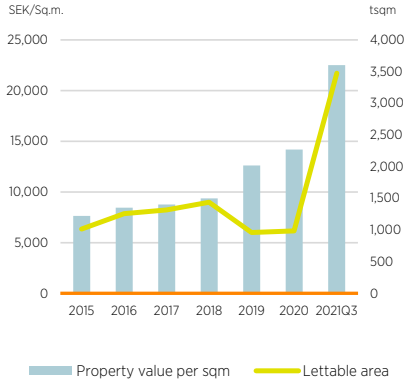
DISTRIBUTION PER GEOGRAPHICAL AREA

Corem's property portfolio and operating activities are divided into four geographical regions; Region Stockholm, Region South, Region West and Region Småland. With the acquisition of Klövern, the portfolio has expanded significantly during the second quarter of 2021. For transparency as well as clarity regarding comparative amounts, Klövern is shown separately according to the segments used within Klövern. In addition, aggregated figures are shown, where the portfolio is also divided into investment portfolio and development portfolio. Income and expenses relating to Klövern refer to the period 15–30 September 2021. The division is in accordance with the internal follow-up model for the CEO and the Board.

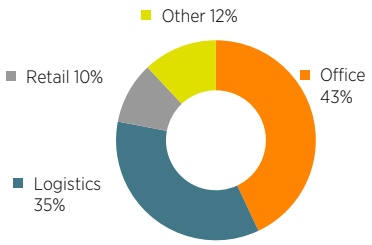
	Income, SEKm		Property costs, SEKm		Op. surplus, SEKm		Operating margin, %		Investments, SEKm	
Outcome per geographical area	**2021 Jan-Sep**	**2020 Jan-Sep**	**2021 Jan-Sep**	**2020 Jan-Sep**	**2021 Jan-Sep**	**2020 Jan-Sep**	**2021 Jan-Sep**	**2020 Jan-Sep**	**2021 Jan-Sep**	**2020 Jan-Sep**
Stockholm	421	379	–120	–104	301	274	71	72	151	207
South	93	94	–24	–21	69	73	74	78	66	26
West	171	139	–32	–26	139	113	81	81	78	264
Småland	66	49	–11	–9	55	40	83	82	19	37
Corem	**751**	**661**	**–187**	**–160**	**564**	**500**	**75**	**76**	**314**	**534**
Region Stockholm	497	-	–186	-	311	-	63	-	171	-
Region East	212	-	–52	-	160	-	75	-	81	-
Region West	180	-	–52	-	128	-	71	-	91	-
International - Copenhagen	68	-	–3	-	65	-	96	-	30	-
International - New York	–	-	–1	-	–1	-	–	-	161	-
Klövern	**957**	**-**	**–294**	**-**	**663**	**-**	**69**	**-**	**534**	**-**
Total	**1,708**	**661**	**–481**	**–160**	**1,227**	**500**	**72**	**76**	**848**	**534**
Investment portfolio	1,476	–	–437	–	1,039	–	70	–	614	–
Development portfolio	232	–	–44	–	188	–	81	–	234	–
Total	**1,708**	**661**	**–481**	**–160**	**1,227**	**500**	**72**	**76**	**848**	**534**

	Number of properties		Fair value, SEKm		Rental value, SEKm		Economic occupancy, %		Lettable area, tsqm	
Key ratios per geographical area	**2021 30 Sep**	**2020 30 Sep**	**2021 30 Sep**	**2020 30 Sep**	**2021 30 Sep**	**2020 30 Sep**	**2021 30 Sep**	**2020 30 Sep**	**2021 30 Sep**	**2020 30 Sep**
Stockholm	95	90	8,765	7,450	611	559	94	91	476	453
South	25	26	1,911	1,616	139	134	93	90	191	194
West	26	26	3,562	3,097	230	206	87	95	249	237
Småland	23	21	1,371	986	92	77	94	93	103	88
Corem	**169**	**163**	**15,609**	**13,149**	**1,071**	**976**	**93**	**92**	**1,019**	**972**
Region Stockholm	119	-	31,504	-	2,073	-	84	-	1,112	-
Region East	112	-	9,941	-	813	-	89	-	698	-
Region West	98	-	8,814	-	713	-	88	-	524	-
International - Copenhagen	8	-	6,688	-	251	-	96	-	123	-
International - New York	6	-	5,734	-	–	-	–	-	0	-
Klövern	**343**	**-**	**62,681**	**-**	**3,850**	**-**	**87**	**-**	**2,457**	**-**
Total	**512**	**163**	**78,290**	**13,149**	**4,921**	**976**	**88**	**92**	**3,476**	**972**
Investment portfolio	447	–	67,125	–	4,572	–	89	–	3,204	0
Development portfolio	65	–	11,165	–	349	–	74	–	271	0
Total	**512**	**163**	**78,290**	**13,149**	**4,921**	**976**	**88**	**92**	**3,476**	**972**

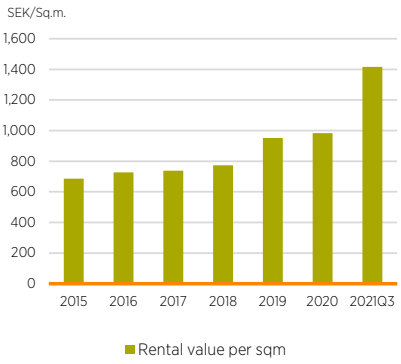
FAIR VALUE PER SQ.M. AND LETTABLE AREA



LETTABLE AREA BY TYPE



RENTAL VALUE PER SQ.M.



INCOME, EXPENSES AND PROFIT

INCOME AND PROFIT FROM PROPERTY MANAGEMENT

Klövern is consolidated into Corem from 15 June 2021. For further information, see page 6.

Profit items are compared with the corresponding period last year. Balance sheet items refer to the position at the end of the period and are compared with the immediately preceding year-end. The quarter refers to July-September and the period refers to January-September.

INCOME

Income amounted to SEK 1,072 (222) for the quarter and SEK 1,708 million (660) for the period. The increase is mainly attributable to the acquisition of Klövern. Excluding Klövern income increased by 12 per cent for the quarter and 14 per cent during the period. attributable to completed projects, new lettings and renegotiations. Income for a comparable portfolio increased by 6 per cent.

EXPENSES

Property costs amounted to SEK 304 million (50) for the quarter and SEK 481 million (160) for the quarter. The consolidation of Klövern explains a large part of the increase. The remaining increase is mainly attributable to the first quarter of 2021 being significantly colder than the same period last year.

Central administration costs, which refer to costs for group management and group-wide functions, amounted to SEK 35 million (9) for the quarter and SEK 65 million (29) for the period. The increase is attributable to Klövern. Acquisition costs, attributable to the acquisition of Klövern, amount to SEK 21 million for the period.

EARNINGS

The net operating income amounted to SEK 768 million (172) for the quarter and SEK 1,227 million (500). In a comparable portfolio, net operating income increased by 5 per cent during the period. The operating margin amounted to 72 per cent (77) for the quarter and 72 per cent (76) for the period.

Profit from property management amounted to SEK 505 million (117) for the quarter and SEK 811 million (335) for the period. Excluding Klövern as well as acquisition costs, profit from property management for the period increased by 24 percent.

NET FINANCIAL INCOME

Net financial income for the period was SEK -330 million (-136). Financial income amounted to SEK 113 million (80) and primarily consists of dividends from shareholdings. Financial expenses amounted to SEK 443 million (216), where SEK 23 million (10) were leasehold fees.

In addition, net financial income for residential development, which is included in the income statement's line Net profit residential development, amounted to SEK -9 million during the period and to SEK -8 million during the third quarter.

At the end of the period the average interest rate was 2.4 per cent, compared to 2.9 per cent one year ago. For further information see page 16.

CHANGES IN VALUE

Properties

Changes in property value during the period amounted to SEK 1,514 million (286), of which SEK 1,517 million were unrealized changes and realized changes amounted to SEK -3 million. Unrealized changes in value are mainly explained by new lettings and renegotiations as well as decreased yield requirements. Also see page 7.

Financial investments

Changes in value of financial investments amounted to SEK 605 million (–1,135). Out of the value changes, SEK 30 million (-167) were realized changes in value. Also see page 16.

Derivates

Changes in value of derivatives totaled SEK 177 million (-59) during the period. The value of derivatives is affected by changes in the long market rates.

INCOME TAX

Deferred tax for the period amounted to SEK -544 million (-92) and current tax to SEK -4 million (-4).

The tax loss carryforwards are estimated at approximately SEK 1,700 million (1,178), of which SEK 785 million from Klövern. Tax recoverable attributable to tax loss carryforwards in the consolidated balance sheet amount to SEK 352 million (243).

OTHER COMPREHENSIVE INCOME

Other comprehensive income amounted to SEK 156 million (2), mainly consisting of translation differences.

GROUP INCOME STATEMENT SUMMARY

SEK million	2021 9 mon Jan-Sep	2020 9 mon Jan-Sep	2021 3 mon Jul-Sep	2020 3 mon Jul-Sep	2020 12 mon Jan-Dec	Rolling 12 mon Oct-Sep
Income	1,708	660	1,072	222	894	1,942
Property expenses	–481	–160	–304	–50	–226	-547
Net operating income	**1,227**	**500**	**768**	**172**	**668**	**1,395**
Central administration	–65	–29	–35	–9	–39	–75
Acquisition costs	–21	–	–	–	–	–21
Net financial income	–330	–136	-228	–46	–209	–403
Profit from property management	**811**	**335**	**505**	**117**	**420**	**896**
Net result residential development	–37	–	-32	–	–	–37
Profit from residential development	**–37**	**–**	**–32**	**–**	**–**	**–37**
Share in earnings of associated companies	3	–	3	–	–	3
Changes in value, properties	1,514	286	733	185	759	1,987
Changes in value, financial investments	605	–1,135	–9	470	–1,042	698
Change in value, derivatives	177	–59	86	3	–31	205
Profit before tax	**3,073**	**–573**	**1,286**	**775**	**106**	**3,752**
Tax	–548	–96	–298	–117	–214	-666
Net profit for the period	**2,525**	**–669**	**988**	**658**	**–108**	**3,086**
Net profit for the period attributable to:						
Attributable to parent company´s shareholders	2,513	–669	980	658	–108	3,074
Holdings without controlling influence	12	–	8	–	–	12
	2,525	**–669**	**988**	**658**	**–108**	**3,086**
Other comprehensive income						
Items which can be recognized as profit for the period						
Translation difference etc	156	2	154	2	–11	143
Comprehensive income for the period	**2,681**	**–667**	**1,142**	**660**	**–119**	**3,229**
Other comprehensive income for the period attributable to:						
Attributable to parent company´s shareholders	2,667	–667	1,132	660	–119	3,215
Holdings without controlling influence	14	–	10	–	–	14
	2,681	**–667**	**1,142**	**660**	**–119**	**3,229**
Earnings per share						
Earnings per ordinary share class A and B, SEK	3.70	-2.10	0.81	1.87	-0.52	5.16
Number of outstanding shares, thousands						
Ordinary shares A and B at the end of the period	1,084,778	343,195	1,084,778	343,195	343,195	1,084,778
Average number of ordinary shares A and B	624,901	343,508	1,068,052	343,195	343,429	553,896
Ordinary shares D at the end of the period	7,546	–	7,546	–	–	7,546
Preference shares at the end of the period	12,415	3,600	12,415	3,600	3,600	12,415

There is no dilution effect as no potential shares (for example, convertibles) exists.

GROUP CONSOLIDATED BALANCE SHEET SUMMARY

SEK million	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS			
Non-current assets			
Goodwill	3,080	–	–
Investment properties	78,290	13,149	14,002
Right of use assets	958	218	218
Participation rights in associated companies	472	–	–
Financial assets at fair value	1,942	3,909	4,347
Derivatives	205	–	–
Other assets	507	4	7
Total non-current assets	**85,454**	**17,280**	**18,574**
Current assets			
Properties classified as current assets	1,756	–	–
Other current assets	1,127	69	85
Short term investments	–	170	–
Liquid funds	648	12	15
Total current assets	**3,531**	**251**	**100**
TOTAL ASSETS	**88,985**	**17,531**	**18,674**
EQUITY AND LIABILITIES			
Equity attributable to parent companys shareholders	31,300	6,729	7,277
Equity attributable to holdings without controlling influence	578	–	–
Total equity	**31,878**	**6,729**	**7,277**
Long-term liabilities			
Interest-bearing long-term liabilities	32,175	5,184	5,510
Long-term leasing liabilities	958	218	218
Deferred tax liabilities	7,517	685	800
Derivatives	373	483	455
Other long-term liabilites	8	7	7
Total long-term liabilities	**41,031**	**6,577**	**6,990**
Current liabilities			
Interest-bearing current liabilities	14,105	3,824	4,086
Other current liabilities	1,971	401	321
Total current liabilities	**16,076**	**4,225**	**4,407**
Total liabilities	**57,107**	**10,802**	**11,397**
TOTAL EQUITY AND LIABILITIES	**88,985**	**17,531**	**18,674**

GROUP CASH FLOW STATEMENT SUMMARY

SEK million	2021 9 mon Jan-Sep	2020 9 mon Jan-Sep	2021 3 mon Jul-Sep	2020 3 mon Jul-Sep	2020 12 mon Jan-Dec	Rolling 12 mon Oct-Sep
Current operations						
Operating surplus	1,190	500	736	172	668	1,358
Central administration	-86	-29	-35	-9	-39	-96
Depreciation	18	1	18	1	1	18
Interest recieved, etc.	109	81	33	26	84	112
Interest paid etc	-400	-198	-246	-69	-262	-464
Interest expense lease agreem. attrib. to leasehold fees	-23	-10	-15	-3	-13	-26
Income tax paid	-1	-4	0	-2	-7	-4
Cash flow from changes in working capital	**807**	**341**	**491**	**116**	**432**	**898**
Change in properties classified as current assets	-10	-	-10	-	-	-10
Change in current receivables	78	1	62	15	-24	53
Change in current liabilities	-73	2	-132	85	-38	-113
Cash flow from operations	**802**	**344**	**411**	**216**	**370**	**828**
Investment operations						
Investment in new construction, extensions and refurbishment	-848	-534	-598	-194	-741	-1,055
Acquisition of properties	-292	-252	-92	-211	-478	-518
Divestment of properties	104	42	-2	42	60	122
Acquired liquid funds, business acquisition	870	-	-	-	-	870
Acquisition of long-term shareholdings	-249	-506	-	-506	-854	-597
Change in tangiable assets	31	-	31	-	-3	28
Cash flow from investment operations	**-384**	**-1,250**	**-661**	**-869**	**-2,016**	**-1,150**
Financing operations						
Dividend paid to parent company shareholders	-362	-260	-103	-18	-278	-380
Hybrid bond	-20	-	-20	-	-	-20
Repurchase of own shares	-	-498	-	-	-498	-
Issuing charges	-23	-	-	-	-	-23
Short term investments	-	26	-	235	197	171
Loans raised	5,409	3,220	2,012	437	4,079	6,268
Amortized loans	-4,796	-1,578	-2,015	-29	-1,847	-5,065
Cash flow from financing operations	**208**	**910**	**-126**	**625**	**1,653**	**951**
Cash flow for the period	626	4	-376	-28	7	629
Liquid funds at beginning of period	15	8	1,017	40	8	12
Exchange difference in liquid funds	7	-	7	-	-	7
Liquid funds at end of period	**648**	**12**	**648**	**12**	**15**	**648**

As the business acquisition of Klövern was made exclusively through issue of new shares in Corem and no cash consideration was included, the acquisition did not have any significant impact on the period's cash flow apart from acquired liquid funds and of cash flow in operating activities for the period 15 June to 30 June 2021. From 1 July 2021 Klövern is fully included in the cash flow.

STATEMENTS OF CHANGES IN EQUITY, SUMMARY

SEK million	The parent company's shareholders	Holdings without controlling influence	Total equity
Opening balance equity 2021-01-01	**7,277**	**-**	**7,277**
Comprehensive income during the period	1,535	4	1,539
Non-cash issue of shares	19,656	-	19,656
Dividend to shareholders	-604	-	-604
Hybrid bond, from business acquisition	1,300	-	1,300
Issue costs, incl. tax effect	-18	-	-18
Change in holding without controlling influence	78	1,551	1,629
Equity 2021-06-30	**29,224**	**1,555**	**30,779**
Comprehensive income during the period	1,132	10	1,142
Non-cash issue of shares	1,067	-	1,067
Dividend to shareholders	-13	-	-13
Hybrid bond	-20	-	-20
Change in holding without controlling influence	-90	-987	-1,077
Equity 2021-09-30	**31,300**	**578**	**31,878**

FINANCING

INTEREST-BEARING LIABILITIES

On 30 September 2021 interest -bearing liabilities amounted to SEKm 46,462 (9,620). Activated and capitalized borrowing costs were SEK 182 million (24), meaning interest-bearing liabilities in the balance sheet of SEK 46,280 million (9,596). The change is mainly attributable to the addition of interest bearing liabilities of SEK 36 227 million and activated borrowing costs of SEK 153 million via the acquisition of Klövern.

Corem's interest-bearing liabilities are mainly secured by mortgage deeds and / or shares in subsidiaries, in accordance with current market practices. Unsecured interest-bearing liabilities consist of corporate certificates and unsecured bonds, SEK 2,200 million (-) and SEK 11,558 million (2,100), respectively, at the end of the period.

The average period of tied-up capital was 3.9 years (1.9).

Loan to value ratio amounted to 55 per cent (38).

Outstanding bonds

At the end of the period the group had SEK 12,008 million in outstanding listed bond loans, maturing in 2021 to 2025. There is an unsecured Medium Term Note program (MTN) with a framework of SEK 10,000 million, where SEK 5,550 million has been issued within the framework amount. There is also a secured MTN program with a framework amounting to SEK 10,000 million, which is secured with a property as an underlying asset and fully covered by property mortgage certificates, where SEK 450 million has been issued within the program.

INTEREST COVERAGE AND MATURITY

On 30 September 2021, the average interest rate of the loan portfolio was 2.4 per cent (2.7).

To limit the interest rate risk, Corem has interest rate swaps and interest rate caps, where the effects of bigger increases in interest rate are limited through the interest rate caps. At the end of the period Corem had interest rate swaps of SEK 8,890 million (2,390) and interest rate caps of SEK 23,303 million (2,503). Together with fixed-rate loans, 71 per cent (53) of the interest was hedged. As of 30 September 2021 the net market value of the interest rate derivative portfolio amounted to SEK -168 million (-455). Change in value of derivatives amounts to SEK 177 million (-59) for the period.

The Group's average fixed interest period at the end of the period was 2.7 years (2.7), taking derivatives into account.

The interest coverage ratio amounted to 2.8 (2.6).

EQUITY, NET ASSET VALUE AND EQUITY RATIO

At the end of the period the Groups' equity amounted to SEK 31,300 million (7,277), of which SEK 1 300 million refer to a hybrid bond. Equity is equivalent to SEK 22.06 per ordinary share A and B (18.56), SEK 289.59 (-) per ordinary share D and SEK 312.72 per preference share (251.67). Net Asset Value (NAV) amounts to SEK 27.21 per ordinary share (22.22).

As of 30 September 2021 Corem holds a total of 2,913,825 repurchased ordinary shares class A and 29,630,550 ordinary shares of class B. The market value amounted to SEK 761 million. The shares have been repurchased at an average price of SEK 18.35 per share.

As of 30 September 2021 the adjusted equity ratio was 42 per cent (48) and the equity ratio 35 per cent (39).

As of September 30, 2021, the remaining holdings without a controlling influence in Klövern have been revalued to fair value.

See page 15 for further information about changes in equity.

SHAREHOLDINGS

Since 2019, Corem has owned shares in the real estate company Castellum, listed on Nasdaq Large Cap. On 30 September 2021, the holding consists of 8,880,000 shares. The fair value of the holding amounted to SEK 1,905 million, based on the share price at the end of the period of SEK 214,50 per share. The holding has an acquisition value of SEK 192,03 per share. Changes in value amounted to SEK 57 million (48) for the period.

Corem owns, through its subsidiary Dagon Sverige, 639 425 shares in Everysport Media Group, which on 30 September 2021 had an assessed market value of SEK 37 million.

CASH FLOW

Cash flow from operations, before change in operating capital, amounted to SEK 807 million (341).

The period's cash flow from investment activities amounted to SEK -384 million (-1,250) and the cash flow from financing activities totaled SEK 208 million (910).

LIQUID FUNDS

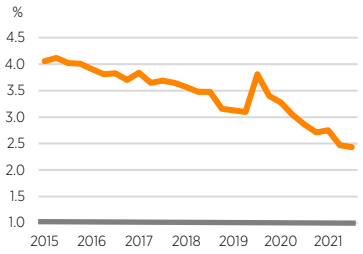
Liquid funds at period-end amounted to SEK 648 million (15). In addition, there were unutilizedsed credit frames of SEK 4,881 million (567).

Interest bearing net debt amounted to SEK 43,752 million compared to SEK 4,938 million at the same time previous year.

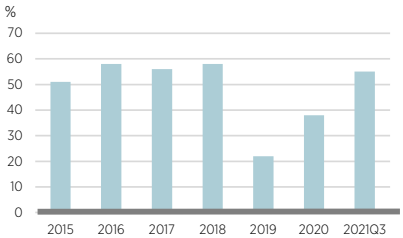
INTEREST-BEARING NET DEBT

SEK million	2021 30 Sep	2020 30 Sep
Interest bearing liabilities	46,280	9,008
Adjustment for accrued borrowing costs	182	21
Interest bearing assets	-120	–
Long term holdings	-1,942	-3,909
Short term investments	–	-170
Liquid funds	-648	-12
Interest bearing net debt	**43,752**	**4,938**

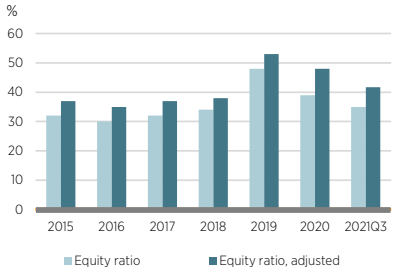
AVERAGE INTEREST RATE



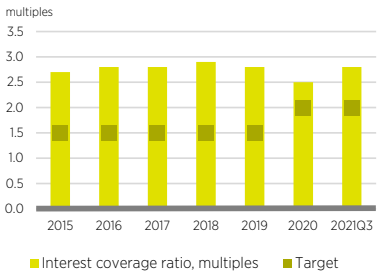
LOAN TO VALUE



EQUITY RATIO AND ADJUSTED EQUITY RATIO



INTEREST COVERAGE RATIO



INTEREST- AND LOAN MATURITY STRUCTURE

	Average interest rate		Tied-up capital			
Maturity, year	SEKm	Proportion, %	Contract volume, SEKm	Utilized, SEKm	Of which bonds outst. SEKm	Unutilized, SEKm
Floating*	36,551	78.7	–	–	–	–
2021	–	0.0	4,809	3,948	450	861
2022	114	0.2	12,913	11,675	2,350	1,238
2023	121	0.3	10,615	9,933	3,324	682
2024	802	1.7	5,595	4,895	3,184	700
2025	490	1.1	9,082	9,082	2,700	–
>2025	8,384	18.0	8,329	6,929	–	1,400
Total	**46,462**	**100**	**51,343**	**46,462**	**12,008**	**4,881**

*SEK 23,303 million of Floating volume is covered by interest-rate caps.

PARENT COMPANY

Corem's parent company deals with issues relating to the stock market and groupwide business functions such as administration, transactions, management, project development, accounting, and financing.

As a result of Corem's public bid to Klövern's shareholders, the parent company has become the majority owner of Klövern. For more information, see page 6.

The parent company's net profit amounted to SEK 153 million (-158). The turnover, of which the largest part consisted of group invoicing, amounted to SEK 70 million (66). Interest income and similar income items for 2020 included, inter alia, dividend from subsidiaries of SEK 980 million.

In the Parent Company, there are no transactions attributable to Other comprehensive income, which is why no statement of comprehensive income has been prepared.

The parent company's assets totalled SEK 27,845 million (5,924). Liquid funds amounted to SEK 48 million (21). Equity amounted to SEK 23,009 million (2,769).

INCOME STATEMENT SUMMARY

SEK million	2021 9 mon Jan-Sep	2020 9 mon Jan-Sep	2020 12 mon Jan-Dec
Net income	70	66	89
Cost of services sold	–41	–39	–52
Gross profit	**29**	**27**	**37**
Central administration	–30	–29	–39
Operating profit	**-1**	**-2**	**–2**
Profit short-term investments	–	–28	–27
Interest income and similar income items	246	122	1,123
Interest expense and similar expense items	–88	–255	–290
Profit before tax	**157**	**–163**	**804**
Tax	-4	5	-13
Net profit for the period	**153**	**–158**	**791**

BALANCE SHEET SUMMARY

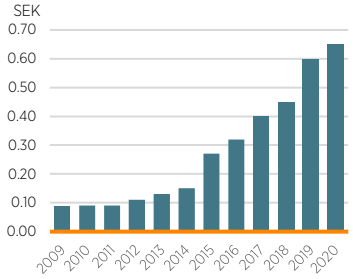
SEK million	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS			
Other intangible assets	3	–	3
Machinery and equipment	0	1	1
Shares in group companies	22,163	333	432
Other financial assets	2,298	1,999	2,346
Receivables from group companies	3,316	2,347	3,106
Deferred tax assets	11	28	10
Other current receivables	6	9	5
Short term investments	–	160	–
Cash and bank deposits	48	67	21
TOTAL ASSETS	**27,845**	**4,944**	**5,924**
EQUITY AND LIABILITIES			
Equity	23,009	1,820	2,769
Interest-bearing liabilities	4,484	3,036	3,085
Non-interest bearing liabilities	352	88	70
TOTAL EQUITY AND LIABILITIES	**27,845**	**4,944**	**5,924**

THE SHARE

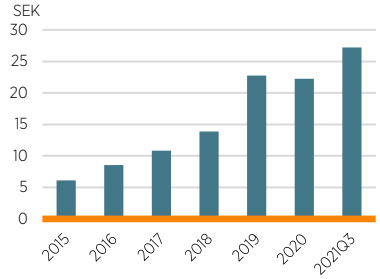
SHARE FACTS, 30 SEPTEMBER 2021

Market cap., SEK	32.4 billion
Marketplace	Nasdaq Stockholm, Large Cap
LEI nr	213800CHXQQD7TSS1T59
Number of shareholders	46,594
Ordinary share A	
Number of shares	93,842,609
Closing price, SEK	25.20 SEK
ISIN	SE0010714279
Ordinary share B	
Number of shares	1,023,479,568
Closing price, SEK	23.20 SEK
ISIN	SE0010714287
Ordinary share D	
Number of shares	7,545,809
Closing price, SEK	300.50 SEK
ISIN	SE0015961594
Preference share	
Number of shares	12,415,295
Closing price, SEK	328.00 SEK
ISIN	SE0010714311

DIVIDEND PER ORDINARY SHARE A AND B, SEK



NET ASSET VALUE (NAV) PER ORDINARY SHARE A AND B, SEK



46,594

NO OF SHAREHOLDERS

Corem Property Group is listed on Nasdaq Stockholm Large Cap with four classes of share: ordinary share of class A, ordinary share of class B, ordinary share of class D, and preference share.

Corem has a total of 1,137,283,281 shares as of 30 September 2021, of which 93,842,609 ordinary shares of class A, 1,023,479,568 ordinary shares of class B, 7,545,809 ordinary shares of class D and 12,415,295 preference shares.

Ordinary shares of class A entitles the holder to one vote per share, while ordinary shares of class B, ordinary shares of class D, and preference shares all entitle the holder to one tenth of a vote per share.

NEWLY ISSUED SHARES RELATED TO PUBLIC BID FOR KLÖVERN

On 29 March 2021, Corem submitted a public takeover bid to the shareholders of Klövern AB (publ) to acquire all outstanding shares in Klövern, in exchange for newly issued shares in Corem.

During the acceptance periods which ran during June 2021, a total of 68,296,112 ordinary shares of Class A, 738,725,754 ordinary shares of Class B and 14,695,199 preference shares in Klövern were submitted in the Offer.

During the acceptance period which ended on 18 August 2021, a total of 2,377,877 ordinary shares of Class A, 33,308,552 ordinary shares of Class B and 857,426 preference shares in Klövern were submitted in the Offer.

As part of the Offer, preference shareholders in Klövern were given the opportunity to either receive newly issued ordinary shares of series D or preference shares in Corem as consideration. Preference shareholders representing 5,016,695 preference shares in Klövern have chosen to receive ordinary shares of series D in Corem and shareholders representing 10,535,930 preference shares in Klövern have chosen to receive preference shares in Corem.

In total, new issues have been made of 62,193,109 ordinary shares of Class A, 679,390,188 ordinary shares of Class B, 5,618,698 ordinary shares of Class D, and 10,535,930 preference shares in Corem, as consideration for the shares submitted in the offer.

EXCHANGE OFFER TO PREFERENCE SHAREHOLDERS

On 30 March 2021, a voluntary exchange offer was made to preference shareholders to convert preference shares into newly issued Series D ordinary shares. The exchange offer covered all preference shares in Corem and meant that Corem offered 1.12 ordinary shares of series D in Corem for each preference share which was submitted in the exchange offer. The reason why only preference shares were offered redemption was to enable increased financial flexibility for Corem. An increased number of new ordinary shares of series D creates better long-term conditions for reaching an investment grade rating, which is expected to reduce the company's financial risk and financing costs.

A total of 1,720,635 preference shares had been submitted in the Exchange Offer as of 11 June 2021, which corresponds to 47.8 percent of the total number of preference shares. Based on the outcome, Corem has issued a total of 1,927,111 Series D ordinary shares to the shareholders who accepted the Exchange Offer.

REPURCHASE OF OWN SHARES

During the period, Corem has not repurchased any shares. As of 30 september 2021 Corem held a total of 2,913,825 ordinary shares class A and 29,630,550 ordinary shares of class B. The shares have been repurchased at an average price of SEK 18.35 per share.

CONVERSION OF ORDINARY SHARES

During February and August 2021 requests of conversion for a total of 860,724 ordinary shares of class A was made, which, during March and September respectively, were subsequently converted to ordinary shares of class B.

LARGEST SHAREHOLDERS 30 SEPTEMBER 2021
Thousands of shares

Shareholder	Ordinary class A	Ordinary class B	Ordinary class D	Preference shares	Share of equity, %	Share of votes, %
Rutger Arnhult via companies	34,760	341,601	3,053	–	33.36	36.00
Gårdarike	39,490	118,128	79	26	13.87	26.68
Länsförsäkringar fondförvaltning	–	73,527	–	–	6.47	3.82
Handelsbanken fonder	–	64,468	–	–	5.67	3.35
State Street Bank & Trust Co	–	38,353	0	120	3.38	2.00
Swedbank Robur fonder	1,593	19,272	–	–	1.83	1.83
CBNY Norges Bank	592	13,786	151	49	1.28	1.04
Prior & Nilsson	–	16,346	–	–	1.44	0.85
Fredrik Rapp private and via companies	750	7,500	–	–	0.73	0.78
Livförsäkringsbolaget Skandia, Ömsesidigt	745	5,196	–	0	0.52	0.66
JP Morgan Chase Bank N.A.	–	11,879	–	197	1.06	0.63
Patrik Tillman private and via companies	571	5,714	77	–	0.56	0.60
Försäkringsaktiebolaget, Avanza Pension	268	7,401	268	792	0.77	0.58
SEB Life International	1,100	–	–	–	0.10	0.57
Verdipapirfondet Odin Eiendom	–	10,818	–	–	0.95	0.56
Other shareholders	11,059	259,861	3,919	11,232	25.15	20.05
Total number of outstanding shares	**90,929**	**993,849**	**7,546**	**12,415**	**97.14**	**100.00**
Repurchased shares[1]	2,914	29,631	–	–	2.86	–
Total number of registered shares	**93,843**	**1,023,480**	**7,546**	**12,415**	**100.00**	**100.00**

Due to new routines at Ålandsbanken the bank has been registered in Euroclear's share register as owners to some of its clients' Corem-shares. Corem assesses that the table above gives a correct picture of the company's 15 largest owners.

[1] Repurchased shares do not have voting rights, and receive no dividends

New construction and refurbishment of Veddesta 2:79 in Järfälla, Stockholm, has created an environmentally profiled, innovative three storey warehouse. The project has been completed during the quarter, and the tenant MTAB accessed the premises.

OTHER INFORMATION

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

The fair value of financial instruments agrees essentially with the carrying amounts. The same applies to the Parent Company, with the exception of the holdings in Castellum and where fair values are those reported to the Group. No changes of the categorization of financial instruments have taken place during the period.
Financial assets are valued at fair value and Short-term investments are valued in accordance with Level 1 of the valuation hierarchy. Derivatives are valued in accordance with Level 2 of the valuation hierarchy. No new or changed standards of interpretations from IASB have had any impact on the interim report and the accounting policies applied are those described in Note 1 of Corem's Annual Report for 2020, with the following additions regarding Goodwill: "Goodwill arising through business combinations constitute the difference between the acquisition value and the Group's share of the fair value of acquired subsidiaries' identifiable net assets as per the acquisition date. At the time of acquisition, goodwill is reported at acquisition value. Thereafter, it is reported at acquisition value after deduction of any write-downs. Goodwill is tested for impairment annually, or more frequently if there is an indication that the carrying amount may not be recoverable."

The report may contain rounding differences.

DEFINITIONS
In this interim report a number of key ratios are presented which are not defined by IFRS. Corem believes these key ratios and measures provide valuable supplementary information to investors and the company's management in analyzing the company's operations. Because not all companies calculate financial key ratios and measures in the same way, these are not always comparable. On the company's website, the definitions of selected key ratios and measures and why they are used are presented, as well as an appendix showing the calculation of such key figures that are not directly identifiable from the financial reports.

SUSTAINABILITY
Sustainability is an important part of Corem's business operations and is integrated in the daily operations. It encompasses social, ecological and economic sustainability and is focused on the areas of Good business partner and long-term value development, Attractive employer, Reduced climate impact and Sustainable and living city. Corem's Board of Directors has established a number of new long-term sustainability goals following the consolidation of Klövern, including:

- All energy used in Corem's operations must be fossil - free by 2030.
- Corem will be climate neutral throughout the value chain by 2035.
- The share of green and sustainability-related financing as well as green income should in the long term constitute as large a share as possible.

The overall goal is to ensure an attractive property portfolio which creates long-term sustainable value without a negative impact on people or the environment.

EMPLOYEES
Locally based property management with own staff, in order to achieve closeness to customers and in depth market knowledge, is an integral parts of Corem's strategy. Corem's head office is located in Stockholm.

On 30 September 2021 the Corem group had 366 employees (57). Out of the employees, 45 per cent were women.

OPPORTUNITIES AND RISKS
Corem works according to a continuous process to identify significant opportunities and risks which may affect the company's financial position and earnings. The main risks are currently value changes of properties, market conditions, project operations, property transactions, changed laws and regulations, financing, listed holdings, employees, business ethics and IT security.

For more information on identified risks, see Corem's and Klövern's Annual Report 2020.

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

DISPUTES
Corem has no ongoing disputes which could have a significant impact on earnings.

TRANSACTIONS WITH RELATED PARTIES
Intra-group services and transactions with related parties are charged at market prices and on commercial terms. Intra-group services consist of administrative services and charging of group interest rates.

Transactions with Wästbygg regarding the construction of Pro Stop Backa in Gothenburg amounted to SEK 26 million (139) during the period. Wästbygg is controlled by Corem's main owner Rutger Arnhult. The Corem Group also has a lease agreement to Wästbygg, with an annual contract value of SEK 2 million.

Corem has a lease agreement to M2 Group, which is controlled by Rutger Arnhult, with an annual contract value of SEK 1 million.

In addition, the Corem Group has purchased legal services from the law firm Walthon Advokater AB during the period, in which the Chairman of the Board Patrik Essehorn is a partner

KLÖVERN
Klövern has been consolidated in Corem since 15 June 2021. As of 30 September 2021, Corem's ownership amounted to 98.5 percent of the outstanding share capital and approximately 97.7 percent of the outstanding votes in Klövern. Compulsory redemption has been called for in order to acquire the remaining shares. The redemption process is ongoing.

TOBIN PROPERTIES
The housing developer Tobin Properties is consolidated in Klövern from 4 April 2018. During June 2019 Klövern called for compulsory redemption in Tobin Properties. The redemption process is still ongoing. On 30 September 2021, Klövern's ownership amounted to 115,143,943 ordinary shares, corresponding to 93.8 percent of the capital and votes.

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

The Board of Directors and the CEO assure the report provides a fair overview of the Parent Company's and the Group's operations, financial position and results, and describes any significant risks and uncertainties which the Parent Company and the companies included in the Group face.

Stockholm, the 27 October 2021
Corem Property Group AB (publ)

REVIEW REPORT

Corem Property Group AB (publ) org.nr 556463-9440

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL.

INTRODUCTION

We have reviewed the condensed interim report for Corem Property Group AB as of 30 September 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 27 October 2021
Ernst & Young AB

Katrine Söderberg
Authorized Public Accountant

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

KEY RATIOS

	2021 9 mon Jan-Sep	2020 9 mon Jan-Sep	2021 3 mon Jul-Sep	2020 3 mon Jul-Sep	2020 12 mon Jan-Dec	2019 12 mon Jan-Dec
Property related						
Fair value investment properties, SEKm	78,290	13,149	78,290	13,149	14,002	12,114
Required yield, valuation, %	5.1	5.7	5.1	5.7	5.5	5.8
Rental value, SEKm	4,921	976	4,921	976	970	912
Lettable area, sq.m.	3,475,602	971,506	3,475,602	971,506	985,887	959,495
Occupancy rate, economic, %	88	92	88	92	93	91
Occupancy rate, area-based %	82	89	82	89	91	88
Operating margin, %	72	76	72	77	75	73
Number of investment properties	512	163	512	163	167	162
Financial						
Return on equity, %	17.4	–12.0	13.0	38.1	–1.4	46.2
Equity ratio, adjusted, %	42	48	42	48	48	55
Equity ratio, %	35	38	35	38	39	48
Interest bearing net debt, SEKm	43,752	4,938	43,752	4,938	5,258	2,629
Loan to value (LTV), %	55	38	55	38	38	22
Leverage, properties, %	40	45	40	45	46	46
Interest coverage ratio, multiples	2.8	2.6	2.8	2.7	2.5	2.8
Average interest, %	2.4	2.9	2.4	2.9	2.7	3.4
Average fixed interest period, years	2.7	3.1	2.7	3.1	2.7	3.4
Average tied-up capital, years	3.9	1.7	3.9	1.7	1.9	2.2
Share-related						
Profit from property mgmnt per ordinary share A and B, SEK	0.98	0.82	0.36	0.29	1.01	0.90
Earnings per ordinary share A and B, SEK	3.70	–2.10	0.81	1.87	–0.52	8.35
NAV per ordinary share A and B, SEK	27.21	20.37	27.21	20.37	22.22	22.74
Equity per ordinary share, SEK	22.06	16.97	22.06	16.97	18.56	19.95
Equity per ordinary share, SEK	289.59	–	289.59	–	–	–
Equity per preference share, SEK	312.72	251.67	312.72	251.67	251.67	251.67
Dividend per ordinary share A and B, SEK	–	–	–	–	0.65	0.60
Dividend per ordinary share D[1], SEK	–	–	–	–	20,00	–
Dividend per preference share, SEK	–	–	–	–	20.00	20.00
Share price per ordinary share A, SEK	25.20	18.40	25.20	18.40	18.80	27.00
Share price per ordinary share B, SEK	23.20	18.45	23.20	18.45	18.80	27.00
Share price per ordinary share D, SEK	300.50	–	300.50	–	–	–
Share price per preference share, SEK	328.00	329.00	328.00	329.00	320.00	392.00
No of shares, thousands						
Number of outstanding ordinary shares class A and B	1,084,778	343,195	1,084,778	343,195	343,195	364,270
Average number of outstanding ordinary shares	624,901	343,508	1,068,052	343,195	343,429	364,270
Number of outstanding ordinary shares class D	7,546	–	7,546	–	–	–
Number of outstanding preference shares	12,415	3,600	12,415	3,600	3,600	3,600

1) Attributable to newly issued ordinary shares of class D in connection with the Offer for Klövern as well as the Exchange offer to Corem's preference shareholders.

For definitions of key ratios, see page 23.

DEFINITIONS

A number of financial key ratios and measures are presented in the report, which are not defined according to IFRS. Corem considers that these key ratios and measures provide valuable supplementary information to investors and the company management when analysing 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. There is a complementary calculation appendix on the website, www.corem.se/sv/investerare/definitioner for the key ratios that are not directly identifiable from the financial statements.

Adjusted equity ratio
Equity[2], adjusted for the value of derivatives including tax, repurchased shares, (based on the share price at the end of respective period) and reported deferred tax properties, less goodwill attributable to deferred tax, as well as load deferred tax of 5 per cent attributable to the difference between the properties' fair value and residual value for tax purposes, as a per centage of total assets adjusted for goodwill attributable to deferred tax and rights of use assets.

Annual contract value
Rent including supplements and index on an annual basis.

Average fixed credit term
Average remaining term of interest-bearing liabilities.

Average period of fixed interest
Average remaining period of fixed interest on interest-bearing liabilities and derivatives.

Average interest rate
Average borrowing rate for interest-bearing liabilities and derivatives.

Central administration
Central administration costs consist of costs for group management and group-wide functions.

Comparable portfolio
The properties included in the portfolio during the whole of the reporting period and during the whole of the comparison period as well as adjustments for revenue and costs of a one-off nature, for example, early redemption of rental income and rental losses.

Development portfolio
Properties where conversion or extension projects are in progress or planned, which lead to a higher standard or changed use of premises.

Earnings per ordinary share of class A and B
Net profit after deduction of dividend on preference shares and ordinary shares of class D and interest on hybrid bonds, in relation to the average number of outstanding ordinary shares of class A and B.

Equity per ordinary share of class A and B
Equity[2] after deduction of equity attributable to preference share and ordinary shares of class D and hybrid bonds, in relation to the number of outstanding ordinary shares of class A and B.

Equity per ordinary share of class D
The ordinary share of class D's average issue price.

Equity per preference share
The preference share's average issue price.

Equity ratio
Equity[2] as a per centage of total assets.

Interest-bearing liabilities
Current and long term interest-bearing liabilities, as well as activated and capitalized borrowing costs.

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

Interest coverage ratio
Profit from property management plus share of associated companies' profit from property management, and profit from residential development excluding financial expenses[1], divided by financial expenses[1].

Investment portfolio
Properties currently being actively managed.

Investment properties
The term investment properties in the balance sheet includes the investment portfolio as well as the development portfolio.

Lettable area
Total area available for letting.

Loan to value (LTV)
Interest-bearing liabilities after deduction for the market value of listed shareholding and liquid funds, in relation to the fair value of the properties.

Loan to value (LTV), properties
Interest-bearing liabilities with collateral in properties, in relation to the fair value of the properties at the end of the period.

NAV (Net Asset Value) per ordinary share of class A and B
Equity[2], after deduction of equity attributable to preference shares and ordinary shares of class D, hybrid bonds and goodwill attributable to deferred tax, adding back derivatives and deferred tax liability, in relation to the number of outstanding ordinary shares of class A and B.

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

Net operating income
Income minus property costs.

Occupancy rate, area
Rented area divided by total lettable area.

Occupancy rate, economic
Annual contracted rent divided by rental value.

Outstanding ordinary shares
Registered shares, after deduction of repurchased shares.

Profit from property management
Net operating income, central administration and net financial income.

Profit from property management per ordinary share of class A and B
Profit from property management after deduction of dividend on preference shares and ordinary shares of class D and interest on hybrid bonds in relation to the average number of outstanding ordinary shares of class A and B.

Properties classified as current assets
Properties in Tobin Properties with ongoing production of tenant-owned apartments or which are intended for future tenant-owned production.

Realized changes in value, properties
Realized property sales after deductions for the properties' most recently reported fair value and overheads at sale.

Rental value
Annual contract value with a supplement for assessed rent of vacant premises.

Return on equity
Net profit on an annual basis, as a per centage of average equity[2] during the period.

Required yield
The required return on the residual value of property valuations.

Operating margin
Net operating income as a percentage of income.

Total number of shares
Registered shares, including repurchased shares.

Unrealized changes in value, properties
Change in fair value excluding acquisitions, divestments, investments, and currency conversion.

[1] *Excluding site leasehold fees*
[2] *Equity attributable to the Parent Company's shareholders.*

CALENDAR

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

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

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

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