

PRESS RELEASE 14 April 2025

Interim report January-March 2025

- Income amounted to SEK 896 million (940)
- Operating surplus amounted to SEK 562 million (578)
- Net financial income amounted to SEK –305 million (–320)
- Profit from property management amounted to SEK 222 million (215)
- Changes in value of properties amounted to SEK –263 million (–484)
- Profit/loss for the period amounted to SEK –81 million (–158), corresponding to SEK –0.18 (–0.28) per ordinary share of class A and B
- Net letting amounted to SEK –37 million
- The value of the investment properties amounted to SEK 53,867 million (55,205)
- Net asset value (NAV) per ordinary share of class A and B amounted to SEK 15.97 (17.57)

EVENTS DURING THE FIRST QUARTER

- During the quarter, 14 properties were divested at an underlying property value of SEK 834 million. The profit effect, including dissolved tax etc. amounted to SEK 55 million. The main part is divestment of the entire portfolio of 13 properties in Halmstad after which Corem leaves Halmstad
- Senior unsecured green bonds of SEK 1 billion were issued under a framework of SEK 2 billion, with a term of 3.25 years, carrying a variable interest rate of 3-month Stibor plus 425 basis points and final maturity on 28 April 2028
- Bonds with an outstanding amount of SEK 1,403 million maturing on 10 February 2025 were redeemed on final maturity

Comment by the CEO

Stable core business with positive signs, despite challenging market conditions and unstable economic situation

During the first quarter of 2025, Corem shows stable property management operations despite a challenging and increasingly uncertain business environment. In addition to our primary focus on letting and creating good business transactions we are working on both cost control and portfolio optimisation, of which we are seeing positive effects. In parallel, we continue to strengthen our balance sheet by freeing up capital. For example, during the quarter we divested the portfolio in Halmstad, and have also redeemed a bond of over SEK 1.4 billion that matured in February.

Turbulent market conditions and economic situation

We continue to see uncertainty and turbulence surrounding us, in recent times primarily connected to rapidly changing measures regarding tariffs to and from the US, but also geopolitical tension, has during the first quarter left a strong mark on the markets in Europe and Sweden. Corem is not directly affected by the tariffs, although a smaller part of our property portfolio is located in US, but the global economic turbulence is tangible and affects all sectors and will probably continue to do so for some time to come. However,

properties are stable assets with occupancy rates and cash flows which often remain relatively unchanged despite a sometimes turbulent business environment, which does feel reassuring in times like these.

Stable property management and cost control

During the quarter, Corem maintained a stable property management business. Profit from property management increased, despite a smaller portfolio, by 3 per cent to SEK 222 million compared with the previous year due to lower property expenses and lower net financial items. The operating surplus for the first quarter amounted to SEK 562 million. Given last year's divestments, the operating surplus is naturally lower than in the preceding year, but we also note that we see clear effects of our constant focus on cost control and operational optimisation in the figures for the first quarter. We place great importance on maximising efficiency in our operation and during the quarter, we also benefitted from milder weather with less snow clearance and lower heating costs as a result. In a comparable portfolio, costs declined by 5 per cent compared with the previous year, which clearly shows the effects of our persistent efforts. Net operating income in comparable portfolio increased by 1 per cent

Net letting and the rental market

Despite the challenges in the economy, we are seeing favourable results from letting operations. We are seeing continued demand in the logistics and smaller office premises segments. The office market in certain parts of Stockholm however remains somewhat cautious. Many companies are reviewing their requirements for premises and making adjustments to their spaces. Even if the market is challenging in parts, we are positive that the demand for attractive office premises in the right locations will remain and we have also seen good progress during the quarter with a number of lettings.

During the quarter, net letting was negatively affected by a major notice of lease termination received from WSP in the Globen area of Stockholm, and summed up to a net letting of a total of SEK -37 million for the quarter. Adjusted for WSP notice, net letting amounted to SEK +6 million for the quarter. The actual move will not take place until mid-year 2026 and we regard the property in question as highly attractive, either for another office tenant or as a potential conversion to a hotel. There is high activity in the area, with new establishments in Globen Shopping, the development in the Slakthus district and with Globen/Avicii Arena, which has recently reopened. Together, this is having a strong effect on number of visitors in the area and also on the demand for office space. During the quarter, for example, we signed a lease for more than 2,000 square metres with Circle K, who will be moving their head office to the area.

On the subject of letting, I also want to take this opportunity to highlight the fact that one of our project properties in New York, 28&7, was fully let during the quarter. Accordingly, the entire building will be filled and moved in within in the next few months. The building now houses a number of excellent businesses in, for example, fintech, music and AI, and also with a Scandinavian touch, which adds a fun bonus. We are now focusing on letting the remaining floors of our second project, 1245 Broadway. During March, we signed another lease there for more than 600 square metres and only four vacant floors now remain to be let in this location.

In Copenhagen, a lease was signed with the Plesner legal firm for approximately 3,500 square metres in our property at Amerika Plads and, accordingly, the property is fully let.

In Kista, we extended a major lease with Tele2 during the quarter. As one of the largest tenants in Kista, this extension is confirmation of our strong offering and our ability to retain qualitative tenants in attractive locations.

Portfolio optimisation and strategic divestments

During the year, we will maintain a clear focus to continue streamlining our property portfolio through further divestments of at least SEK 5 billion to create long-term value for the company and for our shareholders. Today, we are again finding that there are more buyers than sellers in the transaction market and the freeing up of capital from divestments enables the repurchase of Corem's hybrid bond and other bonds, as well as own shares. For example, during the quarter, our entire holding in Halmstad was divested through two separate transactions. We will remain active in selling and look forward to communicating

further transactions going forward. Given that the projects in the US are now approaching their completion, and we have almost reached our goal for lettings there, we are now working to potentially divest all or part of our US portfolio during the year.

Financing and capital structure

In February, we successfully redeemed a large bond maturity of over SEK 1.4 billion. During the quarter, we also issued a new bond of SEK 1 billion with maturity in April 2028. We are continuously refinancing large parts of the portfolio and during the quarter, we also settled one of the loans related to the US operations. This strengthens our liquidity and successively optimises our balance sheet. As a result of a number of refinancing measures and settlement of loans, inter alia in US, the Company's average rate of interest decreased further during the quarter, from 4.6 per cent to 4.4 per cent and the interest-coverage ratio increased to 1.8.

Outlook and future focus

Despite the uncertain market and the global economic challenges, we remain optimistic about the future. Divestments, extended leases and new lettings give us a strong base to stand on and, in combination with the strategic management of our financial position, we have the conditions to continue to drive forward with our long-term strategy and to create value in the operations and for our shareholders.

Rutger Arnhult
CEO

Stockholm, 14 April 2025

Corem Property Group AB (publ)

FOR FURTHER INFORMATION, PLEASE CONTACT

Rutger Arnhult, CEO, +46 70 458 24 70, rutger.arnhult@corem.se
Eva Landén, Deputy CEO, +46 10 482 76 50, eva.landen@corem.se

Corem Property Group AB (publ)
Address: P.O. Box 56085, SE-102 17 Stockholm
Visitors: Riddargatan 13 C
Reg.no: 556463-9440
www.corem.se

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